



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CharterBank
Charter Number 705798

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Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: CharterBank is rated Satisfactory.

The Lending Test is rated Satisfactory.

The Community Development Test is rated Satisfactory.

- CharterBank's loan-to-deposit ratio is reasonable when compared to banks of similar size and characteristics with branches in the combined assessment areas (AAs). The loan-to-deposit ratio averages 81.00 percent.
- A substantial majority of the loans are within CharterBank's combined AAs. Approximately 86.82 percent of the number and 75.15 percent of the dollar volume of loans were to borrowers within the AAs.
- The lending performance to individuals of different income levels and to businesses of different sizes is reasonable.
- The geographic distribution of loans reflects a reasonable dispersion throughout the combined AAs.
- CharterBank's community development (CD) performance demonstrates an adequate responsiveness to the needs of its full scope AAs through CD loans, qualified investments, and CD services, as appropriate.

Scope of Examination

This Performance Evaluation of CharterBank assesses the bank's record of meeting the credit needs of the communities in which it operates. We evaluated CharterBank under the Intermediate Small Bank performance criterion, which includes a Lending Test and a Community Development Test. The Lending Test evaluates a bank's record of helping to meet the credit needs of its combined AAs through its lending activities. The Community Development Test evaluates a bank's community development lending, qualified investments, and community development services activities. This evaluation covers the period from the date of the previous CRA Examination, January 1, 2009 through December 31, 2011.

- Lending Test conclusions are based upon the lending performance of the bank's primary loan products. We evaluated residential mortgage and small business lending from January 1, 2009, through December 31, 2011 in the Lending Test. Prior to conducting this evaluation, we tested the accuracy of the bank's Home Mortgage Disclosure Act (HMDA) data. We found the data to be substantially accurate and, therefore, used all reported HMDA data from January 1, 2009 through December 31, 2011.
- Conclusions regarding the Community Development Test are based upon investments, services, and loans conducted in CharterBank's combined AAs, which

meet the definition of community development. We conducted the Community Development Test using information from January 1, 2009 through October 31, 2012.

- Our analysis included a full-scope evaluation for two AAs, Troup County, Georgia (GA) non-Metropolitan Statistical Area (MSA) AA and the Auburn, Alabama (AL) MSA. Limited scope evaluations were performed on two other AAs, one in the Atlanta MSA (Carroll, Coweta, Fayette, and Haralson Counties) and one comprised of Chambers County, AL, a non-MSA county. The bank also operated branches in the Pensacola, Florida (FL) MSA during the review period; however, a review of the bank's performance in the Pensacola MSA AA was not performed because the bank operated the branches in this AA for only three months of the review period. Approximately 47.26 percent of the bank's loans and 24.08 percent of deposits are within the Troup County AA. The Troup County AA contains four of CharterBank's 16 offices, including the main office.
- We performed the analysis for the Lending Test using the most recent available demographic data and performed a data integrity review to verify the accuracy of the data. We analyzed lending performance using the bank's 2009, 2010, and 2011 HMDA submission data and a loan sample of 30 small loans to businesses using the bank's records for its business loans for the full scope AAs detailed below:

State/Full Scope AAs

Georgia – Troup County Non- MSA
Alabama - Auburn MSA

Primary Loan Types

Residential and Business
Residential and Business

Description of Institution

CharterBank is a federal savings association located in West Point, GA, and was chartered in 1954. CharterBank is a wholly owned subsidiary of Charter Financial Corporation (CFC), a mid-tier savings and loan holding company headquartered in West Point, GA. CFC reported assets of \$1.03 billion, as of September 30, 2012.

CharterBank operates 15 branch offices in five AAs. The bank also operates 26 automated teller machines (ATMs) in the five AAs, one with each branch location and 11 not associated with a branch location. Six of the ten ATMs not connected with a branch are in areas accessible to the public and four ATMs are accessible to specific company employees. In GA, four branch locations, including the main banking office, are located within the Troup County non-MSA AA. Four offices are located within three counties in the Atlanta MSA: Carroll (1), Coweta (2), and Fayette (1). In AL, three offices are located in Lee County within the Auburn, AL MSA, and one office is located in Chambers County, a non-MSA county. In FL, one office is located in Escambia County and two offices are located in Santa Rosa County, both within the Pensacola, FL MSA. All AAs consist of whole counties and census tracts (CTs) and do not arbitrarily exclude any low- or moderate-income geographies.

During the review period, CharterBank acquired substantially all of the assets and assumed substantially all of the deposits and liabilities of three commercial banks, two in Georgia and one in Florida. On June 26, 2009, CharterBank acquired Neighborhood Community Bank, Newnan, Coweta County, GA with branches in Coweta (3) and Fayette (1) Counties, GA. On March 26, 2010, CharterBank acquired McIntosh Commercial Bank, Carrollton, Carroll County, GA with branches in Carroll (2), Haralson (1), and Newton (1) Counties, GA. On September 9, 2011, CharterBank acquired First National Bank of Florida, Milton, Santa Rosa County, FL with branches in Escambia (3), Okaloosa (1) and Santa Rosa (4) Counties, FL. With these acquisitions, CharterBank added the three counties within the Atlanta MSA and the two counties of the Pensacola MSA AA and a total of 16 branches to its scope of operations. Eight of these branches were subsequently closed, two in Escambia County (October 28, 2011), one in Haralson County (May 11, 2012), two in Newton County (May 28, 2010 and March 31, 2011), one in Okaloosa County (October 28, 2011), and two in Santa Rosa County (October 28, 2011 and September 14, 2012). In addition to these transactions, the bank relocated one branch in Troup County, GA and one branch on Fayette County, GA. The new sites associated with these relocations were within the branches' original CTs.

The Office of Thrift Supervision assigned a "Satisfactory" rating under the Intermediate Small Bank criteria in the prior CRA Performance Evaluation dated September 21, 2009.

CharterBank's primary business is mortgage lending, and the bank offers conventional, FHA, VA, and USDA mortgage products. Approximately 50 percent of the bank's mortgage loan production is sold in the secondary market. CharterBank also has a Commercial Lending Department which offers financing for a variety of purposes. See the following chart for additional information on the composition of the bank's loan portfolio as of September 30, 2012.

Loan Category	\$ (000s)	% of \$
Commercial Real Estate	\$283,306	46.74%
Residential Real Estate	278,053	45.87%
Commercial	34,827	5.75%
Agriculture	3,941	0.65%
Consumer	3,680	0.61%
Agriculture Real Estate	2,308	0.38%
All Other/Political Subdivisions	0	0.00%
Total	\$606,115	100.0%

Source: September 30, 2012 Call Report

Management's and the Board's primary focus is to provide a strong, locally-owned, independent financial institution to serve customers in West Georgia, Eastern Alabama, and Northwest Florida while providing a return to shareholders. CharterBank provides a wide range of traditional deposit and loan products. Branches are accessible to

individuals situated in the different areas of the communities served. Lobby and drive-up hours are set by location to meet customer needs. CharterBank has automated teller machines (ATMs) at each branch, as well as ten stand-alone ATM locations to make customer accounts accessible. Customers may also access their accounts through its website at www.charterbk.com. Services include account balance inquiries, funds transfer, and bill payment services. The bank also offers 24-hour telephone banking. Services include account balance inquiries, loan payments, verification of direct deposits, and ATM activity. The bank also offers a debit card that provides customers with additional access to their accounts at point of sale or ATM locations.

CharterBank has no legal or financial circumstances that could impede the bank's ability to help meet the credit needs within the combined AAs. The bank is financially capable of meeting almost any request for credit, subject to certain legal restrictions applicable to all federal savings associations.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of AAs within that state was selected for a full-scope review, other than for FL where the branches were open for less than six months of the review period. Refer to the "Scope" section under each State Rating section for details regarding how the areas were selected.

Ratings

The bank's overall rating is a blend of the state ratings. In arriving at the overall bank rating, the state of Georgia carried the majority of the weight since most of the bank's branching network, deposits, and lending activity is in Georgia. Approximately 51.73 percent of the bank's deposits and 58.42 percent of the loans originated are in Georgia. The bank's performance in the other states carried less weight in arriving at the overall bank rating.

Conclusions with Respect to Performance Criteria

HMDA report data was available since the bank has offices located within the Auburn, AL, Pensacola, FL, and Atlanta, GA MSAs. A random sample of primary loan products was selected to verify the accuracy of the HMDA data and to evaluate CRA lending performance. Business loans were also sampled to determine the accuracy of the bank's internal records with respect to location and level of income.

Loan-to-Deposit Ratio

CharterBank's loan-to-deposit (LTD) ratio is reasonable and meets the standards for satisfactory performance. The bank's quarterly LTD ratio averaged 81.00 percent since

January 2009, which is higher than the average quarterly ratio of 72.64 percent for nine comparator commercial banks also operating in Troup County, GA, Lee County, AL, and Escambia/Santa Rosa Counties, FL. The bank's ratio ranged from a low of 71.68 (September 2011) percent to a high of 101.33 percent (March 2009).

Lending in Assessment Area

The substantial majority of CharterBank's lending is within the combined AA and exceeds the standard for satisfactory performance as noted below:

Table 1 - Lending within the Combined Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside AA		Outside AA		Total	Inside AA		Outside AA		Total
	#	%	#	%		\$(000)	%	\$(000)	%	
Residential Real Estate	493	87.72	69	12.28	562	63,219	83.35	12,630	16.65	75,849
Commercial	21	70.00	9	30.00	30	5,192	34.21	9,987	65.79	15,179
Totals	514	86.82%	78	13.18%	592	\$68,411	75.15%	\$22,617	24.85%	\$91,028

Source: Commercial loan sample/HMDA analysis.

The majority of CharterBank's residential mortgage loan originations are generated within the non-MSA Georgia AA. The following table presents the CharterBank's overall residential mortgage and sampled commercial lending activity during the review period separated by AA:

Assessment Area	Originations
Troup County, GA non-MSA	240/46.69%
Auburn, AL MSA	111/21.60%
Pensacola, FL MSA	1/00.19%
Atlanta, GA MSA	64/12.45%
Chambers County, AL non-MSA	98/19.07%
Totals	514/100.0%

In addition, the bank's deposits, as of June 30, 2012, were dispersed within the AAs as detailed below:

Assessment Area	Deposits (000's)
Troup County non-MSA	197.9/24.08%
Auburn, AL MSA	124.2/15.12%
Pensacola, FL MSA	185.5/22.58%
Atlanta, GA MSA	227.2/27.65%
Chambers County non-MSA	86.8/10.57%
Totals	821.6/100.0%

The Pensacola MSA offices opened on September 9, 2011, as previously discussed. Because CharterBank operated these branches for less than six months of the review period, the bank's performance in Florida is not assigned a CRA rating.

Community Contact

During the CRA evaluation, it is customary for examiners to contact organizations within the assessment area(s) for information regarding local economic conditions and credit needs. The community contact stated that community credit needs are generally being met by local institutions. However, financial institutions in the local area are making fewer loans and applying stricter underwriting principles.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. § 195.28(c), in determining a federal savings association's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the federal savings association, or in any assessment area by an affiliate whose loans have been considered as part of the federal savings association's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State Rating

State of Georgia

The CRA Rating for Georgia is Satisfactory.

The Lending Test is rated Satisfactory.

The Community Development Test is rated Satisfactory.

The performance rating is supported by the following factors:

- The distribution of loans to borrowers of different income levels within the full-scope AA within this state reflects a reasonable penetration.
- The distribution of loans to businesses of different sizes within the full-scope AA within this state also reflects a reasonable penetration.
- The geographic distribution of loans within the full-scope AA within this state reflects a reasonable dispersion.
- The CD performance within this state demonstrates an adequate responsiveness to the needs of its full-scope AA through CD loans, qualified investments, and CD services, as appropriate.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN (GEORGIA)

For purposes of this review, CharterBank has two AAs in Georgia. One AA includes all of Troup County, a non-MSA county. The other AA is comprised of Carroll, Coweta, and Fayette Counties that are all within the Atlanta MSA. Given the dispersal of deposits and lending activity in each AA previously discussed, the Troup County AA will receive a full scope review and the Atlanta MSA AA will receive a limited scope review. The Troup County AA is comprised of 13 CTs, one moderate-, six middle, and six upper-income. This AA does not arbitrarily exclude any low- or moderate-income geography. There are no low-income CTs in this AA.

CharterBank operates four branches within the Troup County AA. No branches were open or closed within this AA during the review period, although one branch was relocated a distance of approximately one-half mile in September 2011. The relocated branch remained within its original CT. The table below highlights the demographic composition of this AA:

Demographic and Economic Characteristics of the Troup County Assessment Area	
Population	<i>Troup County, GA AA</i>
Number of Families	15,693
Number of Households	21,930
Geographies	
Number of Census Tracts	13
% Low Income Census Tracts	0.00%
% Moderate Income Census Tracts	7.80%
% Middle Income Census Tracts	46.15%
% Upper Income Census Tracts	46.15%
Median Family Income (MFI)	
2000 HUD Adjusted MFI for non-MSA Georgia	\$38,700
2011 HUD Adjusted MFI for non-MSA Georgia	\$44,600
Economic Indicators	
October 2012 Unemployment Rate Troup County	9.3%
2000 Median Housing Value Troup County	\$84,182
% of Households Below Poverty Level Chattooga County Georgia	12.16%
% of Families Below Poverty Level Chattooga County, Georgia	11.31%

Source: U.S. 2000 Census, HUD, Georgia Department of Labor.

CharterBank's Troup County AA is predominately rural. Leading industries include regional medical facilities, light manufacturing, agriculture, timber, and education. Major employers in Troup County include Milliken, Wal-Mart, West Georgia Health System, Kia Motors, and Interface Flooring, as well city and the county school systems. Competition to provide financial services within this AA remains strong. CharterBank's major competitors in Troup County include nine other commercial banks, five of which are much larger with respect to asset size and have offices throughout the southeast. As of June 30, 2012, CharterBank had the second highest level of deposits of any FDIC- insured financial institution within this AA.

SCOPE OF EVALUATION IN GEORGIA

As previously detailed, given the dispersal of deposits and lending activity in the GA AAs, the Troup County AA will receive a full scope review and the Atlanta MSA AA will receive a limited scope review. Troup County's lending activity represented 78.95 percent of the residential and commercial lending activity in GA compared to the Atlanta MSA's 21.05 percent. However, Troup County accounted for 46.46 percent of the GA deposits compared to the Atlanta MSA's 53.54 percent. The deposit disparity can be attributed to the banks acquired in the Atlanta MSA in 2009 and 2010. The Troup County AA is comprised of 13 CTs, one moderate-, six middle, and six upper-income.

This AA does not arbitrarily exclude any low- or moderate-income geography. There are no low-income CTs in this AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GEORGIA

LENDING TEST

The bank’s performance under the lending test in Georgia is rated “Satisfactory”.

The bank’s performance in the Atlanta MSA AA was similar to that in the full-scope Troup County AA with respect to both residential and business lending. The bank’s performance in the Atlanta MSA AA was not significant enough to impact the overall rating for the state.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

CharterBank’s overall level of lending to borrowers of different incomes and to businesses of different sizes within the Troup County AA is reasonable and meets the standards for satisfactory performance.

The bank’s distribution of residential loans reflects a less than reasonable penetration among individuals of different income levels. The percentage of lending to low-income families is well below the demographic benchmark. However, this AA’s family poverty rate at 12.16 percent represents a mitigating factor. Lending to moderate-income families is also well below the demographic benchmark.

Borrower Income Distribution of Residential Real Estate Loans within the Troup County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential RE	18.98%	6.87%	14.47%	8.15%	19.38%	19.74%	47.16%	65.22%

Source: U.S. Census Data and HMDA analysis.

Lending to businesses of different sizes within this AA reflects an excellent penetration. The number and dollar volume of loans made to businesses with revenues less than \$1 million is higher than the percentage for the number of small businesses within this AA.

Income Distribution of Loans to Businesses/Farms within the Troup County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	66.90%	2.73%	30.37%	100%
% of Bank Loans in AA by #	71.43%	28.57%	00.00%	100%
% of Bank Loans in AA by \$	59.13%	40.87%	00.00%	100%

Source: Loan sample; Dunn and Bradstreet data.

Geographic Distribution of Loans

CharterBank's geographic distribution of loans reflects an excellent dispersion and exceeds the standards for satisfactory performance. The volume of loans originated within the moderate-income CTs is higher than the percentage of OOHUs within these CTs. There are no low-income CTs within this AA.

Geographic Distribution of Residential Real Estate Loans within the Troup County AA								
CT Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential	0.00%	00.0%	3.91%	5.15%	44.74%	32.62%	51.34%	62.23%

Source: U.S. Census Data and HMDA Data

It is also noted that during 2011, four of Troup County's six CTs were classified as Distressed due to Poverty. This classification was continued for 2012.

The percentage of loans granted to businesses and farms within the moderate-income geography also exceeds the percentage of businesses and farms within that CT, reflecting an excellent dispersion throughout the CTs within this AA.

Geographic Distribution of Loans to Businesses/Farms within the Troup County AA								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Bus/Farms	% of Number of Loans	% of AA Bus/Farms	% of Number of Loans	% of AA Bus/Farms	% of Number of Loans	% of AA Bus/Farms	% of Number of Loans
Commercial	00.00%	00.00%	5.08%	14.28%	49.55%	42.86%	45.37%	42.86%

Source: U.S. Census Data and Loan Sample

Responses to Complaints

There were no CRA-related complaints received by the bank or the OCC during the evaluation period for this AA.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the community development test in Georgia is rated “Satisfactory”.

The bank’s community development (CD) performance reflects a reasonable responsiveness to CD needs within this AA. The bank has conducted CD activities through a mix of CD loans, investments, and services. The availability of bank products has a positive impact on the overall community development rating. The branch distribution is excellent. More detail on the level of activity within each of the three components of the CD Test is provided below, along with the regulatory definition of CD.

According to the definition found in 12 C.F.R. § 25, Community Development means:

- Affordable housing for low- or moderate-income individuals;
- Community services targeted to low- or moderate-income individuals;
- Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 C.F.R. § 121.301) or have gross annual revenues of \$1 million or less; or
- Activities that revitalize or stabilize:
 - low- or moderate-income geographies;
 - designated disaster areas; or
 - distressed or underserved non-metropolitan middle-income geographies.

Number and Amount of Community Development Loans

CharterBank originated two community development loans totaling approximately \$317,000 during the evaluation period. CharterBank's performance in this area, with consideration given to the available opportunities, reflects a reasonable responsiveness to the communities' needs.

During the review period, the bank originated two loans totaling approximately \$317,000 in the Troup County AA. Both loans were made to an organization in LaGrange, GA formed in 2002 that attempts to provide safe and affordable housing in the LaGrange area.

In the Atlanta MSA AA, CharterBank did not originate any loans that meet the definition of community development. However, in the greater Atlanta MSA area, the bank did originate 12 loans totaling approximately \$2.0 million through the bank's LPO in Norcross, Gwinnett County, GA, which meet the community development test. The loans were to builders to construct new homes in Gwinnett County to be priced in a range between \$115,000 and \$130,000 which would be affordable to low- and moderate-income borrowers.

Number and Amount of Qualified Investments

In December 1994, CharterBank established and funded The Charter Foundation (Foundation). The purpose of the Foundation is to serve the various charitable needs of the residents of the communities served by CharterBank's branches. The Foundation makes grants in the following areas of interest: community and economic development, human and social needs, environment protection, and cultural and artistic projects.

During this evaluation period, CharterBank's qualified investments through the Foundation in the Troup County non-MSA AA included donations to 14 organizations totaling approximately \$47,500. The level of investments reflects adequate responsiveness to the communities' needs. All funds are specifically targeted to benefit low- or moderate-income individuals or support organizations whose major purpose is revitalizing low- and moderate-income CTs within the AAs.

During this evaluation period, CharterBank's qualified investments in the Atlanta MSA AA included donations to 18 organizations totaling approximately \$50,000. The level of investments reflects adequate responsiveness to the communities' needs. All funds are specifically targeted to benefit low- or moderate-income individuals or support organizations whose major purpose is revitalizing low- and moderate-income CTs within the AAs. The bank's level of investments in the Atlanta MSA AA was not significant enough to impact the overall for the state.

Extent to Which the Bank Provides Community Development Services

CharterBank’s CD services within the Troup County non-MSA AA include the bank's products, services, and branch locations that may provide assistance or community services to low- or moderate-income individuals. In addition to their full-service branch and ATM locations, CharterBank also offers Internet banking and telephone banking for added availability to the bank’s products. Branch and ATM delivery systems include four full-service branch locations and eight ATMs. CharterBank has two branches, or 50.00 percent of the bank’s full-service locations, located in moderate-income CTs. The table below provides a summary of CharterBank’s branch and ATM distribution.

Distribution of Bank Offices and ATMs by Census Tract – Troup County, GA						
Census Tract Income Level	Tracts in AA		Full-Service Offices		Automated Teller Machines*	
	#	%	#	%	#	%
Low	0	00.00%	0	0.00%	0	0.00%
Moderate	1	07.70%	2	50.00%	3	37.50%
Middle	6	46.15%	1	25.00%	3	37.50%
Upper	6	46.15%	1	25.00%	2	25.00%
Total	13	100.00%	4	100.00%	8**	100.00%

Source: 2000 U.S. Census Data; *No ATMs accept deposits; **Includes - ATMs contiguous to banking locations.

In addition, the middle-income CTs in which the branches and ATMs are located are classified as Distressed due to Poverty.

Through its employees, CharterBank is also involved in a variety of community development services that reflect an adequate responsiveness to the communities’ needs. Many of the bank’s employees are involved with organizations that provide services to low- and moderate-income individuals. Some officers and bank employees also provide technical assistance through participation on finance or budget committees of local entities which provide services to low- or moderate-income persons in the Troup County non- MSA AA. One of the community development services includes serving as a board member for the Troup County Habitat for Humanity, serving as president of the LaGrange Downtown Development Authority.

In addition, CharterBank provides mortgage servicing for 59 loans for Habitat of Humanity and 32 loans for the Fuller Center, another local source for affordable housing, at no charge.

Branch and ATM delivery systems within the limited-scope Atlanta MSA AA include four full-service branch locations and four ATMs. CharterBank has one branch, or 25.00 percent of its branches, in a low-come CT and two branches, or 50.00 percent of the bank's full-service locations, located in moderate-income CTs. The table below provides a summary of CharterBank’s branch and ATM distribution:

Distribution of Bank Offices and ATMs by Census Tract – Atlanta GA MSA						
Census Tract Income Level	Tracts in AA		Full-Service Offices		Automated Teller Machines*	
	#	%	#	%	#	%
Low	1	01.72%	1	25.00%	1	0.00%
Moderate	18	31.03%	2	50.00%	2	37.50%
Middle	22	37.94%	1	25.00%	1	37.50%
Upper	17	29.31%	0	00.00%	0	25.00%
Total	58	100.00%	4	100.00%	4**	100.00%

Source: 2000 U.S. Census Data; *No ATMs accept deposits; **Includes - ATMs contiguous to banking locations.]

The bank’s level of services in the Atlanta MSA AA was not significant enough to impact the overall rating for the state.

Responsiveness to Community Development Needs

Based upon CharterBank’s overall record within this AA, a rating of “Satisfactory” was assigned for the Community Development Test. The rating was based upon CharterBank’s reasonable responsiveness in the level of community development lending and services and low level of community development investments during the evaluation period.

State Rating

State of Alabama

The CRA Rating for Alabama is Satisfactory.

The Lending Test is rated Satisfactory.

The Community Development Test is rated Satisfactory.

The performance rating is supported by the following factors:

- The distribution of loans to borrowers of different income levels within the full-scope AA within this state reflects a reasonable penetration.
- The distribution of loans to businesses of different sizes within the full-scope AA within this state also reflects a good penetration.
- The geographic distribution of loans within the full-scope AA within this state reflects a reasonable dispersion.
- The CD performance within this state demonstrates an adequate responsiveness to the needs of its full-scope AA through CD loans, qualified investments, and CD services, as appropriate.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ALABAMA

For purposes of this review, CharterBank has two AAs in Alabama. One AA includes all of Lee County, which comprises the Auburn MSA. The other AA is comprised of Chambers County, a non-MSA county. Given the dispersal of deposits and lending in each AA discussed previously, the Auburn AA will receive a full scope review and the Chambers County AA will receive a limited scope review. The Auburn MSA AA is comprised of 21 CTs, three low-, four moderate-, ten middle-, and four upper-income CTs, meets the technical requirements of the Act, and does not arbitrarily exclude any low- or moderate-income geography.

For purposes of this review, CharterBank operates three branches within the Auburn MSA AA. No branches were opened within this AA during the review period, but one branch in Auburn was closed December 31, 2010. The table below highlights the demographic composition of this AA:

Demographic and Economic Characteristics of the Auburn MSA Assessment Area	
Population	<i>Auburn MSA AA</i>
Number of Families	27,613
Number of Households	45,751
Geographies	
Number of Census Tracts	21
% Low Income Census Tracts	14.28%
% Moderate Income Census Tracts	19.05%
% Middle Income Census Tracts	47.62%
% Upper Income Census Tracts	19.05%
Median Family Income (MFI)	
2000 HUD Adjusted MFI for Auburn MSA	\$46,400
2011 HUD Adjusted MFI for Auburn MSA	\$60,600
Economic Indicators	
October 2012 Unemployment Rate Auburn MSA	6.7%
2000 Median Housing Value Auburn MSA	\$87,285
% of Households Below Poverty Level Auburn MSA	25.16%
% of Families Below Poverty Level Auburn AA	11.13%

Source: U.S. 2000 Census, HUD, Alabama Department of Labor.

The Auburn MSA AA is a mix of urban and rural economies. Leading industries within this AA include tourism, regional medical facilities, light manufacturing, and education. Major employers in the Auburn MSA AA include Auburn University, Briggs and Stratton, Wal-Mart Distribution Center/Super Center, East Alabama Medical Center, Mando America Corporation as well as the school systems within the county. Competition to provide financial services within this AA remains strong. In this AA, CharterBank competes against 16 other commercial banks including six that are much larger with respect to asset size and have offices throughout the southeast. As of June 30, 2012, CharterBank had the seventh highest level of deposits of any FDIC insured financial institution within this AA.

SCOPE OF EVALUATION IN ALABAMA

As mentioned previously, given the dispersal of deposits and lending activity in the AL AAs, the Auburn MSA AA will receive a full scope review and the Chambers County non-MSA AA will receive a limited scope review. Auburn MSA's lending activity represented 53.11 percent of the residential and commercial lending activity in AL compared to Chambers County's 46.89 percent. The Auburn MSA accounted for 59.05 percent of the AL deposits compared to Chambers County's 40.95 percent. The Auburn MSA AA is comprised of 21 CTs, three low-, four moderate-, ten middle-, and four upper-income. This AA does not arbitrarily exclude any low- or moderate-income geography.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ALABAMA

LENDING TEST

The bank’s performance under the lending test in Alabama is rated “Satisfactory”. The bank’s performance in the Chambers County non-MSA AA was similar to that in the full-scope Auburn MSA AA with respect to both residential and business lending. The bank’s performance in the Chambers County non-MSA AA was not significant enough to impact the overall rating for the state.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

CharterBank’s level of lending to borrowers of different incomes and to businesses of different sizes within this AA is reasonable and meets the standards for satisfactory performance.

The bank’s distribution of residential loans reflects reasonable penetration among individuals of different income levels. The percentage of lending to low-income families is below the demographic benchmark. However, this AA’s family poverty rate at 11.13 percent represents a mitigating factor. Lending to moderate-income families is equal to the demographic benchmark.

Borrower Income Distribution of Residential Real Estate Loans within the Auburn MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	22.62%	10.48%	16.19%	16.19%	21.70%	22.86%	39.49%	50.47%

Source: U.S. Census Data and HMDA analysis.

Lending to businesses of different sizes reflects a reasonable penetration. The number and dollar volume of loans made to businesses with revenues less than \$1 million is commensurate with the percentage for the number of small businesses within this AA. Therefore the overall level of performance is reasonable.

Income Distribution of Loans to Businesses/Farms within the Auburn MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	68.97%	2.73%	28.31%	100.00%
% of Bank Loans in AA by #	60.00%	20.00%	20.00%	100.00%
% of Bank Loans in AA by \$	44.54%	47.51%	7.95%	100.00%

Source: Loan sample; Dunn and Bradstreet data.

Geographic Distribution of Loans

CharterBank's geographic distribution of loans reflects an excellent dispersion and exceeds the standards for satisfactory performance. The volume of loans originated within the low-income CTs is slightly higher than the percentage of owner-occupied housing units (OOHUs) within these CTs and the level of lending within the moderate-income CTs is only slightly lower than the percentage of OOHUs within these CTs.

Geographic Distribution of Residential Real Estate Loans within the Auburn MSA AA								
CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential	1.66%	1.89%	15.26%	14.15%	63.50%	60.38%	19.57%	23.58%

Source: U.S. Census Data and HMDA Data

The percentage of loans granted to businesses and farms within the low-and moderate-income geographies also exceeds the percentage of businesses and farms within these CTs, reflecting an excellent dispersion throughout the CTs within this AA.

Geographic Distribution of Loans to Businesses/Farms within the Auburn MSA AA								
CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Bus/Farms	% of Number of Loans	% of AA Bus/Farms	% of Number of Loans	% of AA Bus/Farms	% of Number of Loans	% of AA Bus/Farms	% of Number of Loans
Commercial	8.35%	20.00%	11.78%	00.0%	62.11%	40.00%	17.76%	40.00%

Source: U.S. Census Data and Loan Sample

Responses to Complaints

There were no CRA-related complaints received by the bank or the OCC during the evaluation period for this AA.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in Alabama is rated "Satisfactory".

The bank's community development (CD) performance reflects a reasonable responsiveness to CD needs within this AA. The bank has conducted CD activities through a mix of CD loans, investments, and services. The availability of bank products has a positive impact on the overall community development rating. The branch distribution is excellent. More detail on the level of activity within each of the three components of the CD Test is provided below, along with the regulatory definition of CD.

According to the definition found in 12 C.F.R. § 25, Community Development means:

- Affordable housing for low- or moderate-income individuals;
- Community services targeted to low- or moderate-income individuals;
- Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 C.F.R. § 121.301) or have gross annual revenues of \$1 million or less; or
- Activities that revitalize or stabilize:
 - low- or moderate-income geographies;
 - designated disaster areas; or
 - distressed or underserved non-metropolitan middle-income geographies.

Number and Amount of Community Development Loans

CharterBank originated three community development loans totaling approximately \$558,000 during the evaluation period. CharterBank's performance in this area, with consideration given to the available opportunities, reflects a reasonable responsiveness to the communities' needs.

In the Auburn MSA AA, CharterBank did not originate any loans during the review period that met the definition of community development.

In the Chambers County AA, CharterBank originated three loans totaling approximately \$558,000 for the development of affordable single family and multi-family housing.

Number and Amount of Qualified Investments

In December 1994, CharterBank established and funded the Foundation. The purpose of the Foundation is to serve the various charitable needs of the residents of the communities served by the Institution's branches. The Foundation makes grants in the following areas of interest: community and economic development, human and social needs, environment protection, and cultural and artistic projects.

During this evaluation period, CharterBank's qualified investments through the Foundation in the Auburn MSA AA included donations to 16 organizations totaling approximately \$83,000. The level of investments reflects adequate responsiveness to the communities' needs. All funds are specifically targeted to benefit low- or moderate-income individuals or support organizations whose major purpose is revitalizing low- and moderate-income CTs within the AAs.

During this evaluation period, CharterBank's qualified investments in the Chamber County non- MSA AA included donations to ten organizations totaling approximately \$72,998. The level of investments reflects adequate responsiveness to the communities' needs. All funds are specifically targeted to benefit low- or moderate-income individuals or support organizations whose major purpose is revitalizing low- and moderate-income CTs within the AAs. The bank's level of investments in the Chambers County non-MSA AA was not significant enough to impact the overall for the state.

Extent to Which the Bank Provides Community Development Services

CharterBank's CD services within the Auburn MSA AA include the bank's products, services, and branch locations that may provide assistance or community services to low- or moderate-income individuals. In addition to their full-service branch and ATM locations, CharterBank also offers Internet banking and telephone banking for added availability to the bank's products. Branch and ATM delivery systems include three full-service branch locations and four ATMs. CharterBank has two branches, or 66.67 percent of the bank's full-service locations, located in moderate-income CTs. The table below provides a summary of CharterBank's branch and ATM distribution:

Distribution of Bank Offices and ATMs by Census Tract – Auburn AL MSA						
Census Tract Income Level	Tracts in AA		Full-Service Offices		Automated Teller Machines*	
	#	%	#	%	#	%
Low	3	14.28%	0	0.00%	0	0.00%
Moderate	4	19.05%	2	66.67%	3	40.00%
Middle	10	47.62%	1	33.33%	1	40.00%
Upper	4	19.05%	0	00.00%	1	20.00%
Total	21	100.00%	3	100.00%	4**	100.00%

Source: 2000 U.S. Census Data; *No ATMs accept deposits; **Includes - ATMs contiguous to banking locations.

Through its employees, CharterBank is also involved in a variety of community development services that reflect an adequate responsiveness to the communities' needs. Many of the bank's employees are involved with organizations that provide services to low- and moderate-income individuals. Numerous officers and bank employees also provide technical assistance through participation on finance or budget committees of local entities which provide services to low- or moderate-income persons in the Auburn MSA AA. Although this is not a comprehensive list, some of the community development services include serving as President and Screening Committee Members for the Chattahoochee Fuller Center Project and teaching credit and banking classes at local high schools.

Branch and ATM delivery systems within the limited-scope Chambers County non-MSA AA include one full-service branch location and six ATMs. CharterBank has one branch, or 25.00 percent of its branches, in a low-come CT and two branches, or 50.00 percent of the bank's full-service locations, located in moderate-income CTs. The table below provides a summary of CharterBank's branch and ATM distribution.

Distribution of Bank Offices and ATMs by Census Tract – Chambers County, AL						
Census Tract Income Level	Tracts in AA		Full-Service Offices		Automated Teller Machines*	
	#	%	#	%	#	%
Low	0	00.00%	0	00.00%	0	00.00%
Moderate	1	11.11%	0	00.00%	3	50.00%
Middle	8	88.89%	1	100.00%	3	50.00%
Upper	0	00.00%	0	00.00%	0	00.00%
Total	9	100.00%	1	100.00%	6**	100.00%

Source: 2000 U.S. Census Data; *No ATMs accept deposits; **Includes - ATMs contiguous to banking locations.

In addition, the middle-income CTs in which the branch and ATMs are located are classified as Distressed due to Poverty. The bank's level of services in the Chambers County non- MSA AA was not significant enough to impact the overall for the state.

Responsiveness to Community Development Needs

Based upon CharterBank's overall record within this AA, a rating of "Satisfactory" was assigned for the Community Development Test. The rating was based upon CharterBank's reasonable responsiveness in the level of community development

lending and services and low level of community development investments during the evaluation period.

State Rating

State of Florida

The CRA Rating for Florida is not rated.

The Lending test is not rated.

The Community development test is not rated.

CharterBank's performance rating within Florida and the Pensacola MSA has not been rated because the bank operated branches within Florida for less than six months as described below. However, a description of CharterBank's operations in Florida has been included for informational purposes.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN FLORIDA

For purposes of this review, CharterBank operated three branches in Escambia and Santa Rosa Counties, FL. These counties comprise the Pensacola, FL MSA. The bank began operating branches in this AA on September 9, 2011, through its acquisition of First National Bank of Florida, Milton, Santa Rosa County, Florida. At the time of the acquisition, First National Bank of Florida operated a total of eight branches in Escambia (3), Santa Rosa (4), and Okaloosa (1) Counties. CharterBank subsequently closed five of these branches – Escambia (2), Santa Rosa (2), and Okaloosa (1).

The Pensacola MSA AA is comprised of 77 CTs. This AA contains three low-, 22 moderate-, 37 middle-, and 15 upper-income CTs, meets the technical requirements of the Act, and does not arbitrarily exclude any low- or moderate-income geography. The table below highlights the demographic composition of this AA:

Demographic and Economic Characteristics of the Pensacola MSA Assessment Area	
Population	<i>Pensacola MSA AA</i>
Number of Families	108,105
Number of Households	154,851
Geographies	
Number of Census Tracts	77
% Low Income Census Tracts	3.90%
% Moderate Income Census Tracts	28.57%
% Middle Income Census Tracts	48.05%
% Upper Income Census Tracts	19.48%
Median Family Income (MFI)	
2000 HUD Adjusted MFI for Pensacola FL MSA	\$42,600
2011 HUD Adjusted MFI for Pensacola FL MSA	\$58,400
Economic Indicators	
October 2012 Unemployment Rate Pensacola FL MSA	7.7%
2000 Median Housing Value Panama City AA	\$88,459
% of Households Below Poverty Level Pensacola MSA AA	13.29%
% of Families Below Poverty Level Pensacola MSA AA	10.79%

Source: U.S. 2000 Census, HUD, Florida Department of Labor.

The Pensacola MSA AA is a mix of urban and rural economies. Leading industries within this AA include tourism, regional medical facilities, light manufacturing, and education. Major employers in this AA include The University of West Florida, Wal-Mart Corporation, Baptist Healthcare System, Santa Rosa Healthcare System, International Paper, West Corporation, Network Telephone, and SMG Food Services, as well as the school systems within Escambia and Santa Rosa counties. Competition to provide financial services within this AA remains strong. In this AA, CharterBank competes against 22 other commercial banks including eight that are much larger with respect to asset size and have offices throughout the southeast. As of June 30, 2012, CharterBank had the ninth highest level of deposits of any FDIC insured financial institution within this AA.

SCOPE OF EVALUATION IN FLORIDA

The bank's performance within the Florida AA was not reviewed because of the short length of time the branches were open within this review period.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA

LENDING TEST

The bank's performance under the lending test in Florida is not rated.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in Florida is not rated.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: (01/01/09 to 12/31/11) Community Development Test: (01/01/09 to 10/31/12)	
Financial Institution	Products Reviewed	
CharterBank West Point, Georgia	HMDA reportable mortgage loans Small loans to businesses/farms	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>[Instructions: Provide only if affiliate products are reviewed.]</i> None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Georgia – Troup County non-MSA Georgia – Atlanta MSA #12060 Alabama – Auburn MSA #12220 Alabama – Chambers County non-MSA Florida – Pensacola MSA #37860	Full Scope Limited Scope Full Scope Limited Scope Not reviewed	Branches in this AA were open for only three months of the review period

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
CharterBank	Satisfactory	Satisfactory	Satisfactory
Alabama	Satisfactory	Satisfactory	Satisfactory
Georgia	Satisfactory	Satisfactory	Satisfactory
Florida	Not Rated	Not Rated	Not Rated