



News Release

FOR IMMEDIATE RELEASE

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CHARTER FINANCIAL REPORTS FY07 NET INCOME INCREASES SHARPLY

- ***EPS Climbs to \$2.65 From \$0.69 in Prior Year***
- ***Pre-tax Gain on Freddie Mac Stock Sale \$69.5 Million***
- ***Net Loans Grow 8.2 Percent to \$405.6 Million***
- ***Retail Deposits Increase \$57.2 Million to \$378.5 Million***

WEST POINT, Georgia, November 20, 2007—Charter Financial Corporation (OTC-BB: CHFN.OB) today reported fiscal 2007 net income increased 262 percent to \$50.9 million, or \$2.67 per share, from \$13.3 million, or \$0.69 per share, for fiscal 2006. Net income for the fourth quarter ended September 30, 2007 totaled \$1.1 million, or \$0.06 per share, compared with \$2.9 million, or \$0.15 per share, for the prior year.

The increase in fiscal 2007 net income was primarily attributed to a pre-tax gain on the partial sale of the company's Freddie Mac stock of \$69.5 million. For the year ended September 30, 2006, the company had a gain of \$4.8 million from sales of Freddie Mac stock.

There were 19,210,548 fully diluted shares outstanding at September 30, 2007 and 19,591,492 at September 30, 2006.

The company's total assets were \$1.022 billion at September 30, 2007 versus almost \$1.097 billion at the September 30, 2006. Charter Financial's borrowings were down for the year to \$272 million from \$338 million at the end of fiscal 2006. This decrease resulted from maturing borrowings being paid off using cash flow from mortgage securities holdings.

Total interest income rose slightly to \$54.6 million from \$53.8 million last year. Interest expense was \$29.8 million for fiscal 2007, up from \$27.8 million so that our net interest income was down slightly to \$24.8 million from \$26.0 million a year ago. The net interest margin was almost steady at 2.46 versus 2.48 last year. Noninterest expense for fiscal 2007 was \$21.9 million, up \$796,000 over the prior year. Noninterest expense for the quarter was \$6.9 million, up over the June 2007 third quarter by \$1.9 million due to a \$1.9 million noncash expense for fully vested stock options granted during the fourth quarter. Noninterest expense was up a little over \$950,000 from the fourth quarter a year ago.

Building Retail Bank Franchise

“We made significant progress in building our retail franchise and improving its earnings,” said Robert L. Johnson, president and chief executive officer. “We increased our retail deposits by a strong \$57.2 million to \$378.5 million and net loans receivable by \$30.8 million to \$405.6 million. The increases were due to effective marketing efforts and continued growth in some segments of our local economy.”

Deposit fees increased 21.6 percent to \$4.5 million for the year from \$3.7 million for the prior year. “The increase in deposit fees was a combination of growth in core deposits and improved pricing of fees”, Mr. Johnson said.

Mr. Johnson noted that the company added a “grocery store branch” in LaGrange, Ga., which is operating in space set aside inside a well known local outlet as a full branch with an ATM. That brought the total number of branches to ten.

“Like most banks, our credit quality has been impacted by the housing slowdown as nonperforming assets increased to .72 percent of total assets as of September 30, 2007 from .30 percent last year. While net charge-offs for fiscal 2007 of \$73,000 were similar to 2006 levels, we expect net charge-offs in fiscal 2008 to be somewhat higher.” Johnson said. “However, we remain comfortable that our loan loss reserves are adequate.”

Our local economy is mixed with slow downs in housing sales and the continued shrinkage of textile related employment. The economy is being stimulated by the activity related to the large new Kia Motors assembly plant in West Point, Georgia. As the plant nears its opening, expected in late 2009, we expect to see a more positive effect on the growth of our retail business. We are continuing to prepare and position ourselves for the expected boost to our area.

Capital Management

Mr. Johnson stated that Charter Financial took significant steps in capital management with the repurchase of over half a million shares of its stock through a dutch auction tender offer completed in January 2007 and the declaration of a special cash dividend of \$2.50 per share in the fourth quarter of 2007. Charter Financial increased its regular quarterly cash dividend to \$0.50 per share in the second quarter from \$0.45 per share, a current indicated annual rate of \$2.00 with an estimated four percent return should the stock be at \$50. Since converting to the mutual holding company structure in 2001 the company has declared dividends of \$13.35 per share. During fiscal 2007, the company provided distributions to stockholders through a combination of stock buybacks of 515,329 shares for \$26.0 million and dividends of \$14.2 million.

CharterBank’s regulatory core capital ratio is a healthy 9.53 percent. Last year it totaled 9.71 percent. The Company’s total capital to total assets is 22.03 percent.

Managing Freddie Mac Common Stock

During the year, the company recognized a pre-tax gain on the sale of 1.035 million shares of Freddie Mac stock of \$69.5 million. Charter also recognized \$369,000 in income from covered calls on Freddie Mac common stock compared with \$278,000 in the prior year. At September 30, 2007, the company owned Freddie Mac common stock with a market value of \$200.8 million compared to \$294.3 million at September 30, 2006. The Company holds 3,402,500 shares which had a market value of \$59.01 per share on September 30, 2007 and as of release date were trading about \$25.50 per share.

About Charter Financial Corporation

Charter Financial Corporation is a savings and loan holding company and the parent company of CharterBank, a full-service community bank and a federal savings institution. Charter Financial Corporation and subsidiary CharterBank are in a mutual holding company structure. CharterBank is headquartered in West Point, Georgia, and operates ten branches on the I-85 corridor from LaGrange, Georgia to Auburn, Alabama. CharterBank's deposits are insured by the Federal Deposit Insurance Corporation.

Forward-Looking Statements

This release may contain "forward-looking statements" that may be identified by use of such words as "believe," "expect," "anticipate," "should," "planned," "estimated," and "potential." Examples of forward-looking statements include, but are not limited to, estimates with respect to our financial condition and results of operation and business that are subject to various factors that could cause actual results to differ materially from these estimates. These factors include but are not limited to general and local economic conditions; changes in interest rates, deposit flows, demand for mortgages and other loans, real estate values, and competition; changes in accounting principles, policies, or guidelines; changes in legislation or regulation; and other economic, competitive, governmental, regulatory, and technological factors affecting our operations, pricing, products, and services. Any or all forward-looking statements in this release and in any other public statements we make may turn out to be wrong. They can be affected by inaccurate assumptions we might make or known or unknown risks and uncertainties. Consequently, no forward-looking statements can be guaranteed. The Company disclaims any obligation to subsequently revise or update any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Financial Tables Follow

Selected Financial Data (in thousands except share data):

	September 30, 2007	September 30, 2006	June 30, 2007
	Unaudited	Unaudited	Unaudited
Total Assets	\$1,021,856	\$1,097,321	\$1,028,646
Loans Receivable, Net	405,553	374,726	401,910
Mortgage Securities Available for Sale	263,351	308,150	268,073
Freddie Mac Common Stock	200,782	294,339	206,532
Other Investment Securities	31,792	37,582	31,994
Retail Deposits	378,498	321,288	372,662
Core Deposits	203,348	169,129	206,001
Total Deposits	430,683	372,057	401,060
Deferred Income Taxes	72,504	108,186	74,213
Borrowings	272,058	337,928	303,759
Realized Stockholders' Equity*	108,186	95,220	114,700
Accumulated Other Comprehensive Income**	116,886	172,489	118,939
Total Equity	225,072	267,709	233,639
Book Value per Share	\$11.73	\$13.61	\$12.19
Tangible Book Value per Share	11.44	13.33	11.90
Minority Shares Outstanding	3,136,085	3,592,863	3,116,197
Total Shares Outstanding – at Quarter End	18,994,009	19,662,981	19,170,765
Weighted Average Total Shares Outstanding – Basic	19,097,807	19,438,844	18,972,247
Weighted Average Total Shares Outstanding – Fully Diluted	19,210,548	19,591,492	19,158,884

*Includes Total Stockholders Equity less Accumulated Other Comprehensive Income.

**Includes unrealized gains and losses on Freddie Mac common stock and other investment securities adjusted for income taxes at a tax rate of 38.6%

Selected Operating Data (in thousands except share data):

	Year Ended		Three months ended		
	September 30,		September 30,		June 30,
	2007	2006	2007	2006	2007
	Unaudited				
Total Interest Income	\$ 54,646	\$ 53,802	\$13,415	\$14,003	\$ 13,664
Total Interest Expense	<u>29,827</u>	<u>27,801</u>	<u>7,413</u>	<u>7,605</u>	<u>7,576</u>
Net Interest Income	24,819	26,001	6,002	6,398	6,088
Provision for Loan Losses	-	-	-	-	-
Net Interest Income after Provision for Loan Losses	24,819	26,001	6,002	6,398	6,088
Noninterest Income	76,924	10,826	1,987	1,383	1,897
Noninterest Expense	<u>21,926</u>	<u>21,130</u>	<u>6,876</u>	<u>5,917</u>	<u>5,025</u>
Income before Income Taxes	79,817	15,697	1,113	1,864	2,960
Income Tax Expense (Benefit)	<u>28,877</u>	<u>2,353</u>	<u>57</u>	<u>(1,045)</u>	<u>846</u>
Net Income	<u>\$ 50,940</u>	<u>\$ 13,344</u>	<u>\$ 1,056</u>	<u>\$ 2,909</u>	<u>\$ 2,114</u>
Earnings per Share	\$ 2.67	\$ 0.69	\$ 0.06	\$ 0.15	\$ 0.11
Earnings per Share – Fully Diluted	2.65	0.68	0.06	0.15	0.11
Cash Dividends per Share***	4.45	3.80	3.00	2.20	0.50
Net Charge-offs (Recoveries)	73	74	27	(10)	(12)
Deposit Fees	4,532	3,728	1,235	1,031	1,192
Gain on Sale of Loans	1,152	741	296	232	372
Gain on Sale of Freddie Mac Common Stock	69,453	4,769	-	-	-
Gain (Loss) on Covered Calls Related to Freddie Mac Common Stock	369	278	68	(260)	-

***First Charter, MHC has waived its portion of these dividends, resulting in payment only to the minority stockholders.

Performance Ratios:	Year Ended		Three months ended		
	September 30,		September 30,		June 30,
	2007	2006	2007	2006	2007
	Unaudited				
Return on Equity	20.30%	5.10%	1.80%	4.64%	3.48%
Return on Assets	4.81	1.22	0.42	1.06	0.81
Net Interest Margin	2.46	2.48	2.55	2.45	2.45
Loan Loss Reserve as a % of Total Loans	1.46	1.59	1.46	1.59	1.48
Loan Loss Reserve as a % of Nonperforming Assets	81.54	184.60	81.54	184.60	106.57
Nonperforming Assets as a % of Total Loans and REO	1.79	0.86	1.79	0.86	1.38
Net Chargeoffs (Recoveries) as a % of Average Loans	0.02	0.02	0.01	-	-
Nonperforming Assets to Total Assets	0.72	0.30	0.72	0.30	0.55
Bank Core Capital Ratio	9.53	9.71	9.53	9.71	9.38
Dividend Payout Ratio	27.83	101.81	891.28	271.67	73.70
Effective Tax Rate Expense (Benefit)	36.18	14.99	5.11	(56.04)	28.57

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