



News Release

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Contact:
Robert L. Johnson, CEO or Curt Kollar, CFO
706-645-1391
bjohnson@charterbank.net or
ckollar@charterbank.net

At The Investor Relations Company:
Woody Wallace
312-245-2700
wwallace@tirc.com

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CHARTER FINANCIAL REPORTS FISCAL YEAR 2008 NET INCOME of \$10.5 MILLION

- ***\$0.55 earnings per share***
- ***Provision for loan losses for quarter \$2.5 million***
- ***Number of transaction deposit accounts grows ten percent***
- ***Originated \$48.6 million loans in fourth quarter***

WEST POINT, Georgia, November 7, 2008—Charter Financial Corporation (OTC-BB: CHFN.OB) today reported fiscal 2008 net income totaled \$10.5 million or \$0.55 per share compared to \$50.9 million, or \$2.67 per share, for the prior year. Net income for the fourth quarter ended September 30, 2008 totaled \$2.9 million, or \$0.16 per share, compared with \$1.1 million, or \$0.06 per share, for the prior year quarter.

The decrease in fiscal 2008 net income was primarily attributed to a lower level of gains on the sale of Freddie Mac stock with pre-tax gains of \$9.6 million in the current year compared to \$69.5 million in the prior year.

The company's total assets amounted to \$795 million at September 30, 2008 versus \$1.02 billion at the September 30, 2007. Charter Financial liquidated its Freddie Mac common stock during fiscal 2008 for a reduction of \$200.8 million in assets from the end of the prior year.

Total interest income declined to \$46.4 million compared to \$54.6 million last year. Interest expense was \$26.8 million for fiscal 2008, decreasing from \$29.8 million so that net interest income declined to \$19.6 million from \$24.8 million a year ago. The main reason for the shortfall was the reduction in Freddie Mac dividends, to \$2.5 million in fiscal 2008 from \$7.3 million in fiscal 2007. The net interest margin was lower at 2.32% for the year compared to 2.46% the year before. Noninterest expense for fiscal 2008 was \$20.3 million, improving from \$21.9 million the prior year. Noninterest expense for the quarter was \$5.0 million which was a \$1.8 million improvement from the prior year quarter.

“We are starting to see KIA Motors hiring for its new plant in our area and KIA Motors related suppliers are also hiring,” said Robert L. Johnson, Chairman and CEO. “The KIA plant is scheduled to start production in December 2009 and KIA and its tier one suppliers have stated they will be creating in excess of 10,000 jobs. That is big for our marketing area.”

Johnson also stated, “We continue to see opportunities to make good loans. We originated \$48.6 million during the last quarter compared to \$54.2 million during the fourth quarter of 2007. Our franchise continues to grow as we increased the number of transaction accounts by ten percent.”

In spite of net charge-offs of only \$102,000 for the quarter the Company made a good size provision for loan losses of \$2.5 million. The provision was based on overall economic weakness and the weakness of some loans, primarily 1-4 family development loans. Our portfolio of 1-4 family development loans has \$21.3 million outstanding at September 30, 2008.

Capital

Mr. Johnson stated, “During the quarter Charter Financial spent \$4.4 million purchasing 442,095 of its own shares, paid \$871,367 in cash dividends and had \$18.6 million in cash at September 30, 2008. CharterBank is well capitalized with a core capital ratio of 10.51% which is more than twice the capital needed to meet the regulatory definition of well capitalized. Stock repurchases during the quarter completed Charter Financial’s then authorized stock repurchase program. Therefore, on September 30, 2008, we announced that our board of directors authorized a stock repurchase program of 200,000 shares of common stock. We believe this buyback will prove to be a long term value for our shareholders.”

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, 2008	September 30, 2007	June 30, 2008
	Unaudited	Unaudited	Unaudited
Total Assets	\$794,629	\$1,021,856	\$877,871
Loans Receivable, Net	428,472	405,553	433,700
Mortgage Securities Available for Sale	242,848	263,351	250,881
Freddie Mac Common Stock	-	200,782	53,710
Other Investment Securities	34,291	31,792	30,327
Retail Deposits	356,237	378,498	382,315
Core Deposits	169,499	203,348	184,528
Total Deposits	420,175	430,683	460,048
Deferred Income Taxes	(4,951)	72,504	14,868
Borrowings	267,000	272,058	257,000
Realized Stockholders' Equity*	109,152	108,186	111,270
Accumulated Other Comprehensive Income**	(6,850)	116,886	24,815
 Total Equity	 102,302	 225,072	 136,085
 Book Value per Share	 \$5.50	 \$11.85	 \$7.15
Tangible Book Value per Share	5.21	11.56	6.87
 Minority Shares Outstanding	 2,754,536	 3,136,085	 3,185,439
Total Shares Outstanding – at Quarter End	18,612,460	18,994,009	19,042,863
Weighted Average Total Shares Outstanding – Basic	19,022,870	19,097,807	19,029,060
Weighted Average Total Shares Outstanding – Fully Diluted	19,072,917	19,210,548	19,022,054

*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,
	2008	2007	2008	2007	2008
	Unaudited				
Total Interest Income	\$ 46,378	\$ 54,646	\$10,373	\$13,415	\$ 11,373
Total Interest Expense	<u>26,771</u>	<u>29,827</u>	<u>6,219</u>	<u>7,413</u>	<u>6,442</u>
Net Interest Income	19,607	24,819	4,154	6,002	4,931
Provision for Loan Losses	<u>3,250</u>	-	<u>2,500</u>	-	<u>600</u>
Net Interest Income after Provision for Loan Losses	16,357	24,819	1,654	6,002	4,331
Noninterest Income	18,950	76,924	7,846	1,987	3,168
Noninterest Expense	<u>20,284</u>	<u>21,926</u>	<u>5,040</u>	<u>6,876</u>	<u>5,049</u>
Income before Income Taxes	15,023	79,817	4,460	1,113	2,450
Income Tax Expense (Benefit)	<u>4,491</u>	<u>28,877</u>	<u>1,521</u>	<u>57</u>	<u>751</u>
Net Income	<u>\$ 10,532</u>	<u>\$ 50,940</u>	<u>\$ 2,939</u>	<u>\$ 1,056</u>	<u>\$ 1,699</u>
Earnings per Share	\$ 0.55	\$ 2.67	\$ 0.16	\$ 0.06	\$ 0.09
Earnings per Share – Fully Diluted	0.55	2.65	0.15	0.06	0.09
Cash Dividends per Share***	1.75	4.45	0.25	3.00	0.50
Net Charge-offs	1,019	73	102	27	114
Deposit Fees	5,027	4,532	1,262	1,235	1,207
Gain on Sale of Loans	762	1,152	153	296	179
Gain on Sale of Freddie Mac Common Stock	9,557	69,453	5,885	-	1,022
Gain (Loss) on Covered Calls Related to Freddie Mac Common Stock	1,723	369	4	68	241

***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,
	2008	2007	2008	2007	2008
	Unaudited				
Return on Equity	6.23%	20.30%	9.51%	1.80%	4.32%
Return on Assets	1.16	4.81	1.41	0.42	0.75
Net Interest Margin	2.32	2.46	2.16	2.55	2.35
Loan Loss Reserve as a % of Total Loans	1.88	1.46	1.88	1.46	1.33
Loan Loss Reserve as a % of Nonperforming Assets	61.29	81.54	61.29	81.54	53.69
Nonperforming Assets as a % of Total Loans and REO	3.06	1.79	3.06	1.79	2.46
Net Chargeoffs (Recoveries) as a % of Average Loans	0.24	0.02	0.09	0.03	0.11
Nonperforming Assets to Total Assets	1.69	0.72	1.69	0.72	1.24
Bank Core Capital Ratio	10.51	9.53	10.51	9.53	9.79
Dividend Payout Ratio	66.97	27.83	27.19	891.28	93.72
Effective Tax Rate Expense (Benefit)	29.89	36.18	34.10	5.11	30.65

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