



PUBLIC DISCLOSURE

January 4, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CharterBank
Charter Number 705798

1233 O.G. Skinner Dr.,
West Point, GA 31833

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 averaged 75.88 percent during the review period.
- A substantial majority of the loans are within CharterBank's combined AAs. Approximately 85.62 percent of the number and 84.19 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.

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 CD 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 CD lending, qualified investments, and service activities. This evaluation covers the period from the date of the previous CRA Examination, January 1, 2012, through December 31, 2015.

- Our analysis included a full-scope evaluation for three AAs, one for each state in which the bank has branches – Georgia - Troup County, Georgia (GA) non-Metropolitan Statistical Area (MSA) AA, Alabama - the Auburn, Alabama (AL) MSA AA (Lee County, AL), and Florida - the Pensacola, Florida (FL) MSA AA (Escambia and Santa Rosa Counties, FL). Limited scope evaluations were performed on three other AAs, the Atlanta, GA MSA AA, (Carroll, Coweta, Fulton, and Gwinnett Counties), Chambers County, AL AA, a non-MSA county, and the Columbus, GA MSA AA (Harris County, GA). Approximately 32.78 percent of the bank's loans and 24.40 percent of deposits are within the Troup County AA. The Troup County AA contains four of CharterBank's 16 offices, including the main office. The bank does not operate any branches or deposit taking Automated Teller Machines (ATMS) in

Harris County, GA; however, the bank has elected to include Harris County as an AA because it is contiguous to Troup County, GA and a portion of the West Point, GA city limits are in Harris County.

- Lending Test conclusions reflect the lending performance of the bank's primary loan products. We evaluated residential mortgage and small business lending from January 1, 2012, through December 31, 2015, 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, 2012, through December 31, 2015.
- For the Troup County AA, we evaluated lending data for 2012, 2013, 2014, and 2015 using the 2010 Census. The revised 2010 Census data issued in 2014 added one census tract (CT) and changed the CT designations in a minor way. The impact of the 2014 changes were not sufficient enough to warrant separate reviews of the 2012/2013 and 2014/2015 lending data for this AA.
- For the Auburn MSA AA, we evaluated lending data for 2012, 2013, 2014, and 2015 using the 2010 Census. The revised 2010 Census data issued in 2014 changed the CT designations in a minor way, but did not change the overall number of CTs. The impact of the 2014 changes were not sufficient enough to warrant separate reviews of the 2012/2013 and 2014/2015 lending data for this AA.
- For the Pensacola MSA AA, lending data for 2012, 2013, 2014, and 2015 was evaluated using the 2010 Census because there were no changes to this AA's demographic classifications as a result of the 2010 Census changes issued in 2014.
- Conclusions regarding the CD Test are based upon investments, services, and loans conducted in CharterBank's combined AAs, which meet the definition of CD. We conducted the CD Test using information from January 1, 2012, through December 31, 2015.
- 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 2012, 2013, 2014, and 2015 HMDA submission data and a loan sample of 60 small loans to businesses using the bank's records for its business loans for the full scope AAs detailed below:

State/Full Scope AAs

Alabama – Auburn MSA
Florida – Pensacola MSA
Georgia – Troup County Non-MSA

Primary Loan Types

Residential and Business RE
Residential and Business RE
Residential and Business RE

Description of Institution

CharterBank, chartered in 1954, is a federal savings association located in West Point, GA. CharterBank is a wholly owned subsidiary of Charter Financial Corporation (CFC), a savings and loan holding company also headquartered in West Point, GA. CFC reported assets of approximately \$1.03 billion, as of September 30, 2015.

CharterBank operates 16 branch offices in six AAs, opening the 16th office in Fulton County, GA in December 2015. The bank also operates 19 ATMs in the six AAs, one with each branch location except for the branches located in Fulton and Gwinnett Counties, and five not associated with a branch location. Only one of the five ATMs not connected with a branch is in an area accessible to the public. The remaining four ATMs are accessible only to the employees of the specific company. The bank's ATMs do not accept deposits.

In GA, four branch locations, including the main banking office, are located within the Troup County non-MSA AA. Five offices are located within four counties in the Atlanta MSA: Carroll (1), Coweta (2), Fulton (1), and Gwinnett (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 (LMI) geography.

The OCC assigned a "Satisfactory" rating under the Intermediate Small Bank criteria in the prior CRA Performance Evaluation dated December 10, 2012.

CharterBank's primary business is mortgage lending, and the bank offers conventional, FHA, VA, and USDA mortgage products. The bank sells approximately 73.89 percent of its bank's mortgage loan production in the secondary market. CharterBank also has a Commercial Lending Department that 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, 2015.

| Loan Category | \$ (000s) | % of \$ |
|----------------------------------|------------------|----------------|
| Commercial Real Estate | \$345,170 | 47.48% |
| Residential Real Estate | 335,273 | 46.12% |
| Commercial | 34,805 | 4.79% |
| Agriculture | 491 | 0.06% |
| Consumer | 6,392 | 0.88% |
| Agriculture Real Estate | 2,568 | 0.35% |
| All Other/Political Subdivisions | 2,319 | 0.32% |
| Total | \$727,018 | 100.0% |

Source: September 30, 2015 Call Report

Management's and the Board's primary focus is to provide a strong, locally-owned, independent financial institution to serve customers in north and 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. Locations and customer needs help determine lobby and drive-up hours. CharterBank has ATMs at all but two branches, as well as five 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, an AA within that state was selected for a full-scope review. 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 52.10 percent of the bank's deposits and 53.40 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 75.88 percent since March 2012, which is higher than the average quarterly ratio of 73.20 percent for seven comparable 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 59.68 (March 2013) percent to a high of 91.45 percent (September 2015).

Lending in Assessment Area

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

| Table 1 - Lending within the Combined Assessment Areas | | | | | | | | | | |
|---|-----------------|---------------|------------|---------------|--------------|------------------|---------------|-----------------|---------------|------------------|
| Loan Type | Number of Loans | | | | | Dollars of Loans | | | | |
| | Inside AA | | Outside AA | | Total | Inside AA | | Outside AA | | Total |
| | # | % | # | % | | \$(000) | % | \$(000) | % | |
| Residential Real Estate | 1,526 | 85.92 | 250 | 14.08 | 1,776 | 245,743 | 84.70 | 44,387 | 15.30 | 290,130 |
| Commercial | 46 | 76.67 | 14 | 23.33 | 60 | 10,538 | 73.84 | 3,734 | 26.16 | 14,272 |
| Totals | 1,572 | 85.62% | 264 | 14.38% | 1,836 | \$256,281 | 84.19% | \$48,121 | 15.81% | \$304,402 |

Source: Commercial loan sample/HMDA analysis.

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 poor penetration.
- The distribution of loans to businesses of different sizes within the full-scope AA within this state reflects an excellent penetration.
- The geographic distribution of loans within the full-scope AA within this state reflects an overall 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.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GEORGIA

For purposes of this review, CharterBank has three AAs in Georgia. One AA includes all of Troup County, a non-MSA county. Another AA is comprised of Carroll, Coweta, Fulton, and Gwinnett Counties that are all within the Atlanta MSA. The third AA consists of Harris County, GA within the Columbus, GA 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 and Columbus MSA AAs will receive limited scope reviews. The Troup County AA is comprised of 14 CTs, three moderate-, four middle-, and seven upper-income. This AA does not arbitrarily exclude any low- or moderate-income (LMI) 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. The table on the following page 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 | 16,848 |
| Number of Households | 23,690 |
| Geographies | |
| Number of Census Tracts | 14 |
| % Low Income Census Tracts | 00.00% |
| % Moderate Income Census Tracts | 21.43% |
| % Middle Income Census Tracts | 28.57% |
| % Upper Income Census Tracts | 50.00% |
| Median Family Income (MFI) | |
| 2015 HUD Adjusted MFI for non-MSA Georgia | \$52,700 |
| Economic Indicators | |
| November 2015 Unemployment Rate Troup County | 5.4% |
| 2015 Median Housing Value Troup County | \$132,439 |
| % of Households Below Poverty Level Troup County Georgia | 18.75% |
| % of Families Below Poverty Level Troup County, Georgia | 15.50% |

Source: U.S. 2010 Census, HUD, Georgia Department of Labor.

CharterBank's Troup County AA is predominately rural. Leading industries include light manufacturing, automobile manufacturing, agriculture, regional medical facilities, timber, and education. Major employers in Troup County include Milliken, Wal-Mart, West Georgia Health System, Kia Motors Manufacturing Georgia, Inc., JC Malone Associates, 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 ten other commercial banks, five of which are much larger with respect to asset size and have offices throughout the southeast. As of June 30, 2015, CharterBank had the 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 and Columbus AAs will receive a limited scope reviews. Troup County's lending activity represented 58.56 percent of the residential and commercial lending activity in GA compared to the Atlanta MSA's 36.82 percent, and the Columbus MSA's 4.62 percent. However, Troup County accounted for 46.77 percent of the GA deposits compared to the Atlanta MSA's 53.23 percent. The deposit disparity can be attributed to the banks acquired in the Atlanta MSA in 2009 and 2010. CharterBank does not operate a branch or deposit taking ATM in the Columbus MSA AA (Harris County); therefore, no deposit information is assigned to that 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 and Columbus MSA AAs 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 and Columbus MSA AAs 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 poor 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 15.50 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 | 20.48% | 4.00% | 16.45% | 10.20% | 15.88% | 17.20% | 47.18% | 68.60% |

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

Lending to businesses of different sizes within this AA reflects an excellent penetration. The number of loans made to businesses with revenues less than \$1 million exceeds 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 | 74.06% | 4.98% | 20.96% | 100% |
| % of Bank Loans in AA by # | 85.71% | 14.29% | 00.00% | 100% |
| % of Bank Loans in AA by \$ | 30.39% | 69.61% | 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 owner-occupied housing units (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% | 13.22% | 13.80% | 32.86% | 25.40% | 53.92% | 60.80% |

Source: U.S. Census Data and HMDA Data

It is also noted that during 2015, four of Troup County's 14 CTs were classified as Distressed due to Poverty.

The percentage of loans granted to businesses and farms within the moderate-income geographies is well below the percentage of businesses and farms within those CTs, reflecting a very poor 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% | 24.21% | 00.00% | 32.15% | 42.86% | 43.64% | 57.14% |

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 CD test in Georgia is rated Satisfactory.

The bank's CD performance reflects an adequate 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 reasonable. 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, CD 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

In the Troup County non-MSA AA, CharterBank originated two CD loans totaling approximately \$1,746,248 during the evaluation period. One loan was to a "for profit" medical office that primarily served LMI individuals, and the other loan was a SBA 504 Program loan. CharterBank's performance in this area, with consideration given to the available opportunities, reflects a poor level of responsiveness to the communities' needs.

In the Atlanta MSA AA, CharterBank did not originate any loans that meet the definition of CD.

In the Columbus MSA AA, CharterBank did not originate any loans that meet the definition of CD.

Number and Amount of Qualified Investments

All of the bank's CD Investments are made through the Charter Foundation, Inc., (the Foundation), a nonprofit charitable foundation established by CharterBank in 1994. The Foundation is a separate corporation from CharterBank and is managed by a Board of Directors elected or appointed by the account holders and Board of Directors of CharterBank. The purpose of the Foundation is to provide funds to eligible nonprofit organizations in the bank's community, through a request-based grant process. The Foundation makes grants in the areas of community / economic development; human/social needs; environmental protection, conservation; and cultural and artistic projects. The bank's website has a section for the Charter Foundation, which includes links for *Grantmaking Guidelines & Application*, and *Recent Grants*.

During this evaluation period, CharterBank's qualified investments through the Foundation in the Troup County, Georgia non-MSA AA included donations to four organizations totaling approximately \$18,705. The investments reflect poor responsiveness to the communities' needs. All funds are specifically targeted to benefit LMI individuals, or support organizations whose major purpose is revitalizing LMI CTs within the AA. The bank's level of investments in this AA had a neutral impact on the overall rating for the state.

During this evaluation period, CharterBank did not make any qualified investments within the limited-scope Atlanta, Georgia MSA AA.

During this evaluation period, CharterBank did not make any qualified investments within the limited-scope Columbus, Georgia MSA AA.

Extent to Which the Bank Provides Community Development Services

CharterBank's CD services within the Troup County, Georgia non-MSA AA include the bank's products, services, and branch locations that may provide assistance or community services to LMI 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 non-deposit taking ATMs. Each full-service branch has one ATM, and there are four free-standing ATMs. However, three of the ATMs are located at private businesses or schools, where they are only accessible to employees and students of their respective locations. CharterBank has one branch, or 25 percent of the bank's full-service locations, located in a moderate-income CT in this AA. In addition, the middle-income CTs in which the branches and ATMs are located in this AA are designated as Distressed due to Poverty.

The bank offer low-cost and free banking products which benefit LMI individuals and households. These products are offered in the form of checking and savings accounts, free online banking (including bill-pay), mobile banking, debit card, and online statements. The bank also offers FHA and VA financing options. One middle-income CT branch offers extended hours on weekday evenings and Saturday, which benefits LMI

individuals. The table below provides a summary of CharterBank’s branch and ATM distribution for this AA.

| Distribution of Bank Offices and ATMs by Census Tract – Troup County, GA non-MSA AA | | | | | | |
|--|--------------|---------|----------------------|---------|-------------------------------|---------|
| Census Tract Income Level | Tracts in AA | | Full-Service Offices | | Automated Teller Machines* | |
| | # | % | # | % | # | % |
| Low | 0 | 00.00% | 0 | 0.00% | 0 | 0.00% |
| Moderate | 3 | 21.43% | 1 | 25.00% | 1 | 12.50% |
| Middle | 4 | 28.57% | 2 | 50.00% | 5 | 62.50% |
| Upper | 7 | 50.00% | 1 | 25.00% | 2 | 25.00% |
| Total | 14 | 100.00% | 4 | 100.00% | 8** | 100.00% |

Source: 2010 U.S. Census Data; *No ATMs accept deposits; **Includes ATMs contiguous to banking locations.
Two middle-income ATMs and one-upper-income ATM have access restricted to employees or students.
All four middle-income CTs are designated 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. Several of the bank’s employees are involved with organizations that provide services to low and moderate-income individuals in the Troup County non- MSA AA. One of the community development services includes serving as an advisory board member for the Emmaus Women’s Shelter. One bank director serves as the president of the Alabama-Chattahoochee Fuller Center (based in West Point, Georgia), an organization which provides affordable housing for the community.

In addition, CharterBank donates mortgage loan servicing for Habitat for Humanity and for the Fuller Center, another local source for affordable housing. As of December 31, 2015, the bank held 59 loans with a balance of \$2.03 million for the Habitat, and 34 loans with a balance of \$1.05 million for the Fuller Center.

Branch and ATM delivery systems within the limited-scope Atlanta MSA AA include four full-service branch locations and three non-deposit taking ATMs. The ATMs are located at three of the full-service branches. The Gwinnett Counties branch does not have an ATM. The Fulton County branch, which also does not have an ATM, was recently opened and is not included in the branch count. CharterBank has one branch, or 25.00 percent of its branches, in a low-income CT and one branch, or 25.00 percent of the bank's full-service locations, located in a moderate-income CT. The table on the following page provides a summary of CharterBank’s branch and ATM distribution:

| Distribution of Bank Offices and ATMs by Census Tract – Atlanta MSA AA | | | | | | |
|--|--------------|---------|----------------------|---------|----------------------------|---------|
| Census Tract Income Level | Tracts in AA | | Full-Service Offices | | Automated Teller Machines* | |
| | # | % | # | % | # | % |
| Low | 9 | 06.00% | 1 | 25.00% | 1 | 33.33% |
| Moderate | 36 | 24.00% | 1 | 25.00% | 1 | 33.33% |
| Middle | 63 | 42.00% | 1 | 25.00% | 1 | 33.33% |
| Upper | 42 | 28.00% | 1 | 25.00% | 0 | 00.00% |
| Total | 150 | 100.00% | 4 | 100.00% | 3** | 100.00% |

Source: 2010 U.S. Census Data; *No ATMs accept deposits; **Includes ATMs contiguous to banking locations.

Note: Fulton County branch opened in December 2015 and is not included in this analysis

Note: Norcross branch does not have an ATM

CharterBank employees are also involved in CD services that reflect an adequate responsiveness to the communities' needs in the Atlanta MSA AA. Services include teaching classes about banking and the responsible use of credit to LMI individuals, as well as serving as treasurer for a church committee which provides funding for needy families.

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

As previously mentioned, the bank does not currently operate any branches or deposit taking ATMs in the Columbus, GA MSA AA.

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 adequate responsiveness in the level of community development lending and services and a 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 an excellent penetration.
- The geographic distribution of loans within the full-scope AA within this state reflects an overall 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.

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, Alabama, which comprises the Auburn MSA. The other AA is comprised of Chambers County, Alabama, 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 27 CTs, three low-, four moderate-, 15 middle-, and five upper-income CTs, meets the technical requirements of the Act, and does not arbitrarily exclude any LMI geography.

For purposes of this review, CharterBank operates three branches within the Auburn MSA AA: Auburn (2) and Opelika (1). No branches were opened or closed within this AA during the review period. The table on the following page 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 | 32,036 |
| Number of Households | 54,016 |
| Geographies | |
| Number of Census Tracts | 27 |
| % Low Income Census Tracts | 11.11% |
| % Moderate Income Census Tracts | 14.81% |
| % Middle Income Census Tracts | 55.56% |
| % Upper Income Census Tracts | 18.52% |
| Median Family Income (MFI) | |
| 2015 HUD Adjusted MFI for Auburn MSA | \$67,583 |
| Economic Indicators | |
| November 2015 Unemployment Rate Auburn MSA | 4.7% |
| 2015 Median Housing Value Auburn MSA | \$153,724 |
| % of Households Below Poverty Level Auburn MSA | 20.79% |
| % of Families Below Poverty Level Auburn AA | 10.99% |

Source: U.S. 2010 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, 2015, 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 60.78 percent of the residential and commercial lending activity in AL compared to Chambers County's 39.44 percent. The Auburn MSA accounted for 67.09 percent of the AL deposits compared to Chambers County's 32.91 percent. The Auburn MSA AA is comprised of 27 CTs, three low-, four moderate-, 15 middle, and five upper-income. This AA does not arbitrarily exclude any LMI 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 an adequate 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 10.99 percent represents a mitigating factor. Lending to moderate-income families is near 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 | 23.15% | 6.18% | 16.33% | 14.52% | 20.79% | 16.40% | 39.73% | 62.90% |

Source: U.S. Census Data and HMDA analysis

Lending to businesses of different sizes reflects an excellent penetration. The number and dollar amount 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 Auburn MSA AA | | | | |
|--|--------------|--------------|---------------------|---------|
| Business Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | Unavailable/Unknown | Total |
| % of AA Businesses | 76.15% | 4.32% | 19.53% | 100.00% |
| % of Bank Loans in AA by # | 95.00% | 5.00% | 00.00% | 100.00% |
| % of Bank Loans in AA by \$ | 82.27% | 17.73% | 00.00% | 100.00% |

Source: Loan sample; Dunn and Bradstreet data

Geographic Distribution of Loans

CharterBank's geographic distribution of loans reflects a reasonable dispersion and meets the standards for satisfactory performance. The volume of loans originated within the low-income CTs is less than the percentage of OOHUs within these CTs and the level of lending within the moderate-income CTs is somewhat less than the percentage of OOHUs within these CTs, reflecting a poor penetration overall.

| Geographic Distribution of Residential Real Estate Loans within the Auburn MSA 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 | 4.39% | 0.54% | 15.67% | 12.10% | 57.21% | 52.15% | 22.73% | 35.22% |

Source: U.S. Census Data and HMDA Data

The percentage of loans granted to businesses/farms within the low-income CTs is less than the percentage of businesses within those CTs. However, the percentage of loans granted to businesses/farms within the moderate-income CTs exceeds the percentage of businesses and farms within these CTs, reflecting an excellent dispersion overall.

| Geographic Distribution of Loans to Businesses/Farms within the Auburn MSA 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 | 3.71% | 00.00% | 16.92% | 21.05% | 59.06% | 63.16% | 20.31% | 15.79% |

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 CD test in Alabama is rated Satisfactory.

The bank's CD performance reflects an adequate 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, CD 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

In the Auburn MSA AA, CharterBank originated two community development loans during the review period totaling approximately \$2,695,048. CharterBank's performance in this area, with consideration given to the available opportunities, reflects an adequate responsiveness to the communities' needs.

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

Number and Amount of Qualified Investments

All of the bank's CD Investments are made through the Foundation, a nonprofit charitable foundation established by CharterBank in 1994. The Foundation is a separate corporation from CharterBank and is managed by a Board of Directors elected or

appointed by the account holders and Board of Directors of CharterBank. The purpose of the Foundation is to provide funds to eligible nonprofit organizations in the bank's community, through a request-based grant process. The Foundation makes grants in the areas of community and economic development; human and social needs; environmental protection, conservation, and enjoyment; and cultural and artistic projects. The bank's website has a section for the Charter Foundation, which includes links for *Grantmaking Guidelines & Application*, and *Recent Grants*.

During this evaluation period, CharterBank's qualified investments through the Foundation in the Auburn MSA AA included donations to four organizations totaling \$26,403. The level of investments reflects adequate responsiveness to the communities' needs. All funds are specifically targeted to benefit LMI individuals, or support organizations whose major purpose is revitalizing LMI CTs within the AA. The bank's level of investments in this AA had a positive impact on the overall rating for the state.

During this evaluation period, CharterBank's qualified investments through the Foundation in the limited-scope Chambers County, AL Non-MSA AA included donations to three organizations totaling \$44,000. The level of investments reflects adequate responsiveness to the communities' needs. All funds are specifically targeted to benefit LMI individuals, or support organizations whose major purpose is revitalizing LMI CTs within the AA. The bank's level of investments in this AA had a positive impact on the overall rating for the state.

In addition, a \$1,000 donation was made to an organization that provides books to LMI school children across the State of Alabama. This CD investment indirectly benefits both AAs in 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 LMI 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 three non-deposit taking ATMs. The ATMs are located at each of the full-service branches. CharterBank has two branches, or 67 percent of the bank's full-service locations, located in moderate-income CTs in this AA. Both moderate-income CT branches offer extended hours on weekday evenings and Saturday, which benefit low and moderate-income individuals.

The bank offers low-cost and free banking products that benefit LMI individuals and households. These products include checking and savings accounts, free online banking (including bill-pay), mobile banking, debit card, and online statements. The bank also offers FHA and VA financing options.

The table below provides a summary of CharterBank’s branch and ATM distribution:

| Distribution of Bank Offices and ATMs by Census Tract – Auburn MSA AA | | | | | | |
|--|---------------------|----------------|-----------------------------|----------------|-----------------------------------|----------------|
| Census Tract Income Level | Tracts in AA | | Full-Service Offices | | Automated Teller Machines* | |
| | # | % | # | % | # | % |
| Low | 3 | 11.11% | 0 | 0.00% | 0 | 0.00% |
| Moderate | 4 | 14.81% | 2 | 66.67% | 2 | 66.67% |
| Middle | 15 | 55.56% | 1 | 33.33% | 1 | 33.33% |
| Upper | 5 | 18.52% | 0 | 00.00% | 0 | 00.00% |
| Total | 27 | 100.00% | 3 | 100.00% | 3** | 100.00% |

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

CharterBank employees are also involved in community development services that reflect an adequate responsiveness to the communities’ needs in the Auburn, Alabama MSA AA. Services include teaching classes about banking and the responsible use of credit to LMI individuals.

CharterBank’s CD services within the limited-scope Chambers County, Alabama non-MSA AA include the bank’s products, services, and branch locations that may provide assistance or community services to LMI 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 one full-service branch location and three non-deposit taking ATMs. The branch offers extended hours on weekday evenings and Saturday, which benefits LMI individuals. In addition, the middle-income CTs in which the branch and ATMs are located in this AA are designated as Distressed due to Poverty.

The bank offer low-cost and free banking products which benefit LMI individuals and households. These products are offered in the form of checking and savings accounts, free online banking (including bill-pay), mobile banking, debit card, and online statements. The bank also offers FHA and VA financing options.

The table on the following page provides a summary of CharterBank’s branch and ATM distribution for this AA:

| Distribution of Bank Offices and ATMs by Census Tract – Chambers County, AL non-MSA AA | | | | | | |
|---|--------------|---------|----------------------|---------|-------------------------------|---------|
| Census Tract Income Level | Tracts in AA | | Full-Service Offices | | Automated Teller Machines* | |
| | # | % | # | % | # | % |
| Low | 0 | 00.00% | 0 | 00.00% | 0 | 00.00% |
| Moderate | 2 | 22.22% | 0 | 00.00% | 0 | 00.00% |
| Middle | 7 | 77.78% | 1 | 100.00% | 3 | 100.00% |
| Upper | 0 | 00.00% | 0 | 00.00% | 0 | 00.00% |
| Total | 9 | 100.00% | 1 | 100.00% | 3** | 100.00% |

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

One ATM is accessible only to employees or students of the location.

All seven middle-income CTs are designated 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 CD Test. The rating was based upon CharterBank's reasonable responsiveness in the level of CD lending, investments, and services during the evaluation period.

State Rating

State of Florida

The CRA Rating for Florida is Needs to Improve.

The Lending test is Needs to Improve.

The Community Development test is 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 poor penetration.
- The distribution of loans to businesses of different sizes within the full-scope AA within this state reflects an excellent penetration.
- The geographic distribution of loans within the full-scope AA within this state reflects a very poor dispersion.
- The CD performance within this state demonstrates an overall adequate level of responsiveness to the needs of its full-scope AA through CD loans, qualified investments, and CD services.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN FLORIDA

For purposes of this review, CharterBank operated three branches in Escambia (2) and Santa Rosa (1) Counties, FL. These counties comprise the Pensacola, FL MSA. One branch was closed in Santa Rosa County during the review period.

The Pensacola MSA AA is comprised of 96 CTs. This AA contains three low-, 26 moderate-, 44 middle-, and 23 upper-income CTs, meets the technical requirements of the Act, and does not arbitrarily exclude any LMI geography. The table on the following page 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 | 114,485 |
| Number of Households | 168,173 |
| Geographies | |
| Number of Census Tracts | 96 |
| % Low Income Census Tracts | 3.13% |
| % Moderate Income Census Tracts | 27.08% |
| % Middle Income Census Tracts | 45.83% |
| % Upper Income Census Tracts | 23.96% |
| Median Family Income (MFI) | |
| 2015 HUD Adjusted MFI for Pensacola FL MSA | \$63,305 |
| Economic Indicators | |
| November 2015 Unemployment Rate Pensacola MSA AA | 4.7% |
| 2015 Median Housing Value Pensacola MSA AA | \$166,488 |
| % of Households Below Poverty Level Pensacola MSA AA | 13.49% |
| % of Families Below Poverty Level Pensacola MSA AA | 10.78% |

Source: U.S. 2010 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 19 other commercial banks including nine that are much larger with respect to asset size and have offices throughout the southeast. As of June 30, 2015, CharterBank had the tenth highest level of deposits of any FDIC insured financial institution within this AA.

SCOPE OF EVALUATION IN FLORIDA

As previously detailed, the Pensacola MSA AA will receive a full scope review. This AA's lending activity represented 3.34 percent of the bank's overall residential and commercial lending activity. As of December 31, 2015, this AA accounted for 19.91 percent of the bank's total deposits. Florida has no limited-scope AAs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA

LENDING TEST

The bank’s performance under the lending test in Florida is Needs to Improve.

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 Pensacola MSA AA is poor, but meets the standards for satisfactory performance.

The bank’s distribution of residential loans reflects a poor 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 10.78 percent represents a mitigating factor. Lending to moderate-income families is higher than the demographic benchmark.

| Borrower Income Distribution of Residential Real Estate Loans within the Pensacola 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 RE | 21.14% | 3.03% | 17.61% | 21.21% | 20.81% | 12.12% | 40.43% | 63.64% |

Source: U.S. Census Data and HMDA analysis

Lending to businesses of different sizes within this AA reflects an excellent penetration. The number 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 Pensacola MSA AA | | | | |
|---|--------------|--------------|---------------------|-------|
| Business Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | Unavailable/Unknown | Total |
| % of AA Businesses | 84.03% | 2.96% | 13.01% | 100% |
| % of Bank Loans in AA by # | 95.00% | 5.00% | 00.00% | 100% |
| % of Bank Loans in AA by \$ | 41.32% | 58.68% | 00.00% | 100% |

Source: Loan sample; Dunn and Bradstreet data

Geographic Distribution of Loans

CharterBank’s geographic distribution of loans reflects a very poor dispersion and does not meet the standards for satisfactory performance. The volume of loans originated

within the LMI CTs is well below the percentage of OOHUs within these CTs as no residential mortgage loans were originated in these CTs during the review period.

| Geographic Distribution of Residential Real Estate Loans within the Pensacola MSA 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 | 0.98% | 00.0% | 17.93% | 0.00% | 49.83% | 63.64% | 31.26% | 36.36% |

Source: U.S. Census Data and HMDA Data

The percentage of loans granted to businesses/farms within the low-income geographies is below the percentage of businesses/farms in those CTs. The percentage of loans granted to businesses/farms with the moderate-income geography is well below the percentage of businesses and farms within that CT, reflecting a very poor dispersion throughout the CTs within this AA.

| Geographic Distribution of Loans to Businesses/Farms within the Pensacola MSA 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 | 02.20% | 00.00% | 23.97% | 05.00% | 44.70% | 60.00% | 29.13% | 35.00% |

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 CD test in Florida is Satisfactory.

The bank's CD performance reflects an adequate 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 CD 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, CD 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

During the review period, the bank originated one loan totaling approximately \$16,346,635 in the Pensacola MSA AA. The loan was made to an entity that provides affordable housing, including properties in seven moderate-income CTs with rental rates below the average rental rates in the AA. CharterBank's performance in this area, with consideration given to the available opportunities, reflects a reasonable responsiveness to the communities' needs.

Number and Amount of Qualified Investments

During this evaluation period, CharterBank did not make any qualified investments in the Pensacola, FL MSA AA. The level of investments reflects very poor responsiveness to the communities' needs.

Extent to Which the Bank Provides Community Development Services

CharterBank's CD services within the Pensacola MSA AA include the bank's products, services, and branch locations that may provide assistance or community services to LMI 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 three non-deposit taking ATMs, with one ATM located at each branch. CharterBank has two branches, or 66.67 percent of the bank's full-service locations, located in moderate-income CTs in this AA.

The bank offers low-cost and free banking products that benefit LMI individuals and households. These products are offered in the form of checking and savings accounts, free online banking (including bill-pay), mobile banking, debit card, and online statements. The bank also offers FHA and VA financing options.

| Distribution of Bank Offices and ATMs by Census Tract – Pensacola MSA AA | | | | | | |
|---|---------------------|----------------|-----------------------------|----------------|---------------------------------------|----------------|
| Census Tract Income Level | Tracts in AA | | Full-Service Offices | | Automated Teller Machines* | |
| | # | % | # | % | # | % |
| Low | 3 | 3.13% | 0 | 0.00% | 0 | 0.00% |
| Moderate | 26 | 27.08% | 2 | 66.67% | 2 | 66.67% |
| Middle | 44 | 45.83% | 1 | 33.33% | 1 | 33.33% |
| Upper | 23 | 23.96% | 0 | 00.00% | 0 | 00.00% |
| Total | 96 | 100.00% | 3 | 100.00% | 3** | 100.00% |

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

CharterBank employees are involved in community development services that reflect a poor responsiveness to the communities' needs in the Pensacola, FL MSA AA. Services were limited to performing presentations on banking and checking accounts to LMI individuals on three occasions during the evaluation period.

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

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: (01/01/12 to 12/31/15) Community Development Test: (01/01/12 to 1/4/16) | |
| 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 Full Scope | |

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 | Needs to Improve | Satisfactory | Needs to Improve |
| | | | |