Cheviot Financial Corp.
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Prospectus Supplement

Interests in

CHEVIOT SAVINGS BANK
401(k) PLAN & TRUST

Offering of Participation Interests in up to 906,296 Shares of

CHEVIOT FINANCIAL CORP.
Common Stock

In connection with the adoption of the Plan of Conversion and Reorganization of Cheviot Mutual Holding Company, Cheviot Financial Corp., a newly formed Maryland corporation, is allowing participants in the Cheviot Savings Bank 401(k) Plan & Trust (the "Plan") to invest all or a portion of their Plan accounts in the common stock of Cheviot Financial Corp. Based upon the value of the Plan assets at June 30, 2011, the trustee of the Plan could acquire (through purchase of shares of Cheviot Financial Corp. or exchange of existing shares of Cheviot Financial Corp., the existing federal corporation ("Cheviot-Federal"), for shares of Cheviot Financial Corp.) up to 906,296 shares of common stock of Cheviot Financial Corp. The purchase price in the stock offering is $8.00 per share. This prospectus supplement relates to the election of Plan participants to direct the trustee of the Plan to invest all or a portion of their Plan accounts in the Cheviot Financial Corp. Stock Fund during the stock offering.

Cheviot Financial Corp.'s prospectus, dated November 10, 2011, accompanies this prospectus supplement. It contains detailed information regarding the conversion of Cheviot Mutual Holding Company and offering of Cheviot Financial Corp. common stock and the financial condition, results of operations and business of Cheviot-Federal and Cheviot Savings Bank. This prospectus supplement provides information regarding the Plan. You should read this prospectus supplement together with the prospectus and keep both for future reference.

For a discussion of risks that you should consider, see "Risk Factors" beginning on page 16 of the prospectus.

The interests in the Plan and the offering of common stock of Cheviot Financial Corp. have not been approved or disapproved by the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, the Ohio Division of Financial Institutions or any other federal or state agency. Any representation to the contrary is a criminal offense.

The securities offered in this prospectus supplement are not deposits or accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

This prospectus supplement may be used only in connection with offers and sales by Cheviot Financial Corp. in the offering of shares of common stock that may be purchased within the Cheviot Financial Corp. Stock Fund of the Plan. No one may use this prospectus supplement to reoffer or resell interests in shares of common stock of Cheviot Financial Corp. acquired through the Plan.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. Cheviot Financial Corp., Cheviot Savings Bank and the Plan have not authorized anyone to provide you with information that is different.

This prospectus supplement does not constitute an offer to sell or solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in that jurisdiction. Neither the delivery of this prospectus supplement and the prospectus nor any sale of common stock of Cheviot Financial Corp. shall under any circumstances imply that there has been no change in the affairs of Cheviot-Federal, Cheviot Savings Bank or the Plan since the date of this prospectus supplement, or that the information contained in this prospectus supplement or incorporated by reference is correct as of any time after the date of this prospectus supplement.

The date of this prospectus supplement is November 10, 2011.

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THE OFFERING

Securities Offered	Cheviot Financial Corp. is offering participants in the Cheviot Savings Bank 401(k) Plan & Trust (the "Plan") the opportunity to purchase participation interests in the common stock of Cheviot Financial Corp. The ownership of common stock of Cheviot Financial Corp. in the Plan is referred to as a "participation interest" since the common stock will be titled in the name of the Plan and not directly in a participant's name. Based upon the value of the Plan assets at June 30, 2011, the trustee of the Plan could acquire (through purchase of shares of Cheviot Financial Corp. or exchange of existing shares of Cheviot-Federal for shares of Cheviot Financial Corp.) up to 906,296 shares of common stock of Cheviot Financial Corp. Only employees of Cheviot Savings Bank may become participants in the Plan and only participants may purchase stock within the Cheviot Financial Corp. Stock Fund. Your investment in stock in connection with the stock offering through the Cheviot Financial Corp. Stock Fund is subject to the purchase priorities contained in the Plan of Conversion and Reorganization of Cheviot Mutual Holding Company. Information with regard to the Plan is contained in this prospectus supplement and information with regard to the financial condition, results of operations and business of Cheviot-Federal is contained in the accompanying prospectus. The address of the principal executive office of Cheviot Savings Bank is 3723 Glenmore Avenue, Cheviot, Ohio 45211. All questions about completing the prospectus supplement or the Special Investment Election Form should be addressed to Scott T. Smith, Cheviot Savings Bank; 3723 Glenmore Avenue, Cheviot, Ohio 45211; telephone number: (513) 661-0457; or e-mail at ssmith@cheviotsavings.com. Questions about the common stock being offered or about the prospectus may be directed to the Stock Information Center at 1-(877) 879-3160, Monday through Friday, 9:00 a.m. to 5:00 p.m.

Cheviot Financial Corp. Stock Fund

In connection with the stock offering, you may elect to transfer all or part of your account balances in the Plan (other than the balance currently invested in the current Cheviot Financial Corp. Stock Fund (the "First Stock Fund") to the new Cheviot Financial Corp. Stock Fund, to be used to purchase common stock of Cheviot Financial Corp. issued in the stock offering. The new Cheviot Financial Corp. Stock Fund is established to hold shares of common stock of Cheviot Financial Corp. It is different from the First Stock Fund, which presently holds shares of Cheviot-Federal, which will cease to exist, in accordance with the Plan of Conversion and Reorganization of Cheviot Mutual Holding Company, and Cheviot Financial Corp. will replace Cheviot-Federal as the parent company of Cheviot Savings Bank. At the closing of offering, shares of Cheviot-Federal held in the First Stock Fund will be exchanged for shares of Cheviot Financial Corp. pursuant to an exchange ratio (discussed in detail in the accompanying prospectus) and the First Stock Fund will be merged into and become part of the Cheviot Financial Corp. Stock Fund.

Purchase Priorities

All Plan participants are eligible to transfer funds to the Cheviot Financial Corp. Stock Fund pursuant to the offering. However, such directions are subject to the purchase priorities in the prospectus, which provides for a subscription offering. Shares not sold may be offered for sale in a community offering. In the stock offering, the purchase priorities are as follows and apply in case more shares are ordered than are available for sale (an "oversubscription"):

Subscription Offering:

(1) Depositors of Cheviot Savings Bank or The Franklin Savings and Loan Company with aggregate combined balances of $50 or more on deposit as of the close of business on June 30, 2010, get first priority.

(2) Cheviot Savings Bank's tax-qualified plans, including the employee stock ownership plan and the Plan, get second priority.

(3) Depositors of Cheviot Savings Bank with $50 or more on deposit as of the close of business on September 30, 2011, get third priority.

Community Offering:

(4) Depositors of Cheviot Savings Bank as of the close of business on November 1, 2011, get fourth priority.

(5) Natural persons residing in the Ohio counties of Hamilton, Butler, Warren and Clermont, the Kentucky counties of Boone, Kenton and Campbell, and the Indiana counties of Dearborn, Ohio and Switzerland get fifth priority.

(6) Public stockholders of Cheviot Financial Corp. as of November 1, 2011, get sixth priority.

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(7) Other members of the general public get seventh priority.

If you are eligible in subscription offering categories (1), (3) or (4), you have subscription rights to purchase shares of Cheviot Financial Corp. common stock in the subscription offering and you may use funds in the Plan to pay for the common stock. You may also be able to purchase shares of Cheviot Financial Corp. common stock in the subscription offering even though you are ineligible to purchase through subscription offering categories (1), (3) or (4) if Cheviot Financial Corp. determines to allow the Plan to purchase stock through subscription offering category (2), reserved for its tax-qualified employee plans. If the Plan is not included in category (2), then any order for stock placed by those ineligible to subscribe in categories (1), (3), and (4) will be considered an order placed in the community offering. Subscription offering orders will have preference over orders placed in a community offering.

If you are eligible in the subscription offering, as listed above, you will separately receive an offering materials package in the mail, including a Stock Order Form. If you are not eligible to subscribe for stock in the subscription offering, you may request offering materials by calling our Stock Information Center. If you wish to purchase stock outside the Plan, you must complete and submit the Stock Order Form and payment at $8.00 per share, using the reply envelope provided in the package. Questions about completing Stock Order Forms may be directed to our Stock Information Center at 1-(877) 879-3160.

Additionally or instead of placing an order outside of the Plan through a Stock Order Form, you may place an order for the purchase of Cheviot Financial Corp. common stock through the Plan, using the enclosed Special Investment Election Form, to be completed and submitted in the manner described under “How to Order Stock Through the Plan During the Offering.”

Purchases in the Offering and Oversubscriptions

The trustee of the Plan will purchase common stock of Cheviot Financial Corp. in the stock offering in accordance with your directions. When the election period ends, the percentage of funds that you designate on the Special Investment Election Form to be used to purchase common stock in the stock offering will be withdrawn from the investment funds you select and will be transferred to an interest-bearing account in the Plan, pending the formal closing of the stock offering, which will occur several weeks later. After the end of the stock offering period, we will determine whether all or any portion of your order will be filled (if the offering is oversubscribed you may not receive any or all of your order, depending on your purchase priority, as described above, and whether the Plan will purchase through category 2). The amount that can be used toward your order will be applied to the purchase of

common stock of Cheviot Financial Corp. and will be denominated in stock in the Plan in the Cheviot Financial Corp. Stock Fund.

In the event the offering is oversubscribed, i.e., there are more orders for common stock of Cheviot Financial Corp. than shares available for sale in the offering, and the trustee is unable to use the full amount allocated by you to purchase interests in common stock of Cheviot Financial Corp. in the offering, the amount that cannot be invested in common stock of Cheviot Financial Corp., and any interest earned on such amount, will be reinvested in the existing funds of the Plan, in accordance with your then existing investment election (in proportion to your investment direction for future contributions). The prospectus describes the allocation procedures in the event of an oversubscription. If you choose not to direct the investment of your account balances towards the purchase of any stock in connection with the offering, your account balances will remain in the investment funds of the Plan as previously directed by you.

Value of Plan Assets

As of June 30, 2011, the market value of the assets of the Plan was approximately $7,250,372, all of which, other than amounts invested in the First Stock Fund, is eligible to purchase or acquire common stock of Cheviot Financial Corp. in the offering and share exchange. The Plan administrator informed each participant of the value of his or her account balance under the Plan as of June 30, 2011.

Election to Purchase Stock During the Stock Offering

In connection with the stock offering, the Plan will permit you to direct the trustee to transfer all or part of the funds which represent your current beneficial interest in the assets of the Plan (other than amounts invested in the First Stock Fund) to the Cheviot Financial Corp. Stock Fund. (You may not transfer amounts that you have invested in the First Stock Fund into the Cheviot Financial Corp. Stock Fund. The shares of common stock of Cheviot-Federal in the First Stock Fund will be exchanged for Cheviot Financial Corp. common stock pursuant to the exchange ratio.) The trustee of the Plan will subscribe for Cheviot Financial Corp. common stock offered for sale in connection with the stock offering, in accordance with each participant's direction. In order to purchase stock representing an ownership interest in common stock of Cheviot Financial Corp. in the stock offering through the Plan, you must order at least 25 shares in the offering through the Plan. The prospectus describes maximum purchase limits for investors in the stock offering. The trustee will pay $8.00 per share of stock in the offering, which will be the same price paid by all other persons who purchase shares in the subscription and community offerings.

How to Order Stock Through the Plan During the Offering

Enclosed is a Special Investment Election Form on which you can elect to purchase stock through the Cheviot Financial Corp. Stock Fund in connection with the stock offering. Please note the following stipulations concerning this election:

· You can direct all or a portion of your current account (other than amounts you have invested in the First Stock Fund) to the Cheviot Financial Corp. Stock Fund.

· Your election is subject to a minimum purchase of 25 shares of common stock, which equals $200.

· Your election, plus any order you placed outside the Plan, are together subject to a maximum purchase of 75,000 shares of common stock, which equals $600,000.

· The election period ends at 2:00 p.m., Eastern Time, on December 13, 2011.

· During the stock offering period, you will continue to have the ability to transfer amounts that you have not directed to purchase stock in the Cheviot Financial Corp. Stock Fund among all funds, including the First Stock Fund. However, you will not be permitted to change the investment amounts that you designated to be transferred to the Cheviot Financial Corp. Stock Fund on your Special Investment Election Form.

· The percentage of funds you elect to transfer to the Cheviot Financial Corp. Stock Fund will be held separately until the offering closes, several weeks after the election period ends. Therefore, this money is not available for distributions or withdrawals during the offering period.

If you wish to use all or part of your account balance in the Plan to purchase common stock of Cheviot Financial Corp. issued in the stock offering, you should indicate that decision on the Special Investment Election Form.If you do not wish to make an election, you should check Box E in Section D of the Special Investment Election Form.

Election Form Delivery Deadline

If you wish to purchase stock representing an ownership interest in common stock of Cheviot Financial Corp. with all or part of your Plan account balance, you must return your Special Investment Election Form to Scott T. Smith, at Cheviot Savings Bank, 3723 Glenmore Avenue, Cheviot, Ohio 45211, to be received no later than 2:00 p.m., Eastern Time, on December 13, 2011. You may return your Special Investment Election Form by hand delivery, inter-office mail or by mailing it to Scott T. Smith at the above-address, so long as it is received by the specified time.

Irrevocability of Transfer Direction	Once you make an election to transfer amounts to the Cheviot Financial Corp. Stock Fund in connection with the stock offering, you may not change your election. Your election is irrevocable. You will, however, continue to have the ability to transfer amounts not directed towards the purchase of stock among all investment funds on a daily basis. You may also continue to transfer funds into and out of the First Stock Fund, which will continue to purchase shares of Cheviot-Federal in the open market or sell the shares in your account until the closing of the offering, at which time, as described above, existing shares will be exchanged for shares of Cheviot Financial Corp. The closing of the offering will be several weeks after the election period deadline.
Future Direction to Purchase Common Stock	You will be able to purchase Cheviot Financial Corp. stock after the offering through your investment in the Cheviot Financial Corp. Stock Fund. You may direct that your future contributions or your account balance in the Plan be transferred to the Cheviot Financial Corp. Stock Fund. After the offering, to the extent that shares are available, the trustee of the Plan will acquire common stock of Cheviot Financial Corp. at your election in open market transactions at the prevailing price. You may change your investment allocation on a daily basis. Special restrictions may apply to transfers directed to and from the Cheviot Financial Corp. Stock Fund by the participants who are subject to the provisions of Section 16(b) of the Securities Exchange Act of 1934, relating to the purchase and sale of securities by officers, directors and principal shareholders of Cheviot Financial Corp.
Voting Rights of Common Stock	The Plan provides that you may direct the trustee as to how to vote any shares of Cheviot Financial Corp. common stock held by the Cheviot Financial Corp. Stock Fund, and the interest in such shares that is credited to your account. If the trustee does not receive your voting instructions, the Plan administrator will exercise these rights as it determines in its discretion and will direct the trustee accordingly. All voting instructions will be kept confidential.

DESCRIPTION OF THE PLAN

Introduction

Cheviot Savings Bank adopted the Plan on July 1, 1991, and the Plan was amended and restated, effective January 1, 2010. The Plan is a tax-qualified plan with a cash or deferred compensation feature established in accordance with the requirements under Section 401(a) and Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code").

Cheviot Savings Bank intends that the Plan, in operation, will comply with the requirements under Section 401(a) and Section 401(k) of the Code. Cheviot Savings Bank will adopt any amendments to the Plan that may be necessary to ensure the continuing qualified status of the Plan under the Code and applicable Treasury Regulations.

Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is an "individual account plan" other than a "money purchase pension plan" within the meaning of ERISA. As such, the Plan is subject to all of the provisions of Title I (Protection of Employee Benefit Rights) and Title II (Amendments to the Code Relating to Retirement Plans) of ERISA, except to the funding requirements contained in Part 3 of Title I of ERISA which by their terms do not apply to an individual account plan (other than a money purchase plan). The Plan is not subject to Title IV (Plan Termination Insurance) of ERISA. The funding requirements contained in Title IV of ERISA are not applicable to participants or beneficiaries under the Plan.

Reference to Full Text of Plan. The following portions of this prospectus supplement summarize certain provisions of the Plan. They are not complete and are qualified in their entirety by the full text of the Plan. Copies of the Plan are available to all employees by filing a request with the Plan administrator c/o Cheviot Savings Bank, Attn: Scott T. Smith, 3723 Glenmore Avenue, Cheviot, Ohio 45211-4720; telephone number: (513) 661-0457; fax: (513) 389-4639; email: ssmith@cheviotsavings.com. You are urged to read carefully the full text of the Plan.

Eligibility and Participation

You are eligible to become a participant in the Plan upon completion of one year of service and attainment of age 21. You will enter on the earlier of the first day of the Plan Year or the first day of the seventh month of the Plan Year coinciding with or next following the date on which you meet the eligibility requirements. Leased employees are excluded from participation in the Plan. The Plan Year is January 1 to December 31.

As of July 1, 2011, there were 115 employees eligible to participate in the Plan and 93 employees actually participating in the Plan by making deferrals.

Contributions Under the Plan

Salary Deferrals. You are permitted to defer on a pre-tax basis up to 100% of your salary (expressed in terms of whole percentages), subject to certain restrictions imposed by the Code, and to have that amount contributed to the Plan on your behalf. For purposes of the Plan, "salary" means your total taxable compensation as reported on Form W-2. In 2011, the annual salary of each participant taken into account under the Plan is limited to $245,000. (Limits established by the Internal Revenue Service are subject to increase pursuant to an annual cost-of-living adjustment, as permitted by the Code). You may elect to modify the amount contributed to the Plan by filing a new elective deferral agreement with the Plan administrator on the first day of each quarter.

Employer Matching Contributions. Cheviot Savings Bank may make discretionary matching contributions. Matching contributions are allocated at the rate of 50% on the first 6% of pay deposited in the Plan.

Rollover Contributions. You are permitted to make rollover contributions to the Plan.

Limitations on Contributions

Limitations on Employee Salary Deferrals. For the Plan Year beginning January 1, 2011, the amount of your before-tax contributions may not exceed $16,500 per calendar year. Salary deferrals in excess of this limit are known as excess deferrals. If you defer amounts in excess of this limitation, your gross income for federal income tax purposes will include the excess in the year of the deferral. In addition, unless the excess deferral is distributed before April 15 of the following year, it will be taxed again in the year distributed. Income on the excess deferral distributed by April 15 of the immediately succeeding year will be treated, for federal income tax purposes, as earned and received by you in the tax year in which the contribution is made.

Catch-up Contributions. If you have made the maximum amount of regular before-tax contributions allowed by the Plan or other legal limits and you have attained at least age 50 (or will reach age 50 prior to the end of the calendar year), you are also eligible to make an additional catch-up contribution. You may authorize your employer to withhold a specified dollar amount of your compensation for this purpose. For 2011, the maximum catch-up contribution is $5,500.

Benefits Under the Plan

Vesting. At all times, you have a fully vested, nonforfeitable interest in the elective deferrals you have made and any earnings related thereto. Employer contributions vest in accordance with the following schedule:

Completed Years of Employment	Vested Percentage
Less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 but less than 6	80%
6 or more	100%

However, a participant will become 100% vested in his or her employer contributions made to the Plan upon attainment of early retirement age (59 ½), normal retirement age (65),
disability or death.

Withdrawals and Distributions from the Plan

Applicable federal law requires the Plan to impose substantial restrictions on the right of a Plan participant to withdraw amounts held for his or her benefit under the Plan prior to the participant's termination of employment with the employer.

Withdrawals Prior to Termination of Employment. You may withdraw all or any part of your vested account upon attainment of age 59½. You may withdraw all or any part of the account balance of your elective deferrals after having attained your normal retirement age.

Hardship Withdrawals. Prior to age 59 ½, you may withdraw balances attributable to elective deferrals for reason of hardship only. In the event of hardship, you may also withdraw rollover contributions and their earnings.

Withdrawal upon Termination of Employment. You may make withdrawals from your account at any time after you terminate employment. You may also leave your account with the Plan and defer commencement of receipt of your vested balance until April 1 of the calendar year following the calendar year in which you attain age 70½.

Withdrawal upon Disability. If you are disabled in accordance with the definition of disability under the Plan, you will be entitled to payment of the value of your entire account.

Withdrawal upon Death. If you die while you are a participant in the Plan, the value of your entire account will be payable to your beneficiary.

Form of Distribution. Distribution will be made in a lump sum, in cash, employer securities or other marketable securities. In the event you terminate employment and do not make a timely election with respect to a cash-out distribution of an amount greater than $1,000 but less than or equal to $5,000, a direct rollover will be made of your vested account balance into an individual retirement account or annuity (IRA) selected by the Plan administrator. If the amount is $1,000 or less, unless you instruct the Plan administrator to rollover such amount to either an IRA or another qualified retirement plan of your choice, you will receive a check representing your vested account balance, less the applicable 20% federal income tax withholding.

The Plan does not allow participants to obtain loans from their accounts.

Investment of Contributions and Account Balances

All amounts credited to your accounts under the Plan are held in the Plan trust, which is administered by the trustee appointed by Cheviot Savings Bank's Board of Directors.

Prior to the effective date of the offering, you were provided the opportunity to direct the investment of your account into one of the following funds:

1. American Funds Money Market Fund
2. The Investment Company of America
3. Capital World Bond Fund
4. Capital World Growth & Income Fund
5. The Bond Fund of America
6. The Growth Fund of America
7. American Balanced Fund
8. AMCAP Fund
9. The Income Fund of America
10. EuroPacific Growth Fund
11. Washington Mutual Investors Fund
12. SMALLCAP World Fund
13. American Target 2055 Fund
14. American Target 2050 Fund
15. American Target 2045 Fund
16. American Target 2040 Fund
17. American Target 2035 Fund
18. American Target 2030 Fund
19. American Target 2025 Fund
20. American Target 2020 Fund
21. American Target 2015 Fund
22. American Target 2010 Fund
23. Cheviot Savings Bank CD Fund
24. Cheviot Financial Corp. Stock Fund

Performance History and Description of Funds

The following table provides performance data with respect to the investment funds available under the Plan through June 30, 2011:

Stock Funds	Year-to-Date	1 Year	3 Year	5 Year	10 Year
American Funds Money Market Fund	0.00%	0.00%	0.00%[1]	n/a	n/a
The Investment Company of America	1.99%	25.72%	2.22%	1.76%	3.32%
Capital World Bond Fund	5.76%	10.66%	5.40%	6.67%	7.86%
Capital World Growth & Income	2.90%	29.00%	0.61%	4.18%	7.97%
The Bond Fund of America	3.41%	4.41%	3.70%	3.55%	4.48%
The Growth Fund of America	3.50%	27.27%	0.76%	2.59%	3.55%
American Balanced Fund	4.72%	22.13%	5.00%	4.19%	4.97%
AMCAP Fund	4.58%	29.95%	6.63%	3.71%	3.44%
The Income Fund of America	4.68%	22.75%	4.63%	3.83%	5.88%
EuroPacific Growth Fund	2.76%	28.68%	1.41%	4.80%	7.58%
Washington Mutual Investors Fund	5.76%	31.02%	3.23%	2.28%	3.37%
SMALLCAP World Fund	1.34%	30.07%	4.61%	5.48%	7.42%
American Funds 2055 Target Date Retirement Fund	3.44%	26.58%	14.42%	14.42%[3]	n/a
American Funds 2050 Target Date Retirement Fund	3.49%	26.59%	3.19%	1.71%[2]	n/a
American Funds 2045 Target Date Retirement Fund	3.43%	26.59%	3.21%	1.72%[2]	n/a
American Funds 2040 Target Date Retirement Fund	3.53%	26.63%	3.20%	1.73%[2]	n/a
American Funds 2035 Target Date Retirement Fund	3.56%	26.33%	3.17%	1.70%[2]	n/a
American Funds 2030 Target Date Retirement Fund	3.64%	25.91%	3.24%	1.71%[2]	n/a
American Funds 2025 Target Date Retirement Fund	3.62%	24.56%	2.90%	1.47%[2]	n/a
American Funds 2020 Target Date Retirement Fund	3.66%	20.89%	2.62%	1.40%[2]	n/a
American Funds 2015 Target Date Retirement Fund	3.74%	18.16%	2.84%	1.72%[2]	n/a
American Funds 2010 Target Date Retirement Fund	3.74%	16.05%	2.97%	1.78%[2]	n/a
Cheviot Savings Bank CD Fund					
Cheviot Financial Corp. Stock Fund					

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1 Since the fund's inception on May 1, 2009

2 Since the fund's inception on February 1, 2007.

3 Since the fund's inception on February 1, 2010.

The following is a description of each of the Plan's investment funds:

American Funds Money Market Fund. The fund's investment objective is to provide a way to earn income on your cash reserves while preserving capital and maintaining liquidity. The fund is a money market fund that seeks to

preserve the value of your investment at $1.00 per share. The fund may be appropriate for conservative investors who want a fund that seeks to maintain a value of $1.00 per share and individuals looking for a way to earn income while preserving capital. As of June 30, 2011, the fund was invested as follows: 55.6% in Government agency securities, 27.2% in U.S. treasuries, 12.9% in commercial paper and cash, and 4.3% in other holdings.

The Investment Company of America. The fund's investment objectives are to achieve long-term growth of capital and income. The fund may be appropriate for conservative investors who seek protection for the effects of inflation, moderate investors whose objectives include both long-term growth and income, and aggressive, growth-oriented investors who want a more conservative stock market investment base on which to balance their portfolios. As of June 30, 2011, the fund was invested as follows: 82.0% in U.S. equities, 11.7% in non-U.S. equities, 0.6% in U.S. bonds, and 5.7% in cash and equivalents.

Capital World Bond Fund. The fund's investment objective is to provide, over the long term, a high level of total return consistent with prudent investment management. Total return comprise the income generated by the fund and the changes in the market value of the fund's investments. The fund may be appropriate for investors who wish to pursue income-producing opportunities outside the United States, investors seeking exposure to interest-rate trends around the world, and investors looking to add global diversification to a portfolio of U.S. stock or bonds. As of June 30, 2011, the fund was invested as follows: 53.6% in non-U.S. governments/agencies, 13.2% in non-U.S. corporate bonds, 10.5% in U.S. corporate bonds, 9.1% in mortgage and asset-backed securities, 8.0% in U.S. treasuries, 0.5% in municipal securities, 0.2% in agency notes, 0.1% in other, and 4.8% in cash and equivalents.

Capital World Growth & Income Fund. The fund's investment objective is to provide long-term growth of capital while providing current income. The fund may be appropriate for conservative stock market investors who may want to take advantage of the best blue chip opportunities, wherever they may be, investors interested in owning a portfolio of leading global companies, and investors seeking to participate in global economic growth. As of June 30, 2011, the fund was invested as follows: 43.0% in Europe, 30.9% in the United States, 18.2% in Asia and the Pacific Basin, 4.1% in other (including Canada and Latin America) and 3.8% in cash and equivalents.

The Bond Fund of America. The fund's investment objective is to provide as high a level of current income as is consistent with the preservation of capital. The fund may be appropriate for individuals who seek a diversified approach to fixed-income investing through a bond fund with a proven track record, income-oriented investors who want a solid core holding for their financial programs, and investors seeking a well-diversified bond fund to balance their overall portfolios. As of June 30, 2011, the fund was invested as follows: 35.7% in mortgage and asset-backed securities, 19.8% in U.S. treasuries, 19.7% in U.S. corporate bonds, 9.9% in non-U.S. corporate bonds, 6.2% in non-U.S. governments/agencies, 3.4% in agency notes and bonds, 0.4% in municipal securities, 0.3% in other and 4.6% in cash and equivalents.

The Growth Fund of America. The fund's investment objective is to provide growth of capital. The fund may be appropriate for growth-oriented investors who want a time-tested fund for their long-term financial goals, investors who are seeking a broadly diversified holding for their portfolios, and investors seeking a core holding for their retirement plans. As of June 30, 2011, the fund was invested as follows: 74.4% in U.S. equities, 19.4% in non-U.S. equities, 0.1% in U.S. bonds, and 6.1% in cash and equivalents.

American Balanced Fund. The fund's objectives are conservation of capital, current income and long-term growth of capital and income. The fund may be appropriate for investors who want the income of bonds and the growth opportunities of stock, income-oriented investors looking for a conservative entry into the stock market, and investors who want to simplify their portfolio. As of June 30, 2011, the fund was invested as follows: 61.8% in U.S. equities, 24.3% in U.S. bonds, 6.4% in non-U.S. equities, 2.8% in non-U.S. bonds and 4.7% in cash and equivalents.

AMCAP Fund. The fund's investment objective is to provide long-term growth of capital. It may be appropriate for growth-oriented investors seeking a well-diversified portfolio of growing, profitable companies, for investors who want a core growth holding for their retirement programs, and investors looking to participate in some of the most dynamic sectors of the U.S. economy. As of June 30, 2011, the fund was invested as follows: 88.5% in U.S. equities, 2.1% in non-U.S. equities, and 9.4% in cash and equivalents.

The Income Fund of America. The fund's investment objectives are to provide current income while secondarily striving for capital growth. The fund may be appropriate for investors who want to diversify their holdings to include the potential for above-average income, individuals seeking to help cushion their investments from market declines, and income-oriented investors who are seeking long-term growth potential. As of June 30, 2011, the fund was invested as follows: 44.9% in U.S. equity, 25.0% in U.S. bonds, 20.5% in non-U.S. equity, 4.7% in non-U.S. bonds, and 4.9% in cash and equivalents.

EuroPacific Growth Fund. The fund's investment objective is to provide long-term growth of capital. The fund may be appropriate for individuals seeking to participate in the growth potential offered by companies based outside the United States, investors who want an opportunity for above-average growth of capital, and investors looking for international diversification for their investment programs. As of June 30, 2011, the fund was invested as follows: 47.9% in Europe, 29.2% in Asia and the Pacific Basin, 8.3% in other, 6.7% in non-U.S. Americas (Canada and Latin America), and 7.9% in cash and equivalents.

Washington Mutual Investors Fund. The fund's investment objective is to produce income and to provide an opportunity for growth of principal consistent with sound common stock investing. The fund may be appropriate for investors seeking a well-diversified, high-quality portfolio of common stocks, income-oriented investors who want a blue chip growth fund to balance their overall investment programs, and investors seeking an investment that does not emphasize alcohol or tobacco companies. As of June 30, 2011, the fund was invested as follows: 90.5% in U.S. equities, 7% in non-U.S. equities, and 2.5% in cash and equivalents.

SMALLCAP World Fund. The fund's objective is to provide long-term growth of capital. The fund may be appropriate for investors seeking an opportunity for long-term growth of capital, investors looking to participate in the growth potential of some of the world's most dynamic companies and investors seeking to add diversification by investing globally. As of June 30, 2011, the fund was invested as follows: 39.3 in the United States, 29.4% in Asia and the Pacific Basin, 19.9% in Europe, 7.3% in other (including Canada and Latin America), and 8.1% in cash and equivalents.

American Funds 2055 Target Date Retirement Fund. Depending on the proximity to its target date, the fund will seek to achieve the following objectives to varying degrees: growth, income and conservation of capital. The fund may be appropriate for investors seeking a prudent way to save for retirement in a single fund, an investment that adjusts over time to meet their changing needs, and a portfolio of American Funds designed for someone retiring around 2055. As of June 30, 2011, the fund was invested as follows: 40.0% in growth funds, 45.0% in growth and income funds, 10.0% in equity income/balanced funds, and 5.0% in bond funds.

American Funds 2050 Target Date Retirement Fund. Depending on the proximity to its target date, the fund will seek to achieve the following objectives to varying degrees: growth, income and conservation of capital. The fund may be appropriate for investors seeking a prudent way to save for retirement in a single fund, an investment that adjusts over time to meet their changing needs, and a portfolio of American Funds designed for someone retiring around 2050. As of June 30, 2011, the fund was invested as follows: 40.0% in growth funds, 45.1% in growth and income funds, 10.0% in equity income/balanced funds, and 4.9% in bond funds.

American Funds 2045 Target Date Retirement Fund. Depending on the proximity to its target date, the fund will seek to achieve the following objectives to varying degrees: growth, income and conservation of capital. The fund may be appropriate for investors seeking a prudent way to save for retirement in a single fund, an investment that adjusts over time to meet their changing needs, and a portfolio of American Funds designed for someone retiring around 2045. As of June 30, 2011, the fund was invested as follows: 40.0% in growth funds, 45.1% in growth and income funds, 10.0% in equity income/balanced funds, and 4.9% in bond funds.

American Funds 2040 Target Date Retirement Fund. Depending on the proximity to its target date, the fund will seek to achieve the following objectives to varying degrees: growth, income and conservation of capital. The fund may be appropriate for investors seeking a prudent way to save for retirement in a single fund, an investment that adjusts over time to meet their changing needs, and a portfolio of American Funds designed for someone retiring around 2040. As of June 30, 2011, the fund was invested as follows: 40.1% in growth funds, 45.1% in growth and income funds, 9.9% in equity income/balanced funds, and 4.9% in bond funds.

American Funds 2035 Target Date Retirement Fund. Depending on the proximity to its target date, the fund will seek to achieve the following objectives to varying degrees: growth, income and conservation of capital. The fund may be appropriate for investors seeking a prudent way to save for retirement in a single fund, an investment that adjusts over time to meet their changing needs, and a portfolio of American Funds designed for someone retiring around 2035. As of June 30, 2011, the fund was invested as follows: 40.1% in growth funds, 40.1% in growth and income funds, 14.9% in equity income/balanced funds, and 4.9% in bond funds.

American Funds 2030 Target Date Retirement Fund. Depending on the proximity to its target date, the fund will seek to achieve the following objectives to varying degrees: growth, income and conservation of capital. The fund may be appropriate for investors seeking a prudent way to save for retirement in a single fund, an investment that adjusts over time to meet their changing needs, and a portfolio of American Funds designed for someone retiring around 2030. As of June 30, 2011, the fund was invested as follows: 40.1% in growth funds, 35.1% in growth and income funds, 19.9% in equity income/balanced funds, and 4.9% in bond funds.

American Funds 2025 Target Date Retirement Fund. Depending on the proximity to its target date, the fund will seek to achieve the following objectives to varying degrees: growth, income and conservation of capital. The fund may be appropriate for investors seeking a prudent way to save for retirement in a single fund, an investment that adjusts over time to meet their changing needs, and a portfolio of American Funds designed for someone retiring around 2025. As of June 30, 2011, the fund was invested as follows: 35.1% in growth funds, 35.1% in growth and income funds, 19.9% in equity income/balanced funds, and 9.9% in bond funds.

American Funds 2020 Target Date Retirement Fund. Depending on the proximity to its target date, the fund will seek to achieve the following objectives to varying degrees: growth, income and conservation of capital. The fund may be appropriate for investors seeking a prudent way to save for retirement in a single fund, an investment that adjusts over time to meet their changing needs, and a portfolio of American Funds designed for someone retiring around 2020. As of June 30, 2011, the fund was invested as follows: 20.1% in growth funds, 35.1% in growth and income funds, 19.9% in equity income/balanced funds, and 24.9% in bond funds.

American Funds 2015 Target Date Retirement Fund. Depending on the proximity to its target date, the fund will seek to achieve the following objectives to varying degrees: growth, income and conservation of capital. The fund may be appropriate for investors seeking a prudent way to save for retirement in a single fund, an investment that adjusts over time to meet their changing needs, and a portfolio of American Funds designed for someone retiring around 2015. As of June 30, 2011, the fund was invested as follows: 15.1% in growth funds, 30.1% in growth and income funds, 19.9% in equity income/balanced funds, and 34.9% in bond funds.

American Funds 2010 Target Date Retirement Fund. Depending on the proximity to its target date, the fund will seek to achieve the following objectives to varying degrees: growth, income and conservation of capital. The fund may be appropriate for investors seeking a prudent way to save for retirement in a single fund, an investment that adjusts over time to meet their changing needs, and a portfolio of American Funds designed for someone retiring around 2010. As of June 30, 2011, the fund was invested as follows: 5.0% in growth funds, 25.1% in growth and income funds, 25.1% in equity income/balanced funds, and 44.8% in bond funds.

Cheviot Savings Bank CD Fund. The Cheviot Savings Bank CD Fund invests substantially all of its assets in certificates of deposit issued by Cheviot Savings Bank with maturities of different terms. The certificates of deposit bear interest at the published rate for CDs of similar maturity issued by the Bank on the date each certificate is issued. The Bank waives all early withdrawal or surrender fees associated with the CDs issued to the Plan.

Cheviot Financial Corp. Stock Fund (First Stock Fund). The Cheviot Financial Corp. Stock Fund consists primarily of common stock of Cheviot-Federal.

Investment in Common Stock of Cheviot Financial Corp.

The Cheviot Financial Corp. Stock Fund will consist primarily of investments in common stock of Cheviot Financial Corp. The trustee will use all amounts allocated to the Cheviot Financial Corp. Stock Fund on the Special Investment Election Forms to acquire shares in the common stock offering. Shares of Cheviot-Federal which were held in the First Stock Fund prior to the conversion and common stock offering will be converted into shares of common stock of Cheviot Financial Corp., in accordance with the exchange ratio. After the offering, the trustee will, to the extent directed by participants, purchase shares of common stock of Cheviot Financial Corp. at prevailing market prices. Under certain circumstances, the trustee may be required to limit the daily volume of shares purchased. Pending investment in common stock, amounts allocated towards the purchase of shares in the offering will be held in the Cheviot Financial Corp. Stock Fund in an interest-bearing account. In the event of an oversubscription, any earnings that result therefrom will be reinvested among the other funds of the 401(k) plan in accordance with your then existing investment election (in proportion to your investment direction allocation percentages).

Following the offering, Cheviot Financial Corp. will be 100% owned by its public shareholders, including Cheviot Savings Bank’s tax-qualified plans. Performance of the Cheviot Financial Corp. Stock Fund will be dependent upon a number of factors, including the financial condition and profitability of Cheviot Financial Corp. and Cheviot Savings Bank and market conditions for the common stock generally. An investment in the fund is not insured or guaranteed by the FDIC or any other government agency. It is possible to lose money by investing in the fund.

As of the date of this prospectus supplement, none of the shares of Cheviot Financial Corp. common stock have been issued or are outstanding and so there is no market for Cheviot Financial Corp. common stock. Accordingly, there is no record of the historical performance of the Cheviot Financial Corp. Stock Fund.

Investments in the Cheviot Financial Corp. Stock Fund involve special risks common to investments in the common stock of Cheviot Financial Corp.

An investment in any of the funds listed above is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. As with any mutual fund investment, there is always a risk that you may lose money on your investment in any of the funds listed above.

For a discussion of material risks you should consider, see the “Risk Factors” section of the accompanying prospectus and “Notice of Your Rights Concerning Employer Securities” below.

Administration of the Plan

The Trustee and Custodian. The trustees of the Plan are Thomas J. Linneman, Scott T. Smith and Kevin M. Kappa. The custodian of the Plan is Cheviot Savings Bank.

Plan Administrator. Pursuant to the terms of the Plan, the Plan is administered by the Plan administrator. The address of the Plan administrator is Cheviot Savings Bank, Attention: Scott T. Smith, 3723 Glenmore Avenue, Cheviot, Ohio 45211-0457, telephone number (513) 661-0457. The Plan administrator is responsible for the administration of the Plan, interpretation of the provisions of the Plan, prescribing procedures for filing applications for benefits, preparation and distribution of information explaining the Plan, maintenance of Plan records, books of account and all other data necessary for the proper administration of the Plan, preparation and filing of all returns and reports relating to the Plan which are required to be filed with the U.S. Department of Labor and the Internal Revenue Service, and for all disclosures required to be made to participants, beneficiaries and others under Sections 104 and 105 of ERISA.

Reports to Plan Participants. The Plan administrator will furnish you a statement at least quarterly showing the balance in your account as of the end of that period, the amount of contributions allocated to your account for that period, and any adjustments to your account to reflect earnings or losses (if any).

Amendment and Termination

It is the intention of Cheviot Savings Bank to continue the Plan indefinitely. Nevertheless, Cheviot Savings Bank may terminate the Plan at any time. If the Plan is terminated in whole or in part, then regardless of other provisions in the Plan, you will have a fully vested interest in your accounts. Cheviot Savings Bank reserves the right to make any amendment or amendments to the Plan which do not cause any part of the trust to be used for, or diverted to, any purpose other than the exclusive benefit of participants or their beneficiaries; provided, however, that Cheviot Savings Bank may make any amendment it determines necessary or desirable, with or without retroactive effect, to comply with ERISA.

Merger, Consolidation or Transfer

In the event of the merger or consolidation of the Plan with another plan, or the transfer of the trust assets to another plan, the Plan requires that you would receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit you would have been entitled to receive immediately before the merger, consolidation or transfer.

Federal Income Tax Consequences

The following is a brief summary of the material federal income tax aspects of the Plan. You should not rely on this summary as a complete or definitive description of the material federal income tax consequences relating to the Plan. Statutory provisions change, as do their interpretations, and their application may vary in individual circumstances. Finally, the consequences under applicable state and local income tax laws may not be the same as under the federal income tax laws. Please consult your tax advisor with respect to any distribution from the Plan and transactions involving the Plan.

As a "tax-qualified retirement plan," the Code affords the Plan special tax treatment, including:

(1) the sponsoring employer is allowed an immediate tax deduction for the amount contributed to the Plan each year;

(2) participants pay no current income tax on amounts contributed by the employer on their behalf; and

(3) earnings of the Plan are tax-deferred, thereby permitting the tax-free accumulation of income and gains on investments.

Cheviot Savings Bank will administer the Plan to comply with the requirements of the Code as of the applicable effective date of any change in the law.

Lump-Sum Distribution. A distribution from the Plan to a participant or the beneficiary of a participant will qualify as a lump-sum distribution if it is made within one taxable year, on account of the participant's death, disability or severance from employment, or after the participant attains age 59½, and consists of the balance credited to the participant under the Plan and all other profit sharing plans, if any, maintained by Cheviot Savings Bank. The portion of any lump-sum distribution required to be included in your taxable income for federal income tax purposes consists of the entire amount of the lump-sum distribution, less the amount of after-tax contributions, if any, you have made to this Plan and any other profit sharing plans maintained by Cheviot Savings Bank, which is included in the distribution.

Cheviot Financial Corp. Common Stock Included in Lump-Sum Distribution. If a lump-sum distribution includes Cheviot Financial Corp. common stock, the distribution generally will be taxed in the manner described above, except that the total taxable amount may be reduced by the amount of any net unrealized appreciation with respect to Cheviot Financial Corp. common stock, that is, the excess of the value of Cheviot Financial Corp. common stock at the time of the distribution over its cost or other basis of the securities to the trust. The tax basis of Cheviot Financial Corp. common stock, for purposes of computing gain or loss on its subsequent sale, equals the value of Cheviot Financial Corp. common stock at the time of distribution, less the amount of net unrealized appreciation. Any gain on a subsequent sale or other taxable disposition of Cheviot Financial Corp. common stock, to the extent of the amount of net unrealized appreciation at the time of distribution, will constitute long-term capital gain, regardless of the holding period of Cheviot Financial Corp. common stock. Any gain on a subsequent sale or other taxable disposition of Cheviot Financial Corp. common stock, in excess of the amount of net unrealized appreciation at the time of distribution, will be considered long-term capital gain. The recipient of a distribution may elect to include the amount of any net unrealized appreciation in the total taxable amount of the distribution, to the extent allowed by regulations to be issued by the Internal Revenue Service.

Distributions: Rollovers and Direct Transfers to Another Qualified Plan or to an IRA. You may roll over virtually all distributions from the Plan to another qualified plan or to an individual retirement account in accordance with the terms of the other plan or account.

Notice of Your Rights Concerning Employer Securities.

Federal law provides specific rights concerning investments in employer securities. Because you may in the future have investments in the Cheviot Financial Corp. Stock Fund under the Plan, you should take the time to read the following information carefully.

Your Rights Concerning Employer Securities. The Plan must allow you to elect to move any portion of your account that is invested in the Cheviot Financial Corp. Stock Fund from that investment into other investment alternatives under the Plan. You may contact the Plan administrator shown above for specific information regarding this right, including how to make this election. In deciding whether to exercise this right, you will want to give careful consideration to the information below that describes the importance of diversification. All of the investment options under the Plan are available to you if you decide to diversify out of the Cheviot Financial Corp. Stock Fund.

The Importance of Diversifying Your Retirement Savings. To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or another particular security, to perform poorly. If you invest more than 20% of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk.

In deciding how to invest your retirement savings, you should take into account all of your assets, including any retirement savings outside of the Plan. No single approach is right for everyone because, among other factors, individuals have different financial goals, different time horizons for meeting their goals, and different tolerance for risk. Therefore, you should carefully consider the rights described here and how these rights affect the amount of money that you invest in employer common stock through the Plan.

It is also important to periodically review your investment portfolio, your investment objectives, and the investment options under the Plan to help ensure that your retirement savings will meet your retirement goals.

Additional Employee Retirement Income Security Act (“ERISA”) Considerations

As noted above, the Plan is subject to certain provisions of ERISA, including special provisions relating to control over the Plan’s assets by participants and beneficiaries. The Plan’s feature that allows you to direct the investment of your account balances is intended to satisfy the requirements of Section 404(c) of ERISA relating to control over plan assets by a participant or beneficiary. The effect of this is two-fold. First, you will not be deemed a “fiduciary” because of your exercise of investment discretion. Second, no person who otherwise is a fiduciary, such as Cheviot Savings Bank, the Plan administrator, or the Plan’s trustee is liable under the fiduciary responsibility provision of ERISA for any loss which results from your exercise of control over the assets in your Plan account.

Because you will be entitled to invest all or a portion of your account balance in the Plan (other than amounts invested in the current Cheviot Financial Corp. Stock Fund) in Cheviot Financial Corp. common stock, the regulations under Section 404(c) of the ERISA require that the Plan establish procedures that ensure the confidentiality of your decision to purchase, hold, or sell employer securities, except to the extent that disclosure of such information is necessary to comply with federal or state laws not preempted by ERISA. These regulations also require that your exercise of voting and similar rights with respect to the common stock be conducted in a way that ensures the confidentiality of your exercise of these rights.

Securities and Exchange Commission Reporting and Short-Swing Profit Liability

Section 16 of the Securities Exchange Act of 1934 imposes reporting and liability requirements on officers, directors, and persons beneficially owning more than 10% of public companies such as Cheviot Financial Corp. Section 16(a) of the Securities Exchange Act of 1934 requires the filing of reports of beneficial ownership. Within 10 days of becoming an officer, director or person beneficially owning more than 10% of the shares of Cheviot Financial Corp., the individual must file a Form 3 reporting initial beneficial ownership with the Securities and Exchange Commission. Changes in beneficial ownership, such as purchases, sales and gifts generally must be reported periodically, either on a Form 4 within two business days after the change occurs, or annually on a Form 5 within 45 days after the close of Cheviot Financial Corp.'s fiscal year. Discretionary transactions in and beneficial ownership of the common stock through the Cheviot Financial Corp. Stock Fund of the Plan by officers, directors and persons beneficially owning more than 10% of the common stock of Cheviot Financial Corp. generally must be reported to the Securities and Exchange Commission by such individuals.

In addition to the reporting requirements described above, Section 16(b) of the Securities Exchange Act of 1934 provides for the recovery by Cheviot Financial Corp. of profits realized by an officer, director or any person beneficially owning more than 10% of Cheviot Financial Corp.'s common stock resulting from non-exempt purchases and sales of Cheviot Financial Corp. common stock within any six-month period.

The Securities and Exchange Commission has adopted rules that provide exemptions from the profit recovery provisions of Section 16(b) for all transactions in employer securities within an employee benefit plan, provided certain requirements are met. These requirements generally involve restrictions upon the timing of elections to acquire or dispose of employer securities for the accounts of Section 16(b) persons.

Except for distributions of common stock due to death, disability, retirement, termination of employment or under a qualified domestic relations order, persons affected by Section 16(b) are required to hold shares of common stock distributed from the Plan (if applicable) for six months following such distribution and are prohibited from directing additional purchases of shares within the Cheviot Financial Corp. Stock Fund for six months after receiving such a distribution.

Financial Information Regarding Plan Assets

Financial information representing the net assets available for Plan benefits and the change in net assets available for Plan benefits at December 31, 2010, is available upon written request to the Plan administrator at the address shown above.

LEGAL OPINION

The validity of the issuance of the common stock has been passed upon by Luse Gorman Pomerenk & Schick, P.C., Washington, D.C., which firm is acting as special counsel to Cheviot Savings Bank and Cheviot Financial Corp. in connection with Cheviot Financial Corp.'s stock offering.

PROSPECTUS
(Proposed Holding Company for Cheviot Savings Bank)
Up to 6,325,000 Shares of Common Stock
(Subject to Increase to up to 7,273,750 Shares)

Cheviot Financial Corp., a newly formed Maryland corporation, is offering up to 6,325,000 shares of common stock for sale at $8.00 per share on a best efforts basis in connection with the conversion of Cheviot Mutual Holding Company from the mutual holding company to the stock holding company form of organization. The shares we are offering represent the ownership interest in Cheviot Financial Corp., a federal corporation, currently owned by Cheviot Mutual Holding Company. In this prospectus, we will refer to Cheviot Financial Corp., the Maryland corporation, as “New Cheviot,” and we will refer to Cheviot Financial Corp., the federal corporation, as “Cheviot-Federal.” Cheviot-Federal’s common stock is currently traded on the Nasdaq Capital Market under the trading symbol “CHEV.” For a period of 20 trading days after the completion of the conversion and offering, we expect the shares of New Cheviot common stock will trade on the Nasdaq Capital Market under the symbol “CHEVD.” Thereafter, the trading symbol will be “CHEV.”

The shares of common stock are first being offered in a subscription offering to eligible current and former depositors of Cheviot Savings Bank, eligible depositors of the former The Franklin Savings and Loan Company and tax-qualified employee benefit plans of Cheviot Savings Bank, as described in this prospectus. Shares not purchased in the subscription offering may be offered for sale to the general public in a community offering, with a preference given to residents of the communities served by Cheviot Savings Bank and to shareholders of Cheviot-Federal. We also may offer for sale shares of common stock not purchased in the subscription or community offerings in a syndicated community offering through a syndicate of selected dealers.

We may sell up to 7,273,750 shares of common stock because of demand for the shares of common stock or changes in market conditions, without resoliciting subscribers. We must sell a minimum of 4,675,000 shares in the offering in order to complete the offering and the conversion.

In addition to the shares we are selling in the offering, shares of common stock of Cheviot-Federal held by public shareholders will be exchanged for shares of common stock of New Cheviot based on an exchange ratio that will result in the public shareholders owning approximately the same percentage of New Cheviot common stock as they owned in Cheviot-Federal immediately prior to the completion of the conversion. We will issue up to 3,953,153 shares of common stock in the exchange, which may be increased to up to 4,546,126 shares if we sell 7,273,750 shares of common stock in the offering.

The minimum order is 25 shares. The offering is expected to expire at 2:00 p.m., Eastern Time, on December 20, 2011. We may extend this expiration date without notice to you until February 3, 2012. Once submitted, orders are irrevocable unless the offering is terminated or is extended, with Board of Governors of the Federal Reserve System approval, beyond February 3, 2012, or the number of shares of common stock to be sold is increased to more than 7,273,750 shares or decreased to less than 4,675,000 shares. If the offering is extended past February 3, 2012, or if the number of shares to be sold is increased to more than 7,273,750 shares or decreased to less than 4,675,000 shares, all funds delivered for the purchase of shares of common stock will be returned promptly with interest. All subscribers will be notified and given an opportunity to place a new order. Funds received in the subscription and the community offerings will be held in a segregated account at Cheviot Savings Bank and will earn interest at 0.15% per annum until completion of the offering.

Stifel, Nicolaus & Company, Incorporated will assist us in selling our shares of common stock on a best efforts basis in the offering. Stifel, Nicolaus & Company, Incorporated is not required to purchase any shares of common stock that are being offered for sale.

OFFERING SUMMARY
Price: $8.00 per Share

	Minimum	Midpoint	Maximum

				Adjusted Maximum
Number of shares	4,675,000	5,500,000	6,325,000	7,273,750
Gross offering proceeds	$37,400,000	$44,000,000	$50,600,000	$ 58,190,000
Estimated offering expenses, excluding selling agent commissions	$1,063,000	$1,063,000	$1,063,000	$ 1,063,000
Selling agent commissions(1)	$1,235,590	$1,402,900	$1,570,210	$ 1,762,617
Estimated net proceeds	$35,101,410	$41,534,100	$47,966,790	$ 55,364,383
Estimated net proceeds per share	$7.51	$7.55	$7.58	$ 7.61

(1) The amounts shown assume that 65% of the shares are sold in the subscription and community offerings and the remaining 35% are sold in a syndicated community offering. The amounts shown include fees and selling commissions payable by us: (i) to Stifel, Nicolaus & Company, Incorporated in connection with the subscription and community offerings equal to 1.0% of the aggregate amount of common stock sold in the subscription and community offerings (net of insider purchases and shares purchased by our employee stock ownership plan), or approximately $347,459 at the adjusted maximum of the offering range; (ii) fees and selling commissions payable by us to Stifel, Nicolaus & Company, Incorporated and any other brokers participating in the syndicated community offering equal to 5.5% of the aggregate amount of common stock sold in the syndicated community offering, or approximately $1,120,158 at the adjusted maximum of the offering range; (iii) additional fees of up to $50,000 to be paid in the event of a resolicitation of subscribers; and (iv) other expenses of the offering payable to Stifel, Nicolaus & Company, Incorporated of $245,000. See "The Conversion and Offering—Plan of Distribution; Selling Agent Compensation" for information regarding compensation to be received by Stifel, Nicolaus & Company, Incorporated and the other broker-dealers that may participate in the syndicated community offering and "Pro Forma Data" for the assumptions regarding the number of shares that may be sold in the subscription and community offerings and the syndicated community offering used to determine the estimated offering expenses. If all shares of common stock (except for shares purchased by our directors, officers, employees and their family members and our employee stock ownership plan) were sold in the syndicated community offering, the maximum selling agent commissions would be approximately $1,933,459, $2,281,939, $2,630,419 and $3,031,171 at the minimum, midpoint, maximum, and adjusted maximum levels of the offering, respectively.

This investment involves a degree of risk, including the possible loss of principal.
Please read "Risk Factors" beginning on page 16.

These securities are not deposits or accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. None of the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, the Ohio Division of Financial Institutions or any state securities regulator has approved or disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

For assistance, please contact the Stock Information Center, toll-free, at 1-(877) 643-8198.
The date of this prospectus is November 10, 2011.

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SUMMARY

The following summary explains the significant aspects of the conversion, the offering and the exchange of existing shares of Cheviot-Federal common stock for shares of New Cheviot common stock. It may not contain all of the information that is important to you. For additional information before making an investment decision, you should read this entire document carefully, including the consolidated financial statements and the notes to the consolidated financial statements, and the section entitled “Risk Factors.”

The Companies

New Cheviot

The shares being offered will be issued by New Cheviot, a newly formed Maryland corporation. Upon completion of the conversion, New Cheviot will become the successor corporation to Cheviot-Federal and the parent holding company for Cheviot Savings Bank and will be subject to comprehensive regulation and examination by the Board of Governors of the Federal Reserve System. New Cheviot’s executive offices are located at 3723 Glenmore Avenue, Cheviot, Ohio 45211, and its telephone number at this address is (513) 661-0457.

Cheviot Savings Bank

Cheviot Savings Bank is an Ohio-chartered savings and loan association that has served the banking needs of its customers since 1911. Cheviot Savings Bank conducts business primarily from its home office located in Cheviot, Ohio and its 11 branch offices, all of which are located in the Cincinnati metropolitan area in Hamilton County, Ohio.

Cheviot Savings Bank’s primary business activity is the origination of one- to four-family residential real estate loans. To a lesser extent, we originate construction, multi-family, commercial real estate, commercial business and consumer loans. We also invest in securities, primarily U.S. Government and U.S. Government agency securities and mortgage-backed securities. Cheviot Savings Bank offers a variety of deposit accounts with a range of interest rates and terms, and relies on its convenient locations, customer service and competitive pricing and products to attract and retain deposits. To a lesser extent, Cheviot Savings Bank uses borrowed funds as an additional source of funds. Cheviot Savings Bank is subject to comprehensive regulation and examination by the Ohio Division of Financial Institutions and the Federal Deposit Insurance Corporation.

Cheviot Savings Bank’s website address is www.cheviotsavings.com. Information on this website is not and should not be considered a part of this prospectus.

Cheviot-Federal and Cheviot Mutual Holding Company

Cheviot-Federal is a federally chartered corporation that currently is the parent holding company of Cheviot Savings Bank. At June 30, 2011, Cheviot-Federal had consolidated assets of $597.1 million, deposits of $474.9 million and shareholders’ equity of $71.3 million. At June 30, 2011, Cheviot-Federal had 8,864,908 shares of common stock outstanding, of which 3,409,595 shares, or 38.5%, were owned by the public (including Cheviot Savings Bank Charitable Foundation) and will be exchanged for shares of common stock of New Cheviot as part of the conversion. The remaining 5,455,313 shares of common stock of Cheviot-Federal are held by Cheviot Mutual Holding Company, a federally chartered mutual holding company. The shares of common stock being offered by New Cheviot represent Cheviot Mutual Holding Company’s 61.5% ownership interest in Cheviot-Federal. Upon completion of the conversion and offering, Cheviot Mutual Holding Company’s shares will be cancelled and Cheviot Mutual Holding Company and Cheviot-Federal will no longer exist.

Recent Acquisition

On March 16, 2011, Cheviot-Federal and Cheviot Savings Bank completed the acquisition of First Franklin Corporation and its wholly-owned subsidiary, The Franklin Savings and Loan Company, an Ohio-chartered savings

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and loan association. The aggregate cash consideration paid in the acquisition (including the cancellation of stock options) was approximately $24.7 million. Cheviot-Federal and Cheviot Savings Bank acquired $277.6 million of assets, including $196.5 million of net loans, and also assumed $252.9 million of liabilities, including $221.5 million of deposits. Cheviot-Federal and Cheviot Savings Bank recorded goodwill and other intangible assets associated with the acquisition totaling $11.6 million. As a result of the acquisition of First Franklin Corporation, we increased our commercial real estate, commercial business and other real estate loan portfolios by approximately $40.5 million and our one- to four-family residential loans, including home equity lines of credit, by approximately $130.7 million. We also expanded our footprint from the west side of Cincinnati, Ohio and now operate throughout the entire city and surrounding areas.

Our Current Organizational Structure

Cheviot Savings Bank reorganized in the two-tiered mutual holding company structure in 2004, and concurrently Cheviot-Federal sold 4,388,438 shares of its common stock to the public, representing 44.2% of its then-outstanding shares, at $10.00 per share. Cheviot-Federal issued 5,455,313 shares to Cheviot Mutual Holding Company, and 75,000 shares to Cheviot Savings Bank Charitable Foundation, which was formed in connection with the initial stock offering.

Pursuant to the terms of Cheviot Mutual Holding Company's plan of conversion and reorganization, Cheviot Mutual Holding Company is now converting from the mutual holding company corporate structure to the stock holding company corporate structure. As part of the conversion, we are offering for sale the majority ownership interest in Cheviot-Federal that is currently held by Cheviot Mutual Holding Company. Upon completion of the conversion and offering, Cheviot Mutual Holding Company and Cheviot-Federal will cease to exist, and we will complete the transition of our organization from being partially owned by public shareholders to being fully owned by public shareholders. Upon completion of the conversion, public shareholders of Cheviot-Federal will receive shares of common stock of New Cheviot in exchange for their shares of Cheviot-Federal. We are not contributing additional shares to the Cheviot Savings Bank Charitable Foundation in connection with the conversion and offering.

The following diagram shows our current organizational structure, reflecting ownership percentages as of June 30, 2011:

After the conversion and offering are completed, we will be organized as a fully public holding company, as follows:

Business Strategy

Our business strategies are:

- Continuing to focus on developing business ties in the communities we serve;
- Continuing our focus on retail customers and residential lending;
- Increasing core deposits;
- Improving and maintaining strong asset quality;
- Emphasizing operating efficiencies and cost controls;
- Continuing to grow through the expansion of our branch network; and
- Successfully integrating our acquisition of First Franklin Corporation and The Franklin Savings and Loan Company.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Strategy” for a more complete discussion of our business strategy.

Reasons for the Conversion and Offering

Our primary reasons for converting to the fully public stock form of ownership and undertaking the stock offering are to:

- increase our capital;

- transition us from the mutual holding company structure to a more familiar and flexible organizational structure;
- improve the trading liquidity of our shares of common stock;
- support any future mergers and acquisitions; and
- eliminate the uncertainties associated with the mutual holding company structure resulting from the Dodd-Frank Wall Street Reform and Consumer Protection Act and the sunset of the Office of Thrift Supervision.

See "The Conversion and Offering" for a more complete discussion of our reasons for conducting the conversion and offering.

Terms of the Offering

We are offering between 4,675,000 and 6,325,000 shares of common stock to eligible current and former depositors of Cheviot Savings Bank, to eligible depositors of the former The Franklin Savings and Loan Company, and to Cheviot Savings Bank's tax-qualified employee benefit plans in a subscription offering. To the extent shares remain available, we may offer shares for sale in a community offering, with preference given to residents of the Ohio counties of Hamilton, Butler, Warren and Clermont, the Kentucky counties of Boone, Kenton and Campbell, and the Indiana counties of Dearborn, Ohio and Switzerland, then to Cheviot-Federal's public shareholders and then to members of the general public. We may also offer for sale shares of common stock not purchased in the subscription offering or the community offering in a syndicated community offering. The number of shares of common stock to be sold may be increased to up to 7,273,750 shares as a result of demand for the shares of common stock in the offering or changes in market conditions. Unless the number of shares of common stock to be offered is increased to more than 7,273,750 shares or decreased to fewer than 4,675,000 shares, or the offering is extended beyond February 3, 2012, subscribers will not have the opportunity to change or cancel their stock orders once submitted. If the offering is extended past February 3, 2012, or if the number of shares to be sold is increased to more than 7,273,750 shares or decreased to less than 4,675,000 shares, all subscribers' stock orders will be canceled, their withdrawal authorizations will be canceled and funds delivered for the purchase of shares of common stock in the subscription and community offerings will be returned promptly with interest at 0.15% per annum. We will give these subscribers an opportunity to place new orders for a period of time.

The purchase price of each share of common stock to be offered for sale in the offering is $8.00. All investors will pay the same purchase price per share. Investors will not be charged a commission to purchase shares of common stock in the offering. Stifel, Nicolaus & Company, Incorporated, our marketing agent in the offering, will use its best efforts to assist us in selling shares of our common stock but is not obligated to purchase any shares of common stock in the offering.

How We Determined the Offering Range, the Exchange Ratio and the $8.00 Per Share Stock Price

The amount of common stock we are offering for sale and the exchange ratio for the exchange of shares of New Cheviot for shares of Cheviot-Federal are based on an independent appraisal of the estimated market value of New Cheviot, assuming the conversion, exchange and offering are completed. RP Financial, LC., our independent appraiser, has estimated that, as of August 5, 2011, this market value was $71.5 million. Based on Board of Governors of the Federal Reserve System regulations, this market value forms the midpoint of a valuation range with a minimum of $60.8 million and a maximum of $82.2 million. Based on this valuation and the valuation range, the 61.5% ownership interest of Cheviot Mutual Holding Company in Cheviot-Federal being sold in the offering and the $8.00 per share price, the number of shares of common stock being offered for sale by New Cheviot will range from 4,675,000 shares to 6,325,000 shares. The purchase price of $8.00 per share was determined by us, taking into

account, among other factors, the market price of our common stock prior to adoption of the plan of conversion and reorganization, the requirement under federal regulations that the common stock be offered in a manner that will

achieve the widest distribution of the common stock, and desired liquidity in the common stock after the offering. The exchange ratio will range from 0.8570 shares at the minimum of the offering range to 1.1594 shares at the maximum of the offering range, and will preserve the existing percentage ownership of public shareholders of Cheviot-Federal (excluding any new shares purchased by them in the stock offering and their receipt of cash in lieu of fractional exchange shares). If demand for shares or market conditions warrant, the appraisal can be increased by 15%, which would result in an appraised value of $94.6 million, an offering of 7,273,750 shares of common stock, and an exchange ratio of 1.3333 shares.

The appraisal is based in part on Cheviot-Federal's financial condition and results of operations, the pro forma effect of the additional capital raised by the sale of shares of common stock in the offering, and an analysis of a peer group of 11 publicly traded thrift holding companies that RP Financial, LC. considers comparable to Cheviot-Federal. The appraisal peer group consists of the following companies. Unless otherwise noted, asset size is as of March 31, 2011.

Company Name	Ticker Symbol	Exchange	Headquarters	Total Assets (in millions)		
FFD Financial Corp. of Dover	FFDF	NASDAQ	Dover, OH	$	211	
First Capital, Inc.	FCAP	NASDAQ	Corydon, IN	$	449	(1)
First Clover Leaf Financial Corp.	FCLF	NASDAQ	Edwardsville, IL	$	576	(1)
First Savings Financial Group	FSFG	NASDAQ	Clarksville, IN	$	512	(1)
HF Financial Corp.	HFFC	NASDAQ	Sioux Falls, SD	$	1,191	
HopFed Bancorp, Inc.	HFBC	NASDAQ	Hopkinsville, KY	$	1,062	
Jacksonville Bancorp, Inc.	JXSB	NASDAQ	Jacksonville, IL	$	308	
MutualFirst Financial Inc.	MFSF	NASDAQ	Muncie, IN	$	1,447	
Pulaski Fin. Corp.	PULB	NASDAQ	St. Louis, MO	$	1,331	
River Valley Bancorp	RIVR	NASDAQ	Madison, IN	$	387	
Wayne Savings Bancshares	WAYN	NASDAQ	Wooster, OH	$	408	

(1) As of June 30, 2011.

The following table presents a summary of selected pricing ratios for New Cheviot (on a pro forma basis) and the peer group companies based on earnings and other information as of and for the twelve months ended June 30, 2011, and stock prices as of August 5, 2011, as reflected in the appraisal report. Compared to the average pricing of the peer group, our pro forma pricing ratios at the midpoint of the offering range indicated a discount of 12.8% on a price-to-book value basis, a discount of 8.9% on a price-to-tangible book value basis, and a premium of 67.2% on a price-to-earnings basis.

	Price-to-earnings multiple (1)		Price-to-book value ratio		Price-to-tangible book value ratio	
New Cheviot (on a pro forma basis, assuming completion of the conversion)						
Adjusted Maximum	42.16	x	77.44	%	85.47	%
Maximum	36.46	x	71.30	%	79.21	%
Midpoint	31.56	x	65.36	%	73.06	%
Minimum	26.70	x	58.74	%	66.12	%

Valuation of peer group companies, all of which are fully converted (on an historical basis)			
Averages	18.88 x	74.98 %	80.20 %
Medians	16.63 x	67.44 %	78.41 %

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(1) Price-to-earnings multiples calculated by RP Financial, LC. in the independent appraisal are based on an estimate of "core" or recurring earnings. These ratios are different than those presented in "Pro Forma Data."

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The independent appraisal does not indicate trading market value. Do not assume or expect that our valuation as indicated in the appraisal means that after the conversion and offering the shares of our common stock will trade at or above the $8.00 per share purchase price. Furthermore, the pricing ratios presented in the appraisal were utilized by RP Financial, LC. to estimate our pro forma appraised value for regulatory purposes and not to compare the relative value of shares of our common stock with the value of the capital stock of the peer group. The value of the capital stock of a particular company may be affected by a number of factors such as financial performance, asset size and market location.

For a more complete discussion of the amount of common stock we are offering for sale and the independent appraisal, see "The Conversion and Offering—Stock Pricing and Number of Shares to be Issued."

After-Market Stock Price Performance

The following table presents stock price performance information for all mutual holding company "second-step" conversions completed between January 1, 2010 and August 5, 2011. None of these companies were included in the group of 11 comparable public companies utilized in RP Financial, LC.'s valuation analysis, with the exception of Jacksonville Bancorp, Inc.

Completed Second-Step Conversion Offerings
Closing Dates between January 1, 2010 and August 5, 2011

Company Name and Ticker Symbol	Conversion Date	Exchange	Percentage Price Change From Initial Trading Date			
			One Day	One Week	One Month	Through August 5, 2011
Naugatuck Valley Fin. Corp. (NVSL)	6/30/11	NASDAQ	(1.3)%	(2.5)%	1.9%	(1.8)%
Rockville Financial New, Inc. (RCKB)	3/4/11	NASDAQ	6.0%	6.5%	5.0%	(2.9)%
Eureka Financial Corp. (EKFC)	3/1/11	OTCBB	22.5%	17.5%	28.5%	26.0%
Atlantic Coast Fin. Corp. (ACFC)	2/3/11	NASDAQ	0.5%	—%	2.0%	(49.3)%
Alliance Bancorp, Inc. (ALLB)	1/18/11	NASDAQ	10.0%	6.8%	11.9%	9.5%
SI Financial Group, Inc. (SIFI)	1/13/11	NASDAQ	15.9%	12.9%	17.5%	24.3%
Minden Bancorp, Inc. (MDNB)	1/5/11	OTCBB	28.0%	28.5%	30.0%	29.0%
Capitol Fed. Financial, Inc. (CFFN)	12/22/10	NASDAQ	16.5%	18.8%	16.0%	11.5%
Home Federal Bancorp, Inc. (HFBL)	12/22/10	NASDAQ	15.0%	17.0%	21.3%	30.0%
Heritage Financial Grp., Inc. (HBOS)	11/30/10	NASDAQ	2.5%	8.5%	21.7%	19.0%
Kaiser Fed Financial Group, Inc. (KFFG)	11/19/10	NASDAQ	(0.1)%	(4.0)%	(0.4)%	20.7%

FedFirst Financial Corp. (FFCO)	9/21/10	NASDAQ	10.0%	12.3%	12.0%	41.9%
Jacksonville Bancorp, Inc. (JXSB)	7/15/10	NASDAQ	6.5%	5.8%	1.3%	28.0%
Colonial Fin. Services, Inc. (COBK)	7/13/10	NASDAQ	0.5%	(3.5)%	(2.0)%	20.0%
Viewpoint Fin. Group (VPFG)	7/7/10	NASDAQ	(5.0)%	(4.5)%	(3.0)%	31.7%
Oneida Financial Corp. (ONFC)	7/7/10	NASDAQ	(6.3)%	(6.3)%	(1.3)%	9.0%
Fox Chase Bancorp, Inc. (FXCB)	6/29/10	NASDAQ	(4.1)%	(4.0)%	(3.2)%	30.0%
Oritani Financial Corp. (ORIT)	6/24/10	NASDAQ	3.1%	(1.4)%	(0.9)%	26.0%
Eagle Bancorp Montana (EBMT)	4/5/10	NASDAQ	5.5%	6.5%	4.1%	6.5%
Average			6.6%	6.0%	8.6%	16.3%
Median			5.5%	6.5%	4.1%	20.7%

Stock price performance is affected by many factors, including, but not limited to: general market and economic conditions; the interest rate environment; the amount of proceeds a company raises in its offering; and numerous factors relating to the specific company, including the experience and ability of management, historical and anticipated operating results, the nature and quality of the company’s assets, and the company’s market area. None of the companies listed in the table above are exactly similar to New Cheviot, the pricing ratios for their stock offerings may have been different from the pricing ratios for New Cheviot shares of common stock and the market conditions in which these offerings were completed may have been different from current market conditions. Furthermore, this table presents only short-term performance with respect to companies that recently completed their second-step conversions and may not be indicative of the longer-term stock price performance of these companies. The performance of these stocks may not be indicative of how our stock will perform.

Our stock price may trade below $8.00 per share, as the stock prices of certain second-step conversions have decreased below the initial offering price. Before you make an investment decision, we urge you to carefully read this prospectus, including, but not limited to, the section entitled "Risk Factors" beginning on page 16.

The Exchange of Existing Shares of Cheviot-Federal Common Stock

If you are a shareholder of Cheviot-Federal, your shares as of the completion date of the conversion will be cancelled and exchanged for shares of common stock of New Cheviot. The number of shares of common stock you receive will be based on the exchange ratio, which will depend upon our final appraised value. The following table shows how the exchange ratio will adjust, based on the valuation of New Cheviot and the number of shares of common stock issued in the offering. The table also shows the number of shares of New Cheviot common stock a hypothetical owner of Cheviot-Federal common stock would receive in exchange for 100 shares of Cheviot-Federal common stock owned at the completion of the conversion, depending on the number of shares of common stock issued in the offering.

	Shares to be Sold in This Offering		Shares of New Cheviot to be Issued for Shares of Cheviot-Federal		Total Shares of Common Stock to be Issued in Exchange and Offering	Exchange Ratio	Equivalent Value of Shares Based Upon Offering Price (1)	Equivalent Pro Forma Tangible Book Value Per Exchanged Share (2)	Shares to be Received for 100 Shares of Cheviot-Federal
	Amount	Percent	Amount	Percent					
Minimum	4,675,000	61.5%	2,921,896	38.5%	7,596,896	0.8570	$ 6.86	$ 10.37	85
Midpoint	5,500,000	61.5	3,437,525	38.5	8,937,525	1.0082	8.07	11.04	100
Maximum	6,325,000	61.5	3,953,153	38.5	10,278,153	1.1594	9.28	11.71	115
Adjusted Maximum	7,273,750	61.5	4,546,126	38.5	11,819,876	1.3333	10.67	12.48	133

(1) Represents the value of shares of New Cheviot common stock to be received in the conversion by a holder of one share of Cheviot-Federal, pursuant to the exchange ratio, based upon the $8.00 per share purchase price.
(2) Represents the pro forma tangible book value per share at June 30, 2011 at each level of the offering range multiplied by the respective exchange ratio.

If you own shares of Cheviot-Federal common stock in a brokerage account in "street name," your shares will be exchanged automatically, so you do not need to take any action to exchange your shares of common stock. If your shares are represented by physical Cheviot-Federal stock certificates, after the completion of the conversion, our exchange agent will mail to you a transmittal form with instructions to surrender your stock certificate(s). New certificates of New Cheviot common stock will be mailed to you within five business days after the exchange agent receives properly executed transmittal forms and your Cheviot-Federal stock certificate(s). You should not submit a stock certificate until you receive a transmittal form.

No fractional shares of New Cheviot common stock will be issued to any public shareholder of Cheviot-Federal. For each fractional share that otherwise would be issued, New Cheviot will pay in cash an amount equal to the product obtained by multiplying the fractional share interest to which the holder otherwise would be entitled by the $8.00 per share offering price.

Outstanding options to purchase shares of Cheviot-Federal common stock will convert into and become options to purchase shares of New Cheviot common stock based upon the exchange ratio. The aggregate exercise price, duration and vesting schedule of these options will not be affected by the conversion. At June 30, 2011, there were 486,018 outstanding options to purchase shares of Cheviot-Federal common stock, 404,760 of which have vested. Such outstanding options will be converted into options to purchase 416,517 shares of common stock at the minimum of the offering range and 648,007 shares of common stock at the adjusted maximum of the offering range. Because Board of Governors of the Federal Reserve System regulations prohibit us from repurchasing our common stock during the first year following the

conversion unless compelling business reasons exist for such repurchases, we may use authorized but unissued shares to fund option exercises that occur during the first year following the conversion. If all existing options were exercised for authorized but unissued shares of common stock following the conversion, shareholders would experience dilution of approximately 5.2% at both the minimum and the adjusted maximum of the offering range.

How We Intend to Use the Proceeds From the Offering

We intend to invest at least 50% of the net proceeds from the stock offering in Cheviot Savings Bank, loan funds to our employee stock ownership plan to fund its purchase of shares of common stock in the stock offering and retain the remainder of the net proceeds from the offering. Assuming we sell 5,500,000 shares of common stock in the stock offering, and we have net proceeds of $41.5 million, we intend to invest $20.8 million in Cheviot Savings Bank, loan $1.8 million to our employee stock ownership plan to fund its purchase of shares of common stock and retain the remaining $19.0 million of the net proceeds.

We may use the funds we retain to pay cash dividends, to repurchase shares of common stock, for investments, to acquire other financial institutions, and for other general corporate purposes. Cheviot Savings Bank may use the proceeds it receives from us to support increased lending (with a primary emphasis on one- to four-family residential real estate lending and, to a lesser extent, commercial real estate and commercial business lending), to expand its branch network, to acquire other financial institutions and to support other products and services, although we currently have no understandings or agreements to acquire a financial institution or other entity or to establish any new branch offices.

Please see the section of this prospectus entitled "How We Intend to Use the Proceeds from the Offering" for more information on the proposed use of the proceeds from the offering.

Persons Who May Order Shares of Common Stock in the Offering

We are offering the shares of common stock in a subscription offering in the following descending order of priority:

(i) First, to depositors with accounts at Cheviot Savings Bank or The Franklin Savings and Loan Company with aggregate combined balances of at least $50 at the close of business on June 30, 2010.

(ii) Second, to our tax-qualified employee benefit plans (specifically Cheviot Savings Bank's employee stock ownership plan and 401(k) plan), which will receive, without payment therefor, nontransferable subscription rights to purchase in the aggregate up to 10% of the shares of common stock sold in the offering. We expect our employee stock ownership plan to purchase 4% of the shares of common stock sold in the offering, although we reserve the right to have the employee stock ownership plan purchase more than 4% of the shares sold in the offering to the extent necessary to complete the offering at the minimum of the offering range.

(iii) Third, to depositors with accounts at Cheviot Savings Bank with aggregate balances of at least $50 at the close of business on September 30, 2011.

(iv) Fourth, to depositors of Cheviot Savings Bank at the close of business on November 1, 2011.

Shares of common stock not purchased in the subscription offering may be offered for sale in a community offering, with a preference given first to natural persons (including trusts of natural persons) residing in the Ohio counties of Hamilton, Butler, Warren and Clermont, the Kentucky counties of Boone, Kenton and Campbell, and the Indiana counties of Dearborn, Ohio and Switzerland, then to Cheviot-Federal's public shareholders as of November 1, 2011 and then to members of the general public. The community offering may begin concurrently with, during or after the

subscription offering. We also may offer for sale shares of common stock not purchased in the subscription offering or the community offering through a syndicated community offering, which will be managed by Stifel, Nicolaus & Company, Incorporated. We have the right to accept or reject, in our sole discretion, orders received in

the community offering or syndicated community offering. Any determination to accept or reject stock orders in the community offering and the syndicated community offering will be based on the facts and circumstances available to management at the time of the determination.

If we receive orders for more shares than we are offering, we may not be able to fully or partially fill your order. Shares will be allocated first to categories in the subscription offering. A detailed description of the subscription offering, the community offering and the syndicated community offering, as well as a discussion regarding allocation procedures, can be found in the section of this prospectus entitled “The Conversion and Offering.”

Limits on How Much Common Stock You May Purchase

The minimum number of shares of common stock that may be purchased is 25.

Generally, no individual may purchase more than 75,000 shares ($600,000) of common stock. If any of the following persons purchase shares of common stock, their purchases, in all categories of the offering combined, when combined with your purchases, cannot exceed 137,500 shares ($1.1 million) of common stock:

your spouse or relatives of you or your spouse living in your house;

most companies, trusts or other entities in which you are a trustee, have a substantial beneficial interest or hold a senior position; or

other persons who may be your associates or persons acting in concert with you.

Unless we determine otherwise, persons having the same address and persons exercising subscription rights through qualifying deposit accounts registered to the same address will be subject to the overall purchase limitation of 137,500 shares ($1.1 million).

In addition to the above purchase limitations, there is an ownership limitation for shareholders of Cheviot-Federal other than our employee stock ownership plan. Shares of common stock that you purchase in the offering, individually and together with persons described above, plus any shares you and they receive in exchange for shares of Cheviot-Federal common stock, may not exceed 5% of the total shares of common stock to be issued and outstanding after the completion of the conversion. However, if, based on your current ownership level, you will own more than 5% of the total shares of common stock to be issued and outstanding after the completion of the conversion, you will not need to divest any of your shares.

Subject to Board of Governors of the Federal Reserve System approval, we may increase or decrease the purchase and ownership limitations at any time. See the detailed description of the purchase limitations in the section of this prospectus headed “The Conversion and Offering—Additional Limitations on Common Stock Purchases.”

How You May Purchase Shares of Common Stock in the Subscription Offering and the Community Offering

In the subscription offering and community offering, you may pay for your shares only by:

(i) personal check, bank check or money order made payable directly to Cheviot Financial Corp.; or

(ii) authorizing us to withdraw available funds from the types of Cheviot Savings Bank deposit accounts designated on the stock order form.

Cheviot Savings Bank is not permitted to lend funds to anyone for the purpose of purchasing shares of common stock in the offering. Additionally, you may not use a Cheviot Savings Bank line of credit check or any

type of third party check to pay for shares of common stock. Please do not submit cash or wire transfers. You may not designate withdrawal from Cheviot Savings Bank accounts with check-writing privileges; instead, please submit a check. If you request that we directly withdraw the funds, we reserve the right to interpret that as your authorization to treat those funds as if we had received a check for the designated amount, and we will immediately withdraw the amount from your checking account. You may not authorize direct withdrawal from a Cheviot Savings Bank retirement account. See "—Using Retirement Account Funds to Purchase Shares of Common Stock."

You may subscribe for shares of common stock in the offering by delivering a signed and completed original stock order form, together with full payment payable to Cheviot Financial Corp. or authorization to withdraw funds from one or more of your Cheviot Savings Bank deposit accounts, provided that the stock order form is received before 2:00 p.m., Eastern Time, on December 20, 2011. You may submit your stock order form and payment by mail using the stock order reply envelope provided, by overnight delivery to our Stock Information Center at the address noted on the stock order form or by hand delivery to Cheviot Savings Bank's main office, which is located at 3723 Glenmore Avenue, Cheviot, Ohio. Hand-delivered stock order forms will only be accepted at this location. We will not accept stock order forms at other Cheviot Savings Bank offices. Please do not mail stock order forms to Cheviot Savings Bank.

Please see "The Conversion and Offering—Procedure for Purchasing Shares—Payment for Shares" for a complete description of how to purchase shares in the stock offering.

Using Retirement Account Funds to Purchase Shares of Common Stock

You may be able to subscribe for shares of common stock using funds in your individual retirement account, or IRA. If you wish to use some or all of the funds in your IRA or other retirement account held at Cheviot Savings Bank, the applicable funds must be transferred to a self-directed account maintained by an independent custodian or trustee, such as a brokerage firm, before you place your stock order. If you do not have such an account, you will need to establish one. An annual administrative fee may be payable to the independent custodian or trustee. Because individual circumstances differ and the processing of retirement fund orders takes additional time, we recommend that you contact our Stock Information Center promptly, preferably at least two weeks before the December 20, 2011 offering deadline, for assistance with purchases using your IRA or other retirement account held at Cheviot Savings Bank or elsewhere. Whether you may use such funds for the purchase of shares in the stock offering may depend on timing constraints and, possibly, limitations imposed by the institution where the funds are held.

See "The Conversion and Offering—Procedure for Purchasing Shares—Payment for Shares" and "—Using Retirement Accou Funds" for a complete description of how to use IRA funds to purchase shares in the stock offering.

Purchases by Executive Officers and Directors

We expect our directors and executive officers, together with their associates, to subscribe for 88,775 shares of common stock in the offering, representing 1.9% of shares to be sold at the minimum of the offering range. The purchase price paid by them will be the same $8.00 per share price paid by all other persons who purchase shares of common stock in the offering. Following the conversion, our directors and executive officers, together with their associates, are expected to beneficially own 733,446 shares of common stock (including exercisable options), or 9.7% of our total outstanding shares of common stock at the minimum of the offering range. Their ownership will include shares they will receive in exchange for their shares of Cheviot-Federal.

Any purchases made by our directors or executive officers, or their associates, for the explicit purpose of meeting the minimum number of shares of common stock required to be sold in order to complete the offering shall be made for investment purposes only and not with a view toward redistribution.

See “Subscriptions by Directors and Executive Officers” for more information on the proposed purchases of shares of common stock by our directors and executive officers.

Deadline for Orders of Shares of Common Stock in the Subscription and Community Offerings

The deadline for purchasing shares of common stock in the subscription and community offerings is 2:00 p.m., Eastern Time, on December 20, 2011, unless we extend this deadline. If you wish to purchase shares of common stock, a properly completed and signed original stock order form, together with full payment, must be received (not postmarked) by this time.

Although we will make reasonable attempts to provide this prospectus and offering materials to holders of subscription rights, the subscription offering and all subscription rights will expire at 2:00 p.m., Eastern Time, on December 20, 2011, whether or not we have been able to locate each person entitled to subscription rights.

See “The Conversion and Offering—Procedure for Purchasing Shares—Expiration Date” for a complete description of the deadline for purchasing shares in the stock offering.

Our Dividend Policy

Cheviot-Federal currently pays a quarterly cash dividend of $0.12 per share, which equals $0.48 per share on an annualized basis. After the conversion, we intend to continue to pay cash dividends on a quarterly basis. We expect the quarterly dividends to be $0.08 per share, or $0.32 per share on an annualized basis. This would represent a 4% annual dividend yield based on the offering price of $8.00 per share. The dividend rate and the continued payment of dividends will depend on a number of factors, including our capital requirements, our financial condition and results of operations, tax considerations, statutory and regulatory limitations, and general economic conditions. No assurance can be given that we will continue to pay dividends or that they will not be reduced or eliminated in the future.

For information regarding our historical dividend payments, see “Selected Consolidated Financial and Other Data of Cheviot Financial Corp.” and “Market for the Common Stock.” For information regarding our current and proposed dividend policy, see “Our Dividend Policy.”

Our Market Area

We conduct our operations from our home office in Cheviot, Ohio and 11 full-service branches, all of which are located in Hamilton County, Ohio. Prior to our acquisition of First Franklin Corporation, we operated primarily on the west side of Cincinnati, Ohio and the surrounding areas, but, as a result of the acquisition, we now operate throughout the entire city and surrounding areas. Cheviot, Ohio is located in Hamilton County and is 10 miles west of downtown Cincinnati. Hamilton County, Ohio represents our primary geographic market area for loans and deposits with our remaining business operations conducted in the larger Cincinnati metropolitan area which includes Warren, Butler and Clermont Counties. We also conduct a moderate level of business in the southeastern Indiana region, primarily in Dearborn, Ripley, Franklin and Ohio Counties. We also originate loans in the northern Kentucky region secured by properties in Campbell, Kenton and Boone Counties. The local economy is diversified with services, trade and manufacturing employment remaining the most prominent employment sectors in Hamilton County. Hamilton County is primarily a developed and urban county. The employment base is diversified and there is no dependence on one area of the economy for continued employment. Our future growth opportunities will be influenced by the growth and stability of the regional, state and national economies, other demographic trends and the competitive environment.

Delivery of Stock Certificates in the Subscription and Community Offerings

Certificates representing shares of common stock sold in the subscription offering and community offering will be mailed to the certificate registration address noted by purchasers on the stock order form. Stock certificates will be sent to purchasers by first-class mail as soon as practicable after the completion of the conversion and stock

offering. We expect trading in the stock to begin on the business day of or on the business day following the completion of the conversion and stock offering. The conversion and stock offering are expected to be completed as soon as practicable following satisfaction of the conditions described below in "—Conditions to Completion of the

Conversion." It is possible that until certificates for the common stock are delivered to purchasers, purchasers might not be able to sell the shares of common stock that they ordered, even though the common stock will have begun trading. Your ability to sell the shares of common stock before receiving your stock certificate will depend on arrangements you may make with a brokerage firm. If you are currently a shareholder of Cheviot-Federal, see "The Conversion and Offering—Exchange of Existing Public Shareholders' Shares."

Conditions to Completion of the Conversion

We cannot complete the conversion and offering unless:

The plan of conversion and reorganization is approved by at least a majority of votes eligible to be cast by members of Cheviot Mutual Holding Company (depositors of Cheviot Savings Bank) as of November 1, 2011;

The plan of conversion and reorganization is approved by at least two-thirds of the outstanding shares of common stock of Cheviot-Federal as of November 1, 2011, including shares held by Cheviot Mutual Holding Company;

The plan of conversion and reorganization is approved by at least a majority of the outstanding shares of common stock of Cheviot-Federal as of November 1, 2011, excluding those shares held by Cheviot Mutual Holding Company;

We sell at least the minimum number of shares of common stock offered;

The Ohio Division of Financial Institutions approves New Cheviot's acquisition of Cheviot Savings Bank; and

We receive the final approval of the Board of Governors of the Federal Reserve System to complete the conversion and offering.

Cheviot Mutual Holding Company intends to vote its shares in favor of the plan of conversion and reorganization. At November 1, 2011, Cheviot Mutual Holding Company owned 61.5% of the outstanding shares of common stock of Cheviot-Federal. The directors and executive officers of Cheviot-Federal and their affiliates owned 379,166 shares of Cheviot-Federal (excluding exercisable options), or 4.3% of the outstanding shares of common stock and 11.1% of the outstanding shares of common stock excluding shares owned by Cheviot Mutual Holding Company. They intend to vote those shares in favor of the plan of conversion and reorganization.

Steps We May Take if We Do Not Receive Orders for the Minimum Number of Shares

If we do not receive orders for at least 4,675,000 shares of common stock, we may take several steps in order to issue the minimum number of shares of common stock in the offering range. Specifically, we may:

(i) increase the purchase and ownership limitations; and/or

(ii) seek regulatory approval to extend the offering beyond February 3, 2012; and/or

(iii) increase the number of shares purchased by the employee stock ownership plan.

If we extend the offering beyond February 3, 2012, we will promptly return funds, with interest at 0.15% per annum for funds received for purchases in the subscription and community offerings, and cancel authorizations to withdraw funds from deposit accounts for the purchase of shares of common stock. We will contact subscribers, allowing them to place a new stock order for a period of time. If one or more purchase limitations are increased, subscribers in the subscription offering who ordered the maximum amount and who indicated a desire to be

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resolicited on the stock order form will be and, in our sole discretion, some other large purchasers may be, given the opportunity to increase their subscriptions up to the then-applicable limit.

Possible Change in the Offering Range

RP Financial, LC. will update its appraisal before we complete the offering. If, as a result of demand for the shares or changes in market conditions, RP Financial, LC. determines that our pro forma market value has increased, we may sell up to 7,273,750 shares in the offering without further notice to you. If our pro forma market value at that time is either below $60.8 million or above $94.6 million, then, after consulting with the Board of Governors of the Federal Reserve System, we may:

- terminate the stock offering and promptly return all funds (with interest paid on funds received in the subscription and community offerings);
- set a new offering range; or
- take such other actions as may be permitted by the Board of Governors of the Federal Reserve System and the Securities and Exchange Commission.

If we set a new offering range, we will promptly return funds, with interest at 0.15% per annum for funds received for purchases in the subscription and community offerings, and cancel authorizations to withdraw funds from deposit accounts for the purchase of shares of common stock. We will contact subscribers, allowing them to place a new stock order for a period of time.

Possible Termination of the Offering

We may terminate the offering at any time prior to the special meeting of members of Cheviot Mutual Holding Company that is being called to vote on the conversion, and at any time after member approval with the concurrence of the Board of Governors of the Federal Reserve System. If we terminate the offering, we will promptly return funds, with interest at 0.15% per annum, and we will cancel deposit account withdrawal authorizations.

Benefits to Management and Potential Dilution to Shareholders Resulting from the Conversion

We expect our employee stock ownership plan, which is a tax-qualified retirement plan for the benefit of all of our employees, to purchase up to 4% of the shares of common stock we sell in the offering. These shares, when combined with shares owned by our existing employee stock ownership plan, will be less than 8% of the shares outstanding following the conversion. If we receive orders for more shares of common stock than the maximum of the offering range, the employee stock ownership plan will have first priority to purchase shares over this maximum, up to a total of 4% of the shares of common stock sold in the offering. This would reduce the number of shares available for allocation to eligible account holders. For further information, see "Management—Executive Compensation—Employee Stock Ownership Plan."

Federal regulations permit us to implement one or more new stock-based benefit plans no earlier than six months after completion of the conversion. Our current intention is to implement one or more new stock-based incentive plans, but we have not determined whether we would adopt the plans within 12 months following the completion of the conversion or more than 12 months following the completion of the conversion. Shareholder approval of these plans would be required. If we implement stock-based benefit plans within 12 months following the completion of the conversion, the stock-based benefit plans would reserve a number of shares (i) up to 4% of the shares of common stock sold in the offering (reduced by amounts purchased in the stock offering by our 401(k) plan using its purchase

priority in the subscription offering) for awards of restricted stock to key employees and directors, at no cost to the recipients and (ii) up to 10% of the shares of common stock sold in the offering for issuance pursuant to the exercise of stock options by key employees and directors. The total number of shares available under the stock-based benefit plans is subject to adjustment as may be required by Board of Governors of the

Federal Reserve System regulations or policy to reflect shares of common stock or stock options previously granted by Cheviot-Federal or Cheviot Savings Bank. For stock-based benefit plans adopted within 12 months following the completion of the conversion, current Board of Governors of the Federal Reserve System policy would require that the total number of shares of restricted stock and the total number of shares available for the exercise of stock options not exceed 4% and 10%, respectively, of our total outstanding shares following the conversion. If the stock-based benefit plan is adopted more than 12 months after the completion of the conversion, it would not be subject to the percentage limitations set forth above. We have not yet determined the number of shares that would be reserved for issuance under these plans. For a description of our current stock-based benefit plan, see "Management—Outstanding Equity Awards at Year End."

The following table summarizes the number of shares of common stock and the aggregate dollar value of grants that are available under one or more stock-based benefit plans if such plans reserve a number of shares of common stock equal to not more than 4% and 10% of the shares sold in the stock offering for restricted stock awards and stock options, respectively. The table shows the dilution to shareholders if all such shares are issued from authorized but unissued shares, instead of shares purchased in the open market. A portion of the stock grants shown in the table below may be made to non-management employees or consultants. The table also sets forth the number of shares of common stock to be acquired by the employee stock ownership plan for allocation to all qualifying employees.

	Number of Shares to be Granted or Purchased			Dilution Resulting From Issuance of Shares for Stock-Based Benefit Plans	Value of Grants (In Thousands (1)	
	At Minimum of Offering Range	At Adjusted Maximum of Offering Range	As a Percentage of Common Stock to be Sold in the Offering		At Minimum of Offering Range	At Adjusted Maximum of Offering Range
Employee stock ownership plan	187,000	290,950	4.0 %	N/A (2)	$ 1,496	$ 2,328
Restricted stock awards	187,000	290,950	4.0	2.40 %	1,496	2,328
Stock options	467,500	727,375	10.0	5.86 %	1,103	1,716
Total	841,500	1,309,275	18.0 %	8.02 %	$ 4,095	$ 6,372

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(1) The actual value of restricted stock awards will be determined based on their fair value as of the date grants are made. For purposes of this table, fair value for stock awards is assumed to be the same as the offering price of $8.00 per share. The fair value of stock options has been estimated at $2.36 per option using the Black-Scholes option pricing model, adjusted for the exchange ratio, with the following assumptions: a grant-date share price and option exercise price of $8.00; an expected option life of 10 years; a dividend yield of 3.50%; a risk-free rate of return of 3.15%; and a volatility rate of 35.72%. The actual value of option grants will be determined by the grant-date fair value of the options, which will depend on a number of factors, including the valuation assumptions used in the option pricing model ultimately adopted.

(2) No dilution is reflected for the employee stock ownership plan because such shares are assumed to be purchased in the stock offering.

We may fund our stock-based benefit plans through open market purchases, as opposed to new issuances of stock; however, if any options previously granted under our existing 2005 Stock-Based Incentive Plan are exercised during the first year following completion of the offering, they will be funded with newly issued shares as Board of Governors of the Federal Reserve System regulations do not permit us to repurchase our shares during the first year following the completion of the offering except to fund the grants of restricted stock under our stock-based benefit plan or under extraordinary circumstances. We expect that the exercise of outstanding options and cancellation of treasury shares in the conversion will not constitute an extraordinary circumstance for purposes of this test.

The following table presents information as of June 30, 2011 regarding our employee stock ownership plan, our 2005 Stock-Based Incentive Plan and our proposed stock-based benefit plan. The table below assumes that 10,278,153 shares are outstanding after the offering, which includes the sale of 6,325,000 shares in the offering at the maximum of the offering range and the issuance of shares in exchange for shares of Cheviot-Federal using an exchange ratio of 1.1594. It also assumes that the value of the stock is $8.00 per share, and that the fair value of stock options is $2.36 per option, using the assumptions set forth in the footnote to the table, above.

Existing and New Stock Benefit Plans	Participants	Shares at Maximum of Offering Range		Estimated Value of Shares		Percentage of Shares Outstanding After the Conversion	
Employee Stock Ownership Plan:	Employees (Including Officers)						
Shares purchased in 2004 offering (1)		414,000	(2)	$ 3,312,000		4.03	%
Shares to be purchased in this offering		253,000		2,024,000		2.46	
Total employee stock ownership plan shares		667,000		$ 5,335,000		6.49	%
Restricted Stock Awards:	Directors, Officers and Employees						
2005 Stock-Based Incentive Plan (1)		225,401	(3)	$ 1,803,205	(4)	2.19	%
New shares of restricted stock		253,000		2,024,000	(4)	2.46	
Total shares of restricted stock		478,401		$ 3,827,205		4.66	% (5)
Stock Options:	Directors, Officers and Employees						
2005 Stock-Based Incentive Plan (1)		563,499	(6)	$ 1,329,858		5.48	%
New stock options		632,500		1,492,700		6.16	
Total stock options		1,195,999		$ 2,822,558		11.64	% (5)
Total of stock benefit plans		2,341,400		$ 11,985,763		22.78	%

(1) The number of shares indicated has been adjusted for the 1.1594 exchange ratio at the maximum of the offering range.

(2) As of June 30, 2011, 289,790 of these shares, or 249,949 shares prior to adjustment for the exchange, have been allocated.

(3) As of June 30, 2011, 216,732 of these shares, or 186,935 shares prior to adjustment for the exchange, have been awarded, and 205,208 of these shares, or 176,995 shares prior to adjustment for the exchange, have vested.

(4) The value of restricted stock awards is determined based on their fair value as of the date grants are made. For purposes of this table, the fair value of awards under the new stock-based benefit plan is assumed to be the same as the offering price of $8.00 per share.

(5) The number of shares of restricted stock and shares reserved for stock options set forth in the table would exceed regulatory limits if a stock-based incentive plan were adopted within one year of the completion of the conversion. Accordingly, the number of new shares of restricted stock and shares reserved for stock options set forth in the table would have to be reduced such that the aggregate amount of stock awards and shares reserved for stock options would be 4% or less and 10% or less, respectively, of our outstanding shares, unless we obtain a waiver from the Board of Governors of the Federal Reserve System, or we implement the incentive plan more than 12 months after completion of the conversion. We have not determined whether we will implement a new stock-based incentive plan earlier than 12 months after completion of the conversion or more than 12 months after

the completion of the conversion.

(6) As of June 30, 2011, options to purchase 493,440 of these shares, or 425,600 shares prior to adjustment for the exchange, have been awarded, and options to purchase 469,278 of these shares, or 404,760 shares prior to adjustment for the exchange, have vested.

Market for Common Stock

Publicly held shares of Cheviot-Federal's common stock are traded on the Nasdaq Capital Market under the symbol "CHEV." Upon completion of the conversion, the shares of common stock of New Cheviot will replace the existing shares. For a period of 20 trading days after the completion of the conversion and offering, we expect our shares of common stock will trade on the Nasdaq Capital Market under the symbol "CHEVD," and, thereafter, our trading symbol will revert to "CHEV." In order to list our stock on the Nasdaq Capital Market, we are required to have at least three broker-dealers who will make a market in our common stock, and we believe we will be able to comply with this requirement. Stifel, Nicolaus & Company, Incorporated has advised us that it intends to make a market in our common stock following the offering, but it is under no obligation to do so.

You May Not Sell or Transfer Your Subscription Rights

Federal regulations prohibit you from transferring your subscription rights. If you order shares of common stock in the subscription offering, you will be required to state that you are purchasing the common stock for yourself and that you have no agreement or understanding to sell or transfer your subscription rights. We intend to take legal action against anyone who we believe has sold or transferred his or her subscription rights. In addition, we intend to advise the appropriate federal agencies of any person who we believe has sold or transferred his or her subscription rights. We will not accept your order if we have reason to believe that you have sold or transferred your subscription rights. On the order form, you may not add the names of others for joint stock registration who do not have subscription rights or who qualify only in a lower subscription offering priority than you do. You may add

only those who were eligible to purchase shares of common stock in the subscription offering at your date of eligibility. In addition, the stock order form requires that you list all qualifying deposit accounts, giving all names on each account and the account number at the applicable eligibility date. Failure to provide this information, or providing incomplete or incorrect information, may result in a loss of part or all of your share allocation if there is an oversubscription.

Tax Consequences

Cheviot Mutual Holding Company, Cheviot-Federal, Cheviot Savings Bank and New Cheviot have received an opinion of counsel, Luse Gorman Pomerenk & Schick, P.C., regarding the material federal income tax consequences of the conversion, and have received an opinion of Clark, Schaefer, Hackett & Co. regarding the material Ohio state tax consequences of the conversion. As a general matter, the conversion will not be a taxable transaction for purposes of federal or state income taxes to Cheviot Mutual Holding Company, Cheviot-Federal (except for cash paid for fractional shares), Cheviot Savings Bank, New Cheviot, persons eligible to subscribe in the subscription offering, or existing shareholders of Cheviot-Federal. Existing shareholders of Cheviot-Federal who receive cash in lieu of fractional share interests in shares of New Cheviot will recognize a gain or loss equal to the difference between the cash received and the tax basis of the fractional share.

How You Can Obtain Additional Information—Stock Information Center

Our banking personnel may not, by law, assist with investment-related questions about the offering. If you have any questions regarding the conversion or offering, please call our Stock Information Center. The toll-free telephone number is 1-(877) 643-8198. The Stock Information Center is open Monday through Friday, between 10:00 a.m. and 4:00 p.m., Eastern Time. The Stock Information Center will be closed on weekends and bank holidays.

RISK FACTORS

You should consider carefully the following risk factors in evaluating an investment in the shares of common stock.

Risks Related to Our Business

Historically low interest rates may adversely affect our net interest income and profitability.

During the past three years it has been the policy of the Board of Governors of the Federal Reserve System to maintain interest rates at historically low levels through its targeted federal funds rate and the purchase of mortgage-backed securities. As a result, market rates on the loans we have originated and the yields on securities we have purchased have been at lower levels than as available prior to 2008. Consequently, our interest income has decreased to $15.4 million for the year ended December 31, 2010 from $18.1 million for the year ended December 31, 2008. As a general matter, our interest-bearing liabilities reprice or mature more quickly than our interest-earning assets, which has resulted in increases in net interest income in the short term. Our ability to lower our interest expense is limited as these interest rate levels while the average yield on our interest-earning assets may continue to decrease. The Board of Governors of the Federal Reserve System has indicated its intention to maintain low interest rates in the near future. Accordingly, our net interest income (the difference between interest income earned on assets and interest expense paid on liabilities) may decrease, which may have an adverse affect on our profitability.

Future changes in interest rates may cause net earnings to decline.

In the event that interest rates rise, our net interest margin and interest rate spread will be adversely affected by the high level of assets with fixed rates of interest which we retain in our portfolio. An increase in interest rates generally

would result in a decrease in our average interest rate spread and net interest income, as we may have to increase the rates we are willing to pay on our deposits and borrowed funds more quickly than any changes in

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interest rates on our loans and investments, resulting in a negative effect on interest spreads and net interest income. In addition, the effect of rising rates could be compounded if deposit customers move funds from savings accounts to higher rate certificate of deposit accounts or if increases in interest rates have a negative effect on the housing market and, furthermore, the value of our loans will be less should we choose to sell such loans in the secondary market.

We are also subject to reinvestment risk associated with changes in interest rates. Changes in interest rates may affect the average life of loans and mortgage-related securities. Decreases in interest rates often result in increased prepayments of loans and mortgage-related securities, as borrowers refinance their loans to reduce borrowings costs. Under these circumstances, we are subject to reinvestment risk to the extent we are unable to reinvest the cash received from such prepayments in loans or other investments that have interest rates that are comparable to the interest rates on existing loans and securities. Conversely, if interest rates should suddenly increase, our cost of funds and borrowings may increase faster than our ability to increase the average yield on our assets. Furthermore, increases in interest rates may adversely affect the ability of our borrowers to make loan repayments on adjustable-rate loans, as the interest owed on such loans would increase as interest rates increase.

Changes in interest rates also affect the value of our interest earning assets and in particular our securities portfolio. Generally, the value of securities fluctuates inversely with changes in interest rates. At June 30, 2011, the fair value of our securities portfolio (excluding Federal Home Loan Bank of Cincinnati stock) totaled $101.0 million.

At June 30, 2011, our simulation model indicated that our net portfolio value (the net present value of our interest-earning assets and interest-bearing liabilities) would decrease by 13.9% if there was an instantaneous parallel 200 basis point increase in market interest rates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Management of Market Risk."

If our allowance for loan losses is not sufficient to cover actual loan losses, our earnings could decrease.

Our loan customers may not repay their loans according to their terms, and the collateral securing the payment of these loans may be insufficient to pay any remaining loan balance. We may experience significant loan losses, which could have a material adverse effect on our operating results. We make various assumptions and judgments about the collectibility of our portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans.

In determining the amount of the allowance for loan losses, we review individual delinquent multi-family and commercial real estate loans for potential impairments in their carrying values. Additionally, we apply a factor to the loan portfolio principally based on historical loss experience as applied to the composition of the one- to-four family loan portfolio and integrated with our perception of risk in the economy related to past experience.

Our allowance for loan losses at June 30, 2011, was $1.4 million, which, as of that date, equaled 0.64% of our total originated loans and 18.38% of originated non-performing assets, each of which is lower when compared to the similar ratios of our peers. Since we must use assumptions regarding individual loans and the economy, our current allowance for loan losses may not be sufficient to cover actual loan losses, and increases in the allowance may be necessary. Consequently, we may need to significantly increase our provision for losses on loans, particularly if one or more of our larger loans or credit relationships becomes delinquent or if we expand our non-residential, multi-family or commercial business lending. In addition, federal and state regulators periodically review our allowance for loan losses and may require us to increase our provision for loan losses or recognize loan charge-offs.

If economic conditions deteriorate, our earnings could be adversely impacted as borrowers' ability to repay loans declines and the value of the collateral securing our loans decreases.

Our financial results may be adversely affected by changes in prevailing economic conditions, including decreases in real estate values, changes in interest rates which may cause a decrease in interest rate spreads, adverse

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employment conditions, the monetary and fiscal policies of the federal government and other significant external events. The national and local economies have been weak in recent years, and this has resulted in declining real estate values, a tightening of the availability of credit, illiquidity in certain securities markets, increasing loan delinquencies, mortgage foreclosures, personal and business bankruptcies, rising unemployment rates, significant write-downs of asset values by financial institutions and government-sponsored entities, and a reduction of manufacturing and service business activity and international trade. We do not expect that the national and local economies will fully recover over the short term, and a continuation or worsening of these conditions could exacerbate their adverse effects.

Since we have a significant amount of loans to individuals and businesses in Hamilton County, Ohio, including a concentration of one- to four-family residential real estate loans, any decline in the economy of this market area, including decreases in real estate values, could affect the ability of our borrowers to repay their loans, could reduce the value of property securing our loans, and have an adverse effect on our earnings. Adverse changes in the economy may also have a negative effect on the ability of our borrowers to make timely repayments of their loans, which would have an adverse impact on our earnings.

In addition, deflationary pressures, while possibly lowering our operating costs, could have a significant negative effect on our borrowers, especially our business borrowers, and the values of underlying collateral securing loans, which could negatively affect our financial performance.

Legislative or regulatory responses to perceived financial and market problems could impair our rights against borrowers.

Current and future proposals made by members of Congress would reduce the amount distressed borrowers are otherwise contractually obligated to pay under their mortgage loans, and may limit the ability of lenders to foreclose on mortgage collateral. If proposals such as these, or other proposals limiting the bank's rights as creditor, were to be implemented, we could experience increased credit losses on our loans and mortgage-backed securities, or increased expense in pursuing our remedies as a creditor.

Strong competition within our market areas may limit our growth and profitability.

Competition in the banking and financial services industry is intense. In our market areas, we compete with commercial banks, savings institutions, mortgage brokerage firms, credit unions, finance companies, mutual funds, money market funds, insurance companies, and brokerage and investment banking firms operating locally and elsewhere. Some of our competitors have greater name recognition and market presence which benefit them in attracting business and offer certain services that we do not or cannot provide. In addition, larger competitors may be able to price loans and deposits more aggressively than we do.

In addition, the recent crises in the financial services industry have resulted in a number of financial services companies such as investment banks and automobile and real estate finance companies electing to become bank holding companies. These financial services companies traditionally have generated funds from sources other than insured bank deposits. Many of the alternative funding sources traditionally utilized by these companies are no longer available. This has resulted in these companies relying more on insured bank deposits to fund their operations, which has increased competition for deposits and the related costs of such deposits. Our profitability depends on our continued ability to compete successfully in our market areas.

The Standard & Poor's downgrade in the U.S. Government's sovereign credit rating, and in the credit ratings of instruments issued, insured or guaranteed by certain related institutions, agencies and instrumentalities, could result in risks to us and general economic conditions that we are not able to predict.

On August 5, 2011, Standard & Poor's downgraded the United States' long-term debt rating from its AAA rating to AA+. On August 8, 2011, Standard & Poor's downgraded the credit ratings of certain long-term debt instruments issued by Fannie Mae and Freddie Mac and other U.S. government agencies linked to long-term U.S. debt. Instruments of this nature are key assets on the balance sheets of financial institutions, including Cheviot

Savings Bank. These downgrades could adversely affect the market value of such instruments, and could adversely impact our ability to obtain funding that is collateralized by affected instruments, as well as affecting the pricing of that funding when it is available. We cannot predict if, when or how these changes to the credit ratings will affect economic conditions. However, these ratings downgrades could result in a significant adverse impact to us, and could exacerbate the other risks to which we subject, including those described herein.

We may be unable to successfully integrate First Franklin Corporation's operations and retain their employees and customers.

On March 16, 2011, we completed the acquisition of First Franklin Corporation. The acquisition involved the integration of two companies that previously operated independently. The difficulties of combining the operations of the two companies include:

- integrating the former The Franklin Savings and Loan Company branches into the current operations of Cheviot Savings Bank, including the systems conversion;
- integrating personnel with diverse business backgrounds;
- combining different corporate cultures;
- limiting deposit runoff and attracting new deposits and loans;
- controlling the incremental noninterest expense from the expansion of our branch network in a manner that enables us to maintain a favorable efficiency ratio;
- maintaining customer relationships; and
- retaining key employees.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of the business and the loss of key personnel. The integration of the two companies will require the experience and expertise of certain key employees of First Franklin Corporation who we have retained. We may not be successful in retaining these employees for the time period necessary to successfully integrate First Franklin Corporation's operations with our operations. The diversion of management's attention and any delays or difficulties encountered in connection with the merger such as unexpected costs and managing growth resulting from the merger along with the integration of the two companies' operations could have an adverse effect on our financial condition and operating results. In addition, differences in the rates we are willing to pay on deposit accounts or rates or terms we are willing to provide to borrowers may result in the loss of customers such that we do not receive the full potential value of the combined entity.

Acquisitions may disrupt our business and dilute shareholder value.

We occasionally evaluate merger and acquisition opportunities and conduct due diligence activities related to possible transactions with other financial institutions and financial services companies. As a result, negotiations may take place and future mergers or acquisitions involving cash, debt, or equity securities may occur at any time.

Acquiring other banks, businesses, or branches involves potential adverse impact to our financial results and various other risks commonly associated with acquisitions, including, among other things:

- difficulty in estimating the value of the target company;

- payment of a premium over book and market values that may dilute our tangible book value and earnings per share in the short and long term;

- potential exposure to unknown or contingent liabilities of the target company;
- exposure to potential asset quality issues of the target company;
- potential volatility in reported income as goodwill impairment losses could occur irregularly and in varying amounts;
- difficulty and expense of integrating the operations and personnel of the target company;
- inability to realize the expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits;
- potential disruption to our business;
- potential diversion of our management's time and attention;
- the possible loss of key employees and customers of the target company; and
- potential changes in banking or tax laws or regulations that may affect the target company.

Government responses to economic conditions may adversely affect our operations, financial condition and earnings.

The Dodd-Frank Wall Street Reform and Consumer Protection Act has changed the bank regulatory framework, created an independent consumer protection bureau that has assumed the consumer protection responsibilities of the various federal banking agencies, and established more stringent capital standards for banks and bank holding companies. Bank regulatory agencies also have been responding aggressively to concerns and adverse trends identified in examinations. Ongoing uncertainty and adverse developments in the financial services industry and the domestic and international credit markets, and the effect of the Dodd-Frank Act and regulatory actions, may adversely affect our operations by restricting our business activities, including our ability to originate or sell loans, modify loan terms, or foreclose on property securing loans. These risks could affect the performance and value of our loan and investment securities portfolios, which also would negatively affect our financial performance.

If the Board of Governors of the Federal Reserve System increases the federal funds rate, overall interest rates will likely rise, which may negatively impact the housing markets and the U.S. economic recovery. In addition, deflationary pressures, while possibly lowering our operating costs, could have a significant negative effect on our borrowers, especially our business borrowers, and the values of underlying collateral securing loans, which could negatively affect our financial performance.

We operate in a highly regulated environment and may be adversely affected by changes in laws and regulations.

We are subject to extensive regulation, supervision and examination by the Ohio Division of Financial Institutions, our chartering authority, and by the Federal Deposit Insurance Corporation, as our primary federal regulator and insurer of deposits. As a savings and loan holding company, New Cheviot also will be subject to regulation and oversight by the Board of Governors of the Federal Reserve System. Such regulation and supervision govern the activities in which an institution and its holding companies may engage and are intended primarily for the protection of the insurance fund and depositors. Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of an institution, the classification of assets by the institution and the adequacy of an institution's allowance for loan losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, or

legislation, including changes in the regulations governing mutual holding companies, could have a material impact on Cheviot Savings Bank, New Cheviot, and our operations.

If our investment in the common stock of the Federal Home Loan Bank of Cincinnati is classified as other-than-temporarily impaired or as permanently impaired, our earnings and shareholders' equity could decrease.

We own common stock of the Federal Home Loan Bank of Cincinnati, which is part of the Federal Home Loan Bank System. The common stock is held to qualify for membership in the Federal Home Loan Bank of Cincinnati and to be eligible to borrow funds under the Federal Home Loan Bank of Cincinnati's advance programs. The aggregate cost of our Federal Home Loan Bank of Cincinnati common stock as of June 30, 2011, was $8.4 million based on its par value. There is no market for Federal Home Loan Bank of Cincinnati common stock.

Recent published reports indicate that certain member banks of the Federal Home Loan Bank System may be subject to accounting rules and asset quality risks that could result in materially lower regulatory capital levels. In an extreme situation, it is possible that the capital of the Federal Home Loan Bank System, including the Federal Home Loan Bank of Cincinnati, could be substantially diminished. Furthermore, Standard & Poor's recently downgraded the credit rating of 10 of the 12 Federal Home Loan Banks, including the Federal Home Loan Bank of Cincinnati. Consequently, there is a risk that our investment in Federal Home Loan Bank of Cincinnati common stock could be deemed other-than-temporarily impaired at some time in the future, and if this occurs, it would cause earnings and shareholders' equity to decrease by the impairment charge.

Changes in our accounting policies or in accounting standards could materially affect how we report our financial condition and operating results.

Our accounting policies are essential to understanding our financial results and condition. Some of these policies require the use of estimates and assumptions that may affect the value of our assets or liabilities and financial results. Some of our accounting policies are critical because they require management to make difficult, subjective, and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. If such estimates or assumptions underlying our financial statements are incorrect, we may experience material losses.

From time to time, the Financial Accounting Standards Board and the Securities Exchange Commission change the financial accounting and reporting standards or the interpretation of those standards that govern the preparation of our external financial statements. These changes are beyond our control, can be hard to predict and could materially impact how we report our results of operations and financial condition. We could be required to apply a new or revised standard retroactively, resulting in our restating prior period financial statements in material amounts.

The need to account for certain assets and liabilities at estimated fair value may adversely affect our results of operations.

We report certain assets, including securities, at fair value. Generally, for assets that are reported at fair value, we use quoted market prices or valuation models that utilize observable market inputs to estimate fair value. Because we carry these assets on our books at their estimated fair value, we may incur losses even if the asset in question presents minimal credit risk. Elevated delinquencies, defaults, and estimated losses from the disposition of collateral in our private-label mortgage-backed securities portfolio may require us to recognize additional other-than-temporary impairments in future periods with respect to our securities portfolio. The amount and timing of any impairment recognized will depend on the severity and duration of the decline in the estimated fair value of the securities and our estimation of the anticipated recovery period.

In addition, the acquired assets and assumed liabilities of First Franklin Corporation were measured at estimated fair values on the date of acquisition. Management made significant estimates and exercised significant judgment in accounting for the acquisition. In the event that these estimates prove to be inaccurate such that the

value of the assets acquired is less than the value we assigned the assets, or the cost of a liability exceeds the estimated value of that liability, we could be required to establish future valuation allowances that could negatively affect our financial condition and results of operations. Our estimates could prove to be incorrect for a number of reasons including, with respect to loans, our lack of historical experience with the loans acquired, and resulting differences in losses when compared to the historical loss experience of our loan portfolio.

Because the nature of the financial services business involves a high volume of transactions, we face significant operational risks.

We operate in diverse markets and rely on the ability of our employees and systems to process a high number of transactions. Operational risk is the risk of loss resulting from our operations, including but not limited to, the risk of fraud by employees or persons outside our company, the execution of unauthorized transactions by employees, errors relating to transaction processing and technology, breaches of the internal control system and compliance requirements, and business continuation and disaster recovery. Insurance coverage may not be available for such losses, or where available, such losses may exceed insurance limits. This risk of loss also includes the potential legal actions that could arise as a result of an operational deficiency or as a result of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and customer attrition due to potential negative publicity. In the event of a breakdown in the internal control system, improper operation of systems or improper employee actions, we could suffer financial loss, face regulatory action, and suffer damage to our reputation.

Risks associated with system failures, interruptions, or breaches of security could negatively affect our earnings.

Information technology systems are critical to our business. We use various technology systems to manage our customer relationships, general ledger, securities, deposits, and loans. We have established policies and procedures to prevent or limit the impact of system failures, interruptions, and security breaches, but such events may still occur and may not be adequately addressed if they do occur. In addition any compromise of our systems could deter customers from using our products and services. Although we rely on security systems to provide security and authentication necessary to effect the secure transmission of data, these precautions may not protect our systems from compromises or breaches of security.

In addition, we outsource a majority of our data processing to certain third-party providers. If these third-party providers encounter difficulties, or if we have difficulty communicating with them, our ability to adequately process and account for transactions could be affected, and our business operations could be adversely affected. Threats to information security also exist in the processing of customer information through various other vendors and their personnel.

The occurrence of any system failures, interruption, or breach of security could damage our reputation and result in a loss of customers and business thereby subjecting us to additional regulatory scrutiny, or could expose us to litigation and possible financial liability. Any of these events could have a material adverse effect on our financial condition and results of operations.

Risks Related to the Offering

The future price of the shares of common stock may be less than the $8.00 purchase price per share in the offering.

If you purchase shares of common stock in the offering, you may not be able to sell them later at or above the $8.00 purchase price in the offering. In several cases, shares of common stock issued by newly converted savings institutions or mutual holding companies have traded below the initial offering price. The aggregate purchase price of the shares of common stock sold in the offering will be based on an independent appraisal. The independent appraisal

is not intended, and should not be construed, as a recommendation of any kind as to the advisability of purchasing shares of common stock. The independent appraisal is based on certain estimates,

assumptions and projections, all of which are subject to change from time to time. After the shares begin trading, the trading price of our common stock will be determined by the marketplace, and may be influenced by many factors, including prevailing interest rates, the overall performance of the economy, investor perceptions of New Cheviot, market volatility and the outlook for the financial services industry in general. Price fluctuations may be unrelated to the operating performance of particular companies.

Our failure to effectively deploy the net proceeds may have an adverse effect on our financial performance and the value of our common stock.

We intend to invest between $17.6 million and $24.0 million of the net proceeds of the offering (or $27.7 million at the adjusted maximum of the offering range) in Cheviot Savings Bank. We may use the remaining net proceeds to invest in short-term investments, repurchase shares of common stock, pay dividends or for other general corporate purposes. We also expect to use a portion of the net proceeds we retain to fund a loan for the purchase of shares of common stock in the offering by the employee stock ownership plan. Cheviot Savings Bank may use the net proceeds it receives to fund new loans, expand its retail banking franchise by acquiring new branches or by acquiring other financial institutions or other financial services companies, or for other general corporate purposes. However, with the exception of the loan to the employee stock ownership plan, we have not allocated specific amounts of the net proceeds for any of these purposes, and we will have significant flexibility in determining the amount of the net proceeds we apply to different uses and the timing of such applications. Also, certain of these uses, such as opening new branches or acquiring other financial institutions, may require the approval of the Ohio Division of Financial Institutions, the Federal Deposit Insurance Corporation and/or the Board of Governors of the Federal Reserve System. We have not established a timetable for reinvesting the net proceeds, and we cannot predict how long it will take to reinvest the net proceeds.

Our return on equity is expected to be low following the stock offering. This could negatively affect the trading price of our shares of common stock.

Net income divided by average equity, known as “return on equity,” is a ratio many investors use to compare the performance of a financial institution to its peers. Following the stock offering, we expect our consolidated equity to be between $103.5 million at the minimum of the offering range and $122.1 million at the adjusted maximum of the offering range. Based upon our annualized income for the six months ended June 30, 2011, and these pro forma equity levels, our return on equity would be 2.81% and 2.38% at the minimum and adjusted maximum of the offering range, respectively. We expect our return on equity to remain low until we are able to leverage the additional capital we receive from the stock offering. Although we will be able to increase net interest income using proceeds of the stock offering, our return on equity will be negatively affected by added expenses associated with our employee stock ownership plan and the stock-based benefit plan we intend to adopt. Until we can increase our net interest income and non-interest income and leverage the capital raised in the stock offering, we expect our return on equity to remain low, which may reduce the market price of our shares of common stock.

Our stock-based benefit plans would increase our expenses and reduce our income.

We intend to adopt one or more new stock-based benefit plans after the conversion, subject to shareholder approval, which would increase our annual compensation and benefit expenses related to the stock options and shares granted to participants under our stock-based benefit plan. The actual amount of these new stock-related compensation and benefit expenses will depend on the number of options and stock awards actually granted under the plan, the fair market value of our stock or options on the date of grant, the vesting period and other factors which we cannot predict at this time. In the event we adopt the plan within 12 months following the conversion, under current Board of Governors of the Federal Reserve System policy the total shares of common stock reserved for issuance pursuant to awards of restricted stock and grants of options under our existing and proposed stock-based benefit plans would be

limited to 4% and 10%, respectively, of the total shares of our common stock outstanding. If we award restricted shares of common stock or grant options in excess of these amounts under stock-based benefit plans adopted more than 12 months after the completion of the conversion, the stock-based benefit plans would not be subject to such restrictions and our costs could increase further.

In addition, we would recognize expense for our employee stock ownership plan when shares are committed to be released to participants' accounts, and we would recognize expense for restricted stock awards and stock options over the vesting period of awards made to recipients. The expense in the first year following the offering for shares purchased in the offering has been estimated to be approximately $145,000 ($96,000 after tax) at the adjusted maximum of the offering range as set forth in the pro forma financial information under "Pro Forma Data," assuming the $8.00 per share purchase price as fair market value. Actual expenses, however, may be higher or lower, depending on the price of our common stock. For further discussion of our proposed stock-based plans, see "Management—Benefits to be Considered Following Completion of the Conversion."

The implementation of stock-based benefit plans may dilute your ownership interest. Historically, shareholders have approved these stock-based benefit plans.

We intend to adopt one or more new stock-based benefit plans following the stock offering. These plans may be funded either through open market purchases or from the issuance of authorized but unissued shares of common stock. Our ability to repurchase shares of common stock to fund these plans will be subject to many factors, including, but not limited to, applicable regulatory restrictions on stock repurchases, the availability of stock in the market, the trading price of the stock, our capital levels, alternative uses for our capital and our financial performance. While our intention is to fund the new stock-based benefit plan through open market purchases, shareholders would experience a 8.02% reduction in ownership interest at the adjusted maximum of the offering range in the event newly issued shares of our common stock are used to fund stock options and shares of restricted common stock in an amount equal to up to 10% and 4%, respectively, of the shares sold in the offering. In the event we adopt the plan within 12 months following the conversion, under current Board of Governors of the Federal Reserve System policy the total shares of common stock reserved for issuance pursuant to awards of restricted stock and grants of options under our existing and proposed stock-based benefit plans would be limited to 4% and 10%, respectively, of the total shares of our common stock outstanding. In the event we adopt the plan more than 12 months following the conversion, the plan would not be subject to these limitations.

Although the implementation of the stock-based benefit plan will be subject to shareholder approval, historically, the overwhelming majority of stock-based benefit plans adopted by savings institutions and their holding companies following mutual-to-stock conversions have been approved by shareholders.

We have not determined when we will adopt one or more new stock-based benefit plans. Stock-based benefit plans adopted more than 12 months following the completion of the conversion may exceed regulatory restrictions on the size of stock-based benefit plans adopted within 12 months, which would further increase our costs.

If we adopt stock-based benefit plans more than 12 months following the completion of the conversion, then grants of shares of common stock or stock options under our existing and proposed stock-based benefit plans may exceed 4% and 10%, respectively, of our total outstanding shares. Stock-based benefit plans that provide for awards in excess of these amounts would increase our costs beyond the amounts estimated in "—Our stock-based benefit plans would increase our expenses and reduce our income." Stock-based benefit plans that provide for awards in excess of these amounts could also result in dilution to shareholders in excess of that described in "—The implementation of stock-based benefit plans may dilute your ownership interest. Historically, shareholders have approved these stock-based benefit plans." Although the implementation of stock-based benefit plans would be subject to shareholder approval, the determination as to the timing of the implementation of such plans will be at the discretion of our board of directors.

Various factors may make takeover attempts more difficult to achieve.

Our board of directors has no current intention to sell control of New Cheviot. Provisions of our articles of incorporation and bylaws, federal regulations, Cheviot Savings Bank's constitution, Maryland law, shares of restricted

stock and stock options that we have granted or may grant to employees and directors, stock ownership by our management and directors and employment agreements that we have entered into with our executive officers, and various other factors may make it more difficult for companies or persons to acquire control of New Cheviot

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without the consent of our board of directors. You may want a takeover attempt to succeed because, for example, a potential acquiror could offer a premium over the then prevailing price of our common stock. For additional information, see “Restrictions on Acquisition of New Cheviot,” “Management—Employment Agreements,” “—Potential Payments to Named Executive Officers” and “—Benefits to be Considered Following Completion of the Conversion.”

There may be a decrease in shareholders’ rights for existing shareholders of Cheviot-Federal.

As a result of the conversion, existing shareholders of Cheviot-Federal will become shareholders of New Cheviot. In addition to the provisions discussed above that may discourage takeover attempts that are favored by shareholders, some rights of shareholders of New Cheviot will be reduced compared to the rights shareholders currently have in Cheviot-Federal. The reduction in shareholder rights results from differences between the federal and Maryland chartering documents and bylaws, and from distinctions between federal and Maryland law. Many of the differences in shareholder rights under the articles of incorporation and bylaws of New Cheviot are not mandated by Maryland law but have been chosen by management as being in the best interests of New Cheviot and its shareholders. The articles of incorporation and bylaws of New Cheviot include the following provisions: (i) greater lead time required for shareholders to submit proposals for new business or to nominate directors; and (ii) approval by at least 80% of the outstanding shares of capital stock entitled to vote generally is required to amend the bylaws and certain provisions of the articles of incorporation. See “Comparison of Shareholders’ Rights For Existing Shareholders of Cheviot Financial Corp.” for a discussion of these differences.

An active trading market for our common stock may not develop.

Cheviot-Federal’s common stock is currently quoted on the Nasdaq Capital Market. Upon completion of the conversion, the common stock of New Cheviot will replace the existing shares. An active public trading market for New Cheviot’s common stock may not develop or be sustained after this stock offering. If an active trading market for our common stock does not develop, you may not be able to sell all of your shares of common stock on short notice, and the sale of a large number of shares at one time could depress the market price.

The distribution of subscription rights could have adverse income tax consequences.

If the subscription rights granted to certain depositors of Cheviot Savings Bank are deemed to have an ascertainable value, receipt of such rights may be taxable in an amount equal to such value. Whether subscription rights are considered to have ascertainable value is an inherently factual determination. We have received an opinion of counsel, Luse Gorman Pomerenk & Schick, P.C., that it is more likely than not that such rights have no value; however, such opinion is not binding on the Internal Revenue Service.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA
OF CHEVIOT FINANCIAL CORP. AND SUBSIDIARIES

The following tables set forth selected consolidated historical financial and other data of Cheviot-Federal and its subsidiaries for the periods and at the dates indicated. The consolidated historical financial and other data of Cheviot-Federal and its subsidiaries for the six months ended June 30, 2011 and at June 30, 2011 reflect our acquisition of First Franklin Corporation, which occurred on March 16, 2011. The following is only a summary and you should read it in conjunction with the consolidated financial statements of Cheviot-Federal and notes beginning on page F-1 of this prospectus. The information at December 31, 2010 and 2009, and for the years ended December 31, 2010, 2009, and 2008 is derived in part from the audited consolidated financial statements that appear in this prospectus. The information at December 31, 2008, 2007 and 2006 and for the years ended December 31, 2007 and 2006, is derived in part from audited consolidated financial statements that do not appear in this prospectus. The information at June 30, 2011 and for the six months ended June 30, 2011 and 2010, is unaudited and reflects only normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. The results of operations for the six months ended June 30, 2011, are not necessarily indicative of the results to be achieved for all of 2011.

	At June 30,	At December 31,				
	2011	2010	2009	2008	2007	2006
	(In thousands)					
Selected Financial Condition Data:						
Total assets	$597,128	$358,069	$341,860	$332,000	$319,060	$309,780
Cash and cash equivalents	34,000	18,149	11,283	10,013	9,450	5,490
Investment securities available for sale	88,016	88,382	55,851	23,909	12,178	9,085
Investment securities held to maturity – at cost	—	—	—	7,000	23,000	25,099
Mortgage-backed securities available for sale	8,358	4,279	4,920	648	814	1,042
Mortgage-backed securities held to maturity – at cost	4,488	4,779	5,744	6,915	9,500	14,237
Loans receivable, net (1)	407,653	225,438	247,002	268,483	249,832	241,178
Goodwill	10,309	—	—	—	—	—
Core deposit intangible	1,208	—	—	—	—	—
Bank-owned life insurance	10,163	3,791	3,653	3,516	3,383	3,254
Deposits	474,888	257,852	235,904	216,048	219,526	205,450
Advances from the Federal Home Loan Bank	44,245	27,300	33,672	44,604	28,665	29,236
Shareholders' equity	71,340	69,419	68,750	68,231	67,920	72,200

	For the Six Months Ended June 30,		For the Years Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
	(In thousands, except per share data)						
Selected Operating Data:							
Total interest income	$10,160	$8,000	$15,438	$16,473	$18,058	$17,791	$16,509

Total interest expense	2,832	2,502	4,698	6,585	8,445	9,499	7,782
Net interest income	7,328	5,498	10,740	9,888	9,613	8,292	8,727
Provision for losses on loans	200	100	550	853	668	116	25
Net interest income after provision for losses on loans	7,128	5,398	10,190	9,035	8,945	8,176	8,702
Total other income	1,187	369	1,323	813	503	545	538
Total general, administrative and other expense	6,570	4,064	8,540	8,141	7,440	7,367	6,770
Earnings before income taxes	1,745	1,703	2,973	1,707	2,008	1,354	2,470
Federal income taxes	290	622	995	606	592	428	774
Net earnings	$1,455	$1,081	$1,978	$1,101	$1,416	$926	$1,696
Earnings per share – basic and diluted	$0.17	$0.12	$0.23	$0.13	$0.16	$0.10	$0.18

(1) Includes loans held for sale, net of allowance for loan losses and deferred loan costs.

	At or For the Six Months Ended June 30,		At or For the Years Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
Selected Financial Ratios and Other Data: (1)							
Performance Ratios:							
Return on average assets	0.58 %	0.62 %	0.56 %	0.32 %	0.43 %	0.29 %	0.56 %
Return on average equity	4.14	3.11	2.82	1.60	2.09	1.33	2.32
Average equity to average assets	13.96	19.89	19.99	20.26	20.75	22.16	24.21
Other Financial Ratios:							
Net interest margin (2)	3.24	3.39	3.33	3.10	3.11	2.78	3.03
Average interest-earning assets to average interest-bearing liabilities	106.21	120.77	119.68	120.80	122.59	124.51	128.42
Total general, administrative and other expenses to average total assets	2.61	2.33	2.43	2.40	2.28	2.34	2.24
Efficiency ratio (3)	77.16	69.27	70.79	76.08	73.55	83.37	73.07
Dividend payout ratio – per share basis (4)	141.18	183.33	191.30	307.69	225.00	320.00	155.56
Dividend payout ratio – net income basis (4)	56.08	69.20	72.40	115.17	81.43	171.06	61.85
Equity to total assets at end of period	11.95	19.98	19.39	20.11	20.55	21.29	23.31
Interest rate spread (2)	3.17	3.07	3.04	2.67	2.49	2.00	2.27
Tangible common equity to tangible assets	9.64	16.01	16.16	15.97	16.85	16.75	16.61
Asset Quality Ratios:							
Non-performing loans as a percent of	2.49	1.12	2.15	0.99	0.69	0.26	0.12

total loans (5)							
Non-performing assets as a percent of total assets (5)	2.32	1.27	1.93	1.31	0.88	0.40	0.09
Allowance for loan losses as a percent of total loans	0.34	0.45	0.55	0.41	0.26	0.24	0.35
Allowance for loan losses as a percent of non-performing assets	10.10	24.91	18.10	22.82	24.36	46.39	296.44
Allowance for loan losses as a percent of total originated loans (6)	0.64	0.45	0.55	0.41	0.26	0.24	0.35
Allowance for loan losses as a percent of originated non-performing assets (6)	18.38	24.91	18.10	22.82	24.36	46.39	296.44
Net charge-offs to average loans	0.01	0.03	0.14	0.21	0.22	0.14	—
Regulatory Capital Ratios (Bank Only):							
Tangible capital	9.83	16.45	16.24	16.24	16.84	16.75	16.60
Core capital	9.83	16.45	16.24	16.24	16.84	16.75	16.60
Risk-based capital	17.76	33.97	34.92	32.39	32.53	32.67	33.29
Number of:							
Banking offices	12	6	6	6	6	6	6

(1) With the exception of end of period ratios, all ratios are based on average monthly balances during the periods. Certain ratios for the six months ended June 30, 2011 and 2010 have been annualized, as appropriate.

(2) Net interest margin represents net interest income as a percentage of average interest-earning assets. Interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average rate on interest-bearing liabilities.

(3) Efficiency ratio represents the ratio of general, administrative and other expenses divided by the sum of net interest income and total other income.

(footnotes continue on following page)

(continued from previous page)

(4) Per share dividend payout ratio is calculated by dividing dividends declared per share by earnings per share. Net income dividend payout ratio is calculated as total dividends paid to minority shareholders by total net income. The following table sets forth total cash dividends paid to minority shareholders and waived by Cheviot Mutual Holding Company for the relevant periods.

	For the Six Months Ended June 30,		For the Year Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
				(In thousands)			
Dividends paid to public shareholders	$ 816	$ 748	$ 1,432	$ 1,268	$ 1,153	$ 1,084	$ 1,049
Dividends paid to Cheviot Mutual Holding Company	—	—	—	—	—	—	—
Total dividends paid	$ 816	$ 748	$ 1,432	$ 1,268	$ 1,153	$ 1,084	$ 1,049
Total dividends waived by Cheviot Mutual Holding Company	$ 1,309	$ 1,200	$ 2,400	$ 2,182	$ 1,964	$ 1,746	$ 1,527
Total dividends paid and total dividends waived	$ 2,125	$ 1,948	$ 3,832	$ 3,450	$ 3,117	$ 2,830	$ 2,576

(5) Non-performing loans consist of non-accrual loans and accruing loans greater than 90 days delinquent, while non-performing assets consist of non-performing loans and real estate acquired through foreclosure. Includes non-performing loans and non-performing assets acquired from First Franklin Corporation. See “Business of Cheviot-Federal and Cheviot Savings Bank—Asset Quality—Delinquent Loans and Non-performing Loans and Assets” for further information.

(6) Ratios exclude the effects of loans and non-performing assets acquired from First Franklin Corporation, as such purchased loans and assets are recorded at fair value at the time of acquisition, and without the related allowance for loan losses as reflected on the target entity’s financial statements.

RECENT DEVELOPMENTS

The following tables set forth selected consolidated historical financial and other data of Cheviot-Federal and its subsidiaries for the periods and at the dates indicated. The consolidated historical financial and other data of Cheviot-Federal and its subsidiaries for the three and nine months ended September 30, 2011 and at September 30, 2011 reflect our acquisition of First Franklin Corporation, which occurred on March 16, 2011. The following is only a summary and you should read it in conjunction with the consolidated financial statements of Cheviot-Federal and notes beginning on page F-1 of this prospectus. The information at December 31, 2010 is derived in part from the audited consolidated financial statements that appear in this prospectus. The information at September 30, 2011 and for the three and nine months ended September 30, 2011 and 2010, is unaudited and reflects only normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. The results of operations for the nine months ended September 30, 2011, are not necessarily indicative of the results to be achieved for all of 2011.

	At September 30, 2011	At December 31, 2010
	(In thousands)	
Selected Financial Condition Data:		
Total assets	$ 600,516	$ 358,069
Cash and cash equivalents	45,201	18,149
Investment securities available for sale	90,748	88,382
Investment securities held to maturity – at cost	—	—
Mortgage-backed securities available for sale	8,015	4,279
Mortgage-backed securities held to maturity – at cost	4,340	4,779
Loans receivable, net (1)	397,460	225,438
Goodwill	10,309	—
Core deposit intangible	1,118	—
Bank-owned life insurance	10,246	3,791
Deposits	480,390	257,852
Advances from the Federal Home Loan Bank	42,024	27,300
Shareholders' equity	72,130	69,419

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands, except per share data)			
Selected Operating Data:				
Total interest income	$ 6,130	$ 3,841	$ 16,290	$ 11,842
Total interest expense	1,583	1,130	4,415	3,633

Net interest income	4,547	2,711	11,875	8,209
Provision for losses on loans	200	150	400	250
Net interest income after provision for losses on loans	4,347	2,561	11,475	7,959
Total other income	702	473	1,889	842
Total general, administrative and other expense	3,636	2,061	10,206	6,125
Earnings before income taxes	1,413	973	3,158	2,676
Federal income taxes	444	290	734	912
Net earnings	$ 969	$ 683	$ 2,424	$ 1,764
Earnings per share – basic and diluted	$ 0.11	$ 0.08	$ 0.28	$ 0.20

(1) Includes loans held for sale, net of allowance for loan losses and deferred loan costs.

	At or For the Three Months Ended September 30,		At or For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Selected Financial Ratios and Other Data: (1)				
Performance Ratios:				
Return on average assets	0.65 %	0.78 %	0.60 %	0.67 %
Return on average equity	5.37	3.87	4.56	3.37
Average equity to average assets	12.10	20.18	13.26	19.99
Other Financial Ratios:				
Net interest margin (2)	3.47	3.33	3.32	3.37
Average interest-earning assets to average interest-bearing liabilities	101.45	122.13	104.35	121.22
Total general, administrative and other expenses to average total assets	2.44	2.36	2.54	2.34
Efficiency ratio (3)	69.27	64.73	74.15	67.67
Dividend payout ratio – per share basis (4)	109.09	137.50	128.57	165.00
Dividend payout ratio – net income basis (4)	42.11	54.76	50.50	63.61
Equity to total assets at end of period	12.01	20.12	12.01	20.12
Interest rate spread (2)	3.45	3.02	3.27	3.05
Tangible common equity to tangible assets	9.96	16.65	9.96	16.65
Asset Quality Ratios:				
Non-performing loans as a percent of total loans (5)	3.13	1.50	3.13	1.50
Non-performing assets as a percent of total assets (5)	2.74	1.46	2.74	1.46
Allowance for loan losses as a percent of total loans	0.36	0.50	0.36	0.50
Allowance for loan losses as a percent of non-performing assets	8.60	22.74	8.60	22.74
Allowance for loan losses as a percent of total originated loans (6)	0.65	0.50	0.65	0.50
Allowance for loan losses as a percent of originated non-performing assets (6)	18.71	22.74	18.71	22.74
Net charge-offs to average loans	0.05	0.02	0.06	0.02
Regulatory Capital Ratios (Bank Only):				
Tangible capital	9.96	16.65	9.96	16.65
Core capital	9.96	16.65	9.96	16.65
Risk-based capital	18.29	34.81	18.29	34.81
Number of:				
Banking offices	12	6	12	6

(1) With the exception of end of period ratios, all ratios are based on average monthly balances during the periods. Certain ratios for the three and nine months ended September 30, 2011 and 2010 have been annualized, as appropriate.
(2) Net interest margin represents net interest income as a percentage of average interest-earning assets. Interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average rate on interest-bearing liabilities.
(3) Efficiency ratio represents the ratio of general, administrative and other expenses divided by the sum of net interest income and total other income.

(footnotes continue on following page)

(continued from previous page)

(4) Per share dividend payout ratio is calculated by dividing dividends declared per share by earnings per share. Net income dividend payout ratio is calculated as total dividends paid to minority shareholders by total net income. The following table sets forth total cash dividends paid to minority shareholders and waived by Cheviot Mutual Holding Company for the relevant periods.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Dividends paid to public shareholders	$ 408	$ 374	$ 1,224	$ 1,122
Dividends paid to Cheviot Mutual Holding Company	—	—	—	—
Total dividends paid	$ 408	$ 374	$ 1,224	$ 1,122
Total dividends waived by Cheviot Mutual Holding Company	$ 655	$ 600	$ 1,964	$ 1,800
Total dividends paid and total dividends waived	$ 1,063	$ 974	$ 3,188	$ 2,922

(5) Non-performing loans consist of non-accrual loans and accruing loans greater than 90 days delinquent, while non-performing assets consist of non-performing loans and real estate acquired through foreclosure. Includes non-performing loans and non-performing assets acquired from First Franklin Corporation. See "Business of Cheviot-Federal and Cheviot Savings Bank—Asset Quality—Delinquent Loans and Non-performing Loans and Assets" for further information.

(6) Ratios exclude the effects of loans and non-performing assets acquired from First Franklin Corporation, as such purchased loans and assets are recorded at fair value at the time of acquisition, and without the related allowance for loan losses as reflected on the target entity's financial statements.

Comparison of Financial Condition at September 30, 2011 and December 31, 2010

Total assets increased $242.4 million, or 67.7%, to $600.5 million at September 30, 2011, from $358.1 million at December 31, 2010. The increase in total assets is primarily the result of the First Franklin acquisition. As a result of the acquisition, we recorded increases in cash and cash equivalents, mortgage-backed securities and loans receivable.

Cash, federal funds sold and interest-earning deposits increased $27.1 million, or 149.1%, to $45.2 million at September 30, 2011, from $18.1 million at December 31, 2010. The increase in cash and cash equivalents at September 30, 2011 was due to a $15.0 million increase in federal funds sold, an $8.9 million increase in interest-earning deposits and a $3.1 million increase in cash and due from banks. We acquired $20.5 million in cash and cash equivalents in the First Franklin acquisition.

Investment securities increased $2.4 million, or 2.7%, to $90.7 million at September 30, 2011 from $88.4 million at December 31, 2010. At September 30, 2011, all investment securities were classified as available for sale. As of September 30, 2011, none of our investment securities are considered other than temporarily impaired.

Mortgage-backed securities increased $3.3 million, or 36.4%, to $12.4 million at September 30, 2011, from $9.1 million at December 31, 2010. The increase in mortgage-backed securities was due primarily to $4.5 million of mortgage-backed securities designated as available for sale acquired from First Franklin. During the nine months ended September 30, 2011, there were principal prepayments and repayments totaling approximately $1.4 million. At

September 30, 2011, $4.3 million of mortgage-backed securities were classified as held to maturity, while $8.0 million were classified as available for sale. As of September 30, 2011, none of our mortgage-backed securities are considered other than temporarily impaired.

Loans receivable, including loans held for sale, increased $172.0 million, or 76.3%, to $397.5 million at September 30, 2011, from $225.4 million at December 31, 2010. The increase in loans receivable is the result of acquiring approximately $198.7 million in net loans receivable in the First Franklin acquisition. In addition, the change in net loans receivable reflects loan sales of 15- and 30-year fixed rate mortgage loans totaling $37.2 million and loan principal repayments of $33.5 million, which were partially offset by loan originations of $48.4 million.

The acquisition of First Franklin resulted in changes to the overall composition of the loan portfolio. The portfolio, as of September 30, 2011, is comprised of approximately 48% in fixed-rate mortgage loans and 52% in variable-rate mortgage loans. In addition, as a result of the acquisition, our commercial loans have increased to 15.5% of total loans at September 30, 2011 compared to 8.4% of total loans at December 31, 2010.

The allowance for loan losses totaled $1.4 million and $1.2 million at September 30, 2011 and December 31, 2010, respectively. In determining the adequacy of the allowance for loan losses at any point in time, management and the board of directors apply a systematic process focusing on the risk of loss in the portfolio. First, the loan portfolio is segregated by loan types to be evaluated collectively and loan types to be evaluated individually. Delinquent multi-family and commercial loans are evaluated individually for potential impairments in their carrying value. Second, the allowance for loan losses entails utilizing our historic loss experience by applying such loss percentage to the loan types to be collectively evaluated in the portfolio. During the nine months ended September 30, 2011, we recorded a $400,000 provision for loan losses reflecting these factors as well as replenishing the allowance for charge-offs. The analysis of the allowance for loan losses requires an element of judgment and is subject to the possibility that the allowance may need to be increased, with a corresponding reduction in earnings. Under applicable accounting guidelines, loans acquired in the acquisition were marked to fair value. Therefore, as of September 30, 2011, we have not provided loan losses for the loans acquired in the acquisition. To the best of management's knowledge, all known and inherent losses that are probable and that can be reasonably estimated have been recorded at September 30, 2011.

Non-performing and impaired originated loans totaled $4.9 million at both September 30, 2011 and December 31, 2010, respectively. At September 30, 2011, non-performing and impaired originated loans were comprised of 44 loans secured by one- to four-family residential real estate and three loans secured by nonresidential real estate. At September 30, 2011 and December 31, 2010, real estate acquired through foreclosure totaled $4.2 million and $2.0 million, respectively. The allowance for loan losses represented 29.1% and 25.6% of originated non-performing and impaired loans at September 30, 2011 and December 31, 2010, respectively. Although management believes that the allowance for loan losses conforms to generally accepted accounting principles based upon the available facts and circumstances, there can be no assurance that additions to the allowance will not be necessary in future periods, which would adversely affect our results of operations.

Deposits increased $222.5 million, or 86.3%, to $480.4 million at September 30, 2011, from $257.9 million at December 31, 2010. Deposits assumed at the time of the acquisition were approximately $218.8 million, net of a fair value adjustment of $2.7 million. Deposits acquired include savings deposits totaling approximately $77.7 million and time deposits of approximately $141.1 million with an overall average cost of 1.90%. Advances from the Federal Home Loan Bank of Cincinnati increased by $14.7 million, or 53.9%, to $42.0 million at September 30, 2011, from $27.3 million at December 31, 2010. The increase is a result of assuming $22.4 million in advances as a result of the acquisition of First Franklin. During the nine months ended September 30, 2011, we had proceeds from Federal Home Loan Bank advances of $11.0 million, which were offset by repayments of $19.3 million.

Shareholders' equity increased $2.7 million, or 3.9%, to $72.1 million at September 30, 2011, from $69.4 million at December 31, 2010. The increase primarily resulted from net earnings of $2.4 million and amortization of stock benefit plans of $25,000, which were partially offset by dividends paid of $1.2 million. At September 30, 2011, Cheviot-Federal had the ability to purchase an additional 360,818 shares under its announced stock repurchase plan. The repurchase plan has been suspended as a result of Cheviot Mutual Holding Company's adoption of a Plan of Conversion providing for the conversion of our mutual holding company to stock form and the related stock offering.

Comparison of Results of Operations for the Three Months Ended September 30, 2011 and September 30, 2010

General. Net earnings for the three months ended September 30, 2011 totaled $969,000, a $286,000 increase from the $683,000 of net earnings reported for the same period in 2010. The increase in net earnings reflects growth in net interest income of $1.8 million and an increase in other income of $229,000, which were

partially offset by increases of $1.6 million in general, administrative and other expense, $154,000 in the provision for federal income taxes and $50,000 in the provision for losses on loans.

Net Interest Income. Total interest income increased $2.3 million, or 59.6%, to $6.1 million for the three months ended September 30, 2011, from $3.8 million for the comparable period in 2010. Interest income on loans increased $2.1 million, or 63.1%, to $5.4 million during the 2011 period. This increase was due primarily to an increase of $165.9 million, or 69.5%, in average loans outstanding, which was partially offset by a decrease in the average yield on loans to 5.32% for the 2011 period from 5.53% for the 2010 period.

Interest income on investment securities increased $155,000, or 35.6%, to $591,000 for the three months ended September 30, 2011, compared to $436,000 for the same period in 2010. The increase in interest income on investment securities was due primarily to an increase of $26.8 million, or 40.2%, in the average balance of investment securities outstanding, which was partially offset by a decrease in the average yield of eight basis points to 2.53% in the 2011 period. Interest income on interest-earning deposits and other interest-earning assets increased $47,000, or 123.7% to $85,000 for the three months ended September 30, 2011, as compared to $38,000 for the same period in 2010.

Interest expense increased $453,000, or 40.1%, to $1.6 million for the three months ended September 30, 2011, from $1.1 million for the same period in 2010. Interest expense on deposits increased by $442,000, or 52.4%, to $1.3 million for the three months ended September 30, 2011, from $844,000 for the same period in 2010 due primarily to a $236.7 million, or 99.7%, increase in the average balances outstanding (resulting from the acquisition of First Franklin Corporation), partially offset by a 33 basis point decrease in the average cost of deposits to 1.09% during the 2011. The decrease in the average cost of deposits is due to the overall changes in our deposit composition and lower market rates for the 2011 period.

As a result of the foregoing changes in interest income and interest expense, net interest income increased by $1.8 million, or 67.7%, to $4.5 million for the three months ended September 30, 2011. The average interest rate spread increased to 3.45% for the three months ended September 30, 2011 from 3.02% for the three months ended September 30, 2010. The net interest margin increased to 3.47% for the three months ended September 30, 2011 from 3.33% for the three months ended September 30, 2010.

Provision for Losses on Loans. As a result of an analysis of historical experience, the volume and type of lending we conducted, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to our market area, and other factors related to the collectability of our loan portfolio, management recorded a $200,000 provision for losses on loans for the three months ended September 30, 2011, compared to a $150,000 provision for losses on loans for the three months ended September 30, 2010. Non-performing loans were 2.3% and 1.5% of total originated loans at September 30, 2011 and September 30, 2010, respectively. The provision for loan losses for the three months ended September 30, 2011 reflects the amount necessary to maintain an adequate allowance based on our historical loss experience, as well as consideration of other external factors. These other external factors, economic conditions, and collateral value changes, have had a negative impact on non-owner-occupied loans in the portfolio. There can be no assurance that the loan loss allowance will be sufficient to cover losses on non-performing loans in the future; however, management believes they have identified all known and inherent losses that are probable and that can be reasonably estimated within the loan portfolio, and that the allowance is adequate to absorb such losses.

Other Income. Other income increased $229,000, or 48.4%, to $702,000 for the three months ended September 30, 2011, compared to $473,000 for the same period in 2010, due primarily to an increase in other operating income of $312,000 and an increase of $49,000 in earnings on bank-owned life insurance, partially offset by a decrease in the

gain on sale of loans of $102,000 and an increase of $46,000 in loss on sale of real estate acquired through foreclosure. The increase in other operating income is a result of increased service fees on deposit accounts and an increase in service fees received from the Federal Home Loan Bank as a result of increased loan sales in the secondary market. During the three months ended September 30, 2011, we sold ten real estate owned properties resulting in gross proceeds of $510,000.

General, Administrative and Other Expense. General, administrative and other expense increased $1.6 million, or 76.4%, to $3.6 million for the three months ended September 30, 2011, from $2.1 million for the comparable period in 2010. The increase is primarily a result of an increase of $618,000 in employee compensation and benefits, an increase in occupancy and equipment expense of $233,000, a $110,000 increase in Federal Deposit Insurance Corporation insurance premium expense and a $481,000 increase in other operating expense. The increases in employee compensation and benefits expense and occupancy and equipment expense is a result of the additional employees, branch offices and related costs resulting from the acquisition of First Franklin Corporation. The increase in other operating expense is a result of maintenance expense, real estate tax expense and the fair market value adjustments on real estate owned property. The increase in Federal Deposit Insurance Corporation insurance premium expense is a result of an increase in deposit insurance due to our increased size following the First Franklin acquisition.

Federal Income Taxes. The provision for federal income taxes increased $154,000, or 53.1%, to $444,000 for the three months ended September 30, 2011, from $290,000 for the same period in 2010. The effective tax rate was 31.4% and 29.8% for the three-month periods ended September 30, 2011 and 2010, respectively. The increase in the effective tax rate for the 2011 period was due to a lesser percentage of tax-exempt income compared to the 2010 period.

Comparison of Results of Operations for the Nine Months Ended September 30, 2011 and September 30, 2010

General. Net earnings for the nine months ended September 30, 2011 totaled $2.4 million, a $660,000 increase from the $1.8 million of net earnings reported for the same period in 2010. The increase in net earnings reflects a growth in net interest income of $3.7 million and an increase in other income of $1.0 million, and a decrease in the provision for federal income taxes of $178,000, which were partially offset by an increase of $4.1 million in general, administrative and other expense and an increase of $150,000 in the provision for losses on loans.

Net Interest Income. Total interest income increased $4.4 million, or 37.6%, to $16.3 million for the nine months ended September 30, 2011, from $11.8 million for the comparable period in 2010. Generally, increases in interest income from loans, investment securities, interest-earning deposits and other interest-earning assets reflect higher balances resulting from the acquisition of First Franklin Corporation. Interest income on loans increased $4.0 million, or 39.4%, to $14.2 million during the 2011 period. This increase was due primarily to an increase of $116.6 million, or 48.1%, in average loans outstanding due to the acquisition of First Franklin Corporation, which was partially offset by a decrease in the average yield on loans to 5.29% for the 2011 period from 5.62% for the 2010 period.

Interest income on investment securities increased $339,000, or 26.4%, to $1.6 million for the nine months ended September 30, 2011, compared to $1.3 million for the same period in 2010. The increase in interest income on investment securities was due primarily to an increase of $28.7 million, or 43.9%, in the average balance of investment securities outstanding, which was partially offset by a decrease in the average yield of 32 basis points to 2.31% in the 2011 period. Interest income on interest-earning deposits and other interest-earning assets increased $107,000, or 93.0% to $222,000 for the nine months ended September 30, 2011, as compared to $115,000 for the same period in 2010.

Interest expense increased $782,000, or 21.5%, to $4.4 million for the nine months ended September 30, 2011, from $3.6 million for the same period in 2010. Interest expense on deposits increased by $874,000, or 33.2%, to $3.5 million for the nine months ended September 30, 2011, from $2.6 million for the same period in 2010 due primarily to a $182.8 million, or 78.2%, increase in the average balances outstanding, resulting from the First Franklin Corporation acquisition, partially offset by a 38 basis point decrease in the average cost of deposits to 1.12% during the 2011 period. The decrease in the average cost of deposits is due to the overall changes in our deposit composition and lower market rates for the period. Interest expense on borrowings decreased by $92,000, or

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9.2%, due primarily to an 84 basis point decrease in the average cost of borrowings, which was partially offset by an increase of $5.5 million, or 16.0% in the average balance outstanding.

As a result of the foregoing changes in interest income and interest expense, net interest income increased by $3.7 million, or 44.7%, to $11.9 million for the nine months ended September 30, 2011. The average interest rate spread increased to 3.27% for the nine months ended September 30, 2011 from 3.05% for the nine months ended September 30, 2010. The net interest margin decreased to 3.32% for the nine months ended September 30, 2011 from 3.37% for the nine months ended September 30, 2010.

Provision for Losses on Loans. As a result of an analysis of historical experience, the volume and type of lending we conducted, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to our market area, and other factors related to the collectability of our loan portfolio, management recorded a $400,000 provision for losses on loans for the nine months ended September 30, 2011, compared to a $250,000 provision for losses on loans for the nine months ended September 30, 2010. Non-performing loans were 2.3% and 1.5% of total originated loans at September 30, 2011 and September 30, 2010, respectively. The provision for loan losses for the nine months ended September 30, 2011 reflects the amount necessary to maintain an adequate allowance based on our historical loss experience, as well as consideration of other external factors. These other external factors, economic conditions, and collateral value changes, have had a negative impact on non-owner-occupied loans in the portfolio. There can be no assurance that the loan loss allowance will be sufficient to cover losses on non-performing loans in the future; however, management believes they have identified all known and inherent losses that are probable and that can be reasonably estimated within the loan portfolio, and that the allowance is adequate to absorb such losses.

Other Income. Other income increased $1.0 million, or 124.3%, to $1.9 million for the nine months ended September 30, 2011, compared to $842,000 for the same period in 2010, due primarily to an increase in other operating income of $762,000, an increase of $104,000 in earnings on bank-owned life insurance, an increase of $98,000 in the gain on sale of real estate acquired through foreclosure and an increase in the gain on sale of loans of $40,000. The increase in other operating income is a result of increased service fees on deposit accounts and an increase in service fees received from the Federal Home Loan Bank as a result of increased loan sales in the secondary market. During the nine months ended September 30, 2011, we sold 27 real estate owned properties resulting in gross proceeds of $2.5 million.

General, Administrative and Other Expense. General, administrative and other expense increased $4.1 million, or 66.6%, to $10.2 million for the nine months ended September 30, 2011, from $6.1 million for the comparable period in 2010. We experienced increases in all categories of general, administrative and other expense, including an increase of $1.5 million in employee compensation and benefits, an increase of $445,000 in occupancy and equipment expense, an increase of $243,000 in legal and professional expense, an increase of $267,000 in Federal Deposit Insurance Corporation insurance premium expense and a $1.1 million increase in other operating expense. The increase in employee compensation and benefits expense and occupancy and equipment expense is a result of the additional employees, branch offices and related costs resulting from the acquisition of First Franklin. The increase in legal and professional expenses is a result of merger related costs and expenses related to resolving real estate owned properties. The increase in Federal Deposit Insurance Corporation insurance premium expense is a result of an increase in deposit insurance due to our increased size following the First Franklin acquisition. The increase in other operating expense is a result of maintenance expense, real estate tax expense and the fair market value adjustments on real estate owned property.

Federal Income Taxes. The provision for federal income taxes decreased $178,000, or 19.5%, to $734,000 for the nine months ended September 30, 2011, from $912,000 for the same period in 2010. The effective tax rate was 23.2% and 34.1% for the nine-month periods ended September 30, 2011 and 2010, respectively. During the nine months

ended September 30, 2011 we were able to recognize $709,000 in reserved deferred tax benefits recorded as a result of the acquisition of First Franklin. The amount of deferred federal income taxes recorded in the First Franklin at acquisition approximated the maximum amount includable in regulatory capital.

In recording deferred tax assets inherent in the acquisition, we are subject to an overall limitation in the amount that can be included in regulatory capital. The amount of allowable deferred tax benefits includible in regulatory capital is a combination of available refunds in carryback years, existing taxable temporary differences, and projected earnings available to offset operating loss carryforwards over the next year. Management is of the belief that such limited amount is fully consistent with the amount of deferred taxes that would be recognized under GAAP and, accordingly, recorded the deferred tax assets in the acquisition at the maximum amount includible in regulatory capital and established a valuation allowance for the difference. If Cheviot-Federal's future earnings decline from currently projected levels, an additional valuation allowance for deferred tax assets will be recorded as a charge against earnings. At September 30, 2011, Cheviot-Federal's earnings post-acquisition had absorbed the entire amount of operating loss carryforwards subject to a valuation allowance. We have approximately $6.4 million in remaining operating loss carryforwards to offset future taxable income for 20 years. These losses are subject to the annual allowable Internal Revenue Code Section 382 net operating loss limitations of $1.1 million.

FORWARD-LOOKING STATEMENTS

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

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

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

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

- general economic conditions, either nationally or in our market areas, that are worse than expected;
- competition among depository and other financial institutions;
- inflation and changes in the interest rate environment that reduce our margins or reduce the fair value of financial instruments;
- adverse changes in the securities markets;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements;
- our ability to enter new markets successfully and capitalize on growth opportunities;

our ability to successfully integrate acquired entities, if any;

changes in consumer spending, borrowing and savings habits;

changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission and the Public Company Accounting Oversight Board;

changes in our organization, compensation and benefit plans; and

changes in the financial condition, results of operations or future prospects of issuers of securities that we own.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. Please see "Risk Factors" beginning on page 16.

HOW WE INTEND TO USE THE PROCEEDS FROM THE OFFERING

Although we cannot determine what the actual net proceeds from the sale of the shares of common stock in the offering will be until the offering is completed, we anticipate that the net proceeds will be between $35.1 million and $48.0 million, or $55.4 million if the offering range is increased by 15%.

We intend to distribute the net proceeds as follows:

	Based Upon the Sale at $8.00 Per Share of							
	4,675,000 Shares		5,500,000 Shares		6,325,000 Shares		7,273,750 Shares (1)	
	Amount	Percent of Net Proceeds	Amount	Percent of Net Proceeds	Amount	Percent of Net Proceeds	Amount	Percent of Net Proceeds
	(Dollars in thousands)							
Offering proceeds	$ 37,400		$ 44,000		$ 50,600		$ 58,190	
Less offering expenses	(2,299)		(2,466)		(2,633)		(2,826)	
Net offering proceeds	$ 35,101	100.0%	$ 41,534	100.0%	$ 47,967	100.0%	$ 55,364	100.0%
Distribution of net proceeds:								
To Cheviot Savings Bank	$ 17,551	50.0 %	$ 20,767	50.0 %	$ 23,984	50.0 %	$ 27,682	50.0 %
To fund loan to employee stock ownership plan	$ 1,496	4.3 %	$ 1,760	4.2 %	$ 2,024	4.2 %	$ 2,328	4.2 %
Retained by New Cheviot (2)	$ 16,054	45.7 %	$ 19,007	45.8 %	$ 21,959	45.8 %	$ 25,354	45.8 %

(1) As adjusted to give effect to an increase in the number of shares, which could occur due to a 15% increase in the offering range to reflect demand for the shares or changes in market conditions following the commencement of

the offering.

(2) In the event the stock-based benefit plan providing for stock awards and stock options is approved by shareholders, and assuming shares are purchased for the stock awards at $8.00 per share, an additional $1.5 million, $1.8 million, $2.0 million and $2.3 million of net proceeds will be used by New Cheviot. In this case, the net proceeds retained by New Cheviot would be $14.6 million, $17.2 million, $19.9 million and $23.0 million, respectively, at the minimum, midpoint, maximum and adjusted maximum of the offering range.

Payments for shares of common stock made through withdrawals from existing deposit accounts will not result in the receipt of new funds for investment but will result in a reduction of Cheviot Savings Bank's deposits. The net proceeds may vary because total expenses relating to the offering may be more or less than our estimates. For example, our expenses would increase if a syndicated community offering were used to sell shares of common stock not purchased in the subscription and community offerings. In addition, amounts shown for the distribution of the net proceeds at the minimum of the offering range to fund the loan to the employee stock ownership plan and to be proceeds retained by New Cheviot may change if we exercise our right to have the employee stock ownership plan purchase more than 4% of the shares of common stock offered if necessary to complete the offering at the minimum of the offering range.

New Cheviot may use the proceeds it retains from the offering:

- to invest in securities;
- to pay cash dividends to shareholders;
- to repurchase shares of our common stock;
- to finance the acquisition of financial institutions, although we do not currently have any agreements or understandings regarding any specific acquisition transaction; and
- for other general corporate purposes.

Initially, a substantial portion of the net proceeds will be invested in short-term investments, investment-grade debt obligations and mortgage-backed securities.

See "Our Dividend Policy" for a discussion of our expected dividend policy following the completion of the conversion. Under current Board of Governors of the Federal Reserve System regulations, we may not repurchase shares of our common stock during the first year following the completion of the conversion, except when extraordinary circumstances exist and with prior regulatory approval, or except to fund management recognition plans (which would require notification to the Board of Governors of the Federal Reserve System) or tax qualified employee stock benefit plans.

Cheviot Savings Bank may use the net proceeds it receives from the offering:

- to fund new loans, with a primary emphasis on one- to four-family residential mortgage loans and, to a lesser extent, commercial real estate loans and commercial business loans;
- to enhance existing products and services and to support the development of new products and services;
- to invest in mortgage-backed securities and collateralized mortgage obligations, and debt securities issued by the U.S. Government, U.S. Government agencies or U.S. Government sponsored enterprises;
- to expand its retail banking franchise by establishing or acquiring new branches or by acquiring other financial institutions or other financial services companies as opportunities arise, although we do not currently have any understandings or agreements to acquire a financial institution or other entity or to establish any new branch offices; and
- for other general corporate purposes.

Initially, a substantial portion of the net proceeds will be invested in short-term investments, investment-grade debt obligations and mortgage-backed securities. We have not determined specific amounts of the net proceeds that would be used for the purposes described above. The use of the proceeds outlined above may change based on many factors, including, but not limited to, changes in interest rates, equity markets, laws and regulations affecting the financial services industry, our relative position in the financial services industry, the attractiveness of potential acquisitions to expand our operations, and overall market conditions. The use of the proceeds may also change depending on our ability to receive regulatory approval to establish new branches or acquire other financial institutions.

We expect our return on equity to decrease as compared to our performance in recent years, until we are able to reinvest effectively the additional capital raised in the offering. Until we can increase our net interest income and non-interest income, we expect our return on equity to be below the industry average, which may negatively affect the value of our common stock. See “Risk Factors—Our failure to effectively deploy the net proceeds may have an adverse effect on our financial performance and the value of our common stock.”

OUR DIVIDEND POLICY

Cheviot-Federal currently pays a quarterly cash dividend of $0.12 per share, which equals $0.48 per share on an annualized basis. After the conversion, we intend to continue to pay cash dividends on a quarterly basis. We expect the quarterly dividends to be $0.08 per share, or $0.32 per share on an annualized basis. This would represent a 4% annual dividend yield based on the offering price of $8.00 per share. The dividend rate and the continued payment of dividends will depend on a number of factors, including our capital requirements, our financial condition and results of operations, tax considerations, statutory and regulatory limitations, and general economic conditions. We cannot assure you that we will not reduce or eliminate dividends in the future.

Cheviot-Federal began declaring cash dividends during the quarter ended March 31, 2004, and dividends have been declared in each subsequent quarterly period. Cheviot Mutual Holding Company owns 5,455,313 shares of Cheviot-Federal common stock. Cheviot-Federal previously received non-objection to waive receipt of all prior dividend payments on the Cheviot-Federal shares owned by Cheviot Mutual Holding Company. Cash dividends paid by Cheviot-Federal during the six months ended June 30, 2011 were $816,000. Dividends waived by Cheviot Mutual Holding Company during the six months ended June 30, 2011 were $1.3 million.

After the completion of the conversion, Cheviot Savings Bank will not be permitted to pay dividends on its capital stock to New Cheviot, its sole shareholder, if Cheviot Savings Bank’s shareholder’s equity would be reduced below the amount of the liquidation account established in connection with the conversion. Cheviot Savings Bank will be required to file a notice with the Board of Governors of the Federal Reserve System prior to making a capital distribution. In addition, any payment of dividends by Cheviot Savings Bank to us that would be deemed to be drawn out of Cheviot Savings Bank’s bad debt reserves, if any, would require a payment of taxes at the then-current tax rate by Cheviot Savings Bank on the amount of earnings deemed to be removed from the reserves for such distribution. Cheviot Savings Bank does not intend to make any distribution to us that would create such a federal tax liability. See “The Conversion and Offering—Liquidation Rights.” For further information concerning additional federal and state law and regulations regarding the ability of Cheviot Savings Bank to make capital distributions, including the payment of dividends to Cheviot-Federal, see “Taxation—Federal Taxation” and “Supervision and Regulation—Federal Banking Regulation.”

Unlike Cheviot Savings Bank, New Cheviot is not restricted by federal or state banking regulations on the payment of dividends to its shareholders, except that it will not be permitted to pay dividends on its common stock if its shareholders’ equity would be reduced below the amount of the liquidation account established by New Cheviot in connection with the conversion. However, the source of dividends will depend on the net proceeds retained by New Cheviot and earnings thereon, and dividends from Cheviot Savings Bank. In addition, New Cheviot will be subject to state law limitations on the payment of dividends. Maryland law generally limits dividends to our capital surplus or, if there is no capital surplus, our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

We will file a consolidated federal tax return with Cheviot Savings Bank. Accordingly, it is anticipated that any cash distributions made by us to our shareholders would be treated as cash dividends and not as a non-taxable return of capital for federal tax purposes. Additionally, pursuant to Board of Governors of the Federal Reserve System regulations, during the three-year period following the conversion, we will not take any action to declare an

extraordinary dividend to shareholders that would be treated by recipients as a tax-free return of capital for federal income tax purposes.

MARKET FOR THE COMMON STOCK

Cheviot-Federal's publicly held shares of common stock are currently traded on the Nasdaq Capital Market under the symbol "CHEV." Upon completion of the conversion, the shares of common stock of New Cheviot will replace the existing shares. For a period of 20 trading days after the completion of the conversion and offering, we expect our shares of common stock will trade on the Nasdaq Capital Market under the symbol "CHEVD," and, thereafter, our trading symbol will be "CHEV." In order to list our stock on the Nasdaq Capital Market, we are required to have at least three broker-dealers who will make a market in our common stock, and we believe we will be able to comply with this requirement. Stifel, Nicolaus & Company, Incorporated has advised us that it intends to make a market in our common stock following the offering, but it is under no obligation to do so.

The development of a public market having the desirable characteristics of depth, liquidity and orderliness depends on the existence of willing buyers and sellers, the presence of which is not within our control or that of any market maker. The number of active buyers and sellers of our common stock at any particular time may be limited, which may have an adverse effect on the price at which our common stock can be sold. There can be no assurance that persons purchasing the common stock will be able to sell their shares at or above the $8.00 price per share in the offering. Purchasers of our common stock should have a long-term investment intent and should recognize that there may be a limited trading market in our common stock.

The following table sets forth the high and low trading prices for shares of Cheviot-Federal common stock for the periods indicated, and the dividends paid during those periods. As of the close of business on November 1, 2011, there were 8,864,908 shares of common stock outstanding, including 3,409,595 publicly held shares (shares held by shareholders other than Cheviot Mutual Holding Company), and approximately 770 shareholders of record.

The high and low closing prices for the quarterly periods noted below were obtained from the Nasdaq Stock Market.

	Price Per Share		
	High	Low	Dividends Paid
2011			
Fourth quarter (through November 9, 2011)	$ 9.00	$ 8.11	$ —
Third quarter	$ 9.20	$ 8.01	$ 0.12
Second quarter	$ 9.29	$ 8.13	$ 0.12
First quarter	$ 9.44	$ 8.18	$ 0.12
2010			
Fourth quarter	$ 9.49	$ 8.09	$ 0.11
Third quarter	$ 8.95	$ 7.53	$ 0.11
Second quarter	$ 9.50	$ 7.55	$ 0.11
First quarter	$ 9.22	$ 7.22	$ 0.11
2009			
Fourth quarter	$ 8.32	$ 7.01	$ 0.10
Third quarter	$ 9.00	$ 7.18	$ 0.10
Second quarter	$ 9.80	$ 6.65	$ 0.10
First quarter	$ 7.69	$ 5.89	$ 0.10

On July 11, 2011, the business day immediately preceding the public announcement of the conversion, and on November 9, 2011, the closing prices of Cheviot-Federal common stock as reported on the Nasdaq Capital Market

were $9.08 per share and $8.50 per share, respectively. On the effective date of the conversion, all publicly held shares of Cheviot-Federal common stock, including shares of common stock held by our officers and directors, will be converted automatically into and become the right to receive a number of shares of New Cheviot common

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stock determined pursuant to the exchange ratio. See "The Conversion and Offering—Share Exchange Ratio for Current Shareholders." Options to purchase shares of Cheviot-Federal common stock will be converted into options to purchase a number of shares of New Cheviot common stock determined pursuant to the exchange ratio, for the same aggregate exercise price. See "Beneficial Ownership of Common Stock."

HISTORICAL AND PRO FORMA REGULATORY CAPITAL COMPLIANCE

At June 30, 2011, Cheviot Savings Bank exceeded all of the applicable regulatory capital requirements and was considered "well capitalized." The table below sets forth the historical equity capital and regulatory capital of Cheviot Savings Bank at June 30, 2011, and the pro forma equity capital and regulatory capital of Cheviot Savings Bank, after giving effect to the sale of shares of common stock at $8.00 per share. The table assumes the receipt by Cheviot Savings Bank of 50% of the net offering proceeds. See "How We Intend to Use the Proceeds from the Offering."

	Cheviot Savings Bank Historical at June 30, 2011		Pro Forma at June 30, 2011, Based Upon the Sale in the Offering of (1)							
			4,675,000 Shares		5,500,000 Shares		6,325,000 Shares		7,273,750 Shares (2)	
	Amount	Percent of Assets (3)	Amount	Percent of Assets (3)	Amount	Percent of Assets (3)	Amount	Percent of Assets (3)	Amount	Percent of Assets (3)
	(Dollars in thousands)									
Equity	$69,368	11.61 %	$83,975	14.00 %	$86,663	14.38 %	$89,352	14.76 %	$92,442	15.19 %
Core capital	$57,552	9.83 %	$72,159	12.03 %	$74,847	12.42 %	$77,535	12.81 %	$80,627	13.25 %
Core requirement (4)	29,270	5.00	30,000	5.00	30,135	5.00	30,269	5.00	30,424	5.00
Excess	$28,282	4.83 %	$42,159	7.03 %	$44,712	7.42 %	$47,266	7.81 %	$50,203	8.25 %
Tier 1 risk-based capital (5)	$57,552	17.34 %	$72,159	21.55 %	$74,847	22.32 %	$77,535	23.08 %	$80,627	23.96 %
Risk-based requirement	19,913	6.00	20,088	6.00	20,120	6.00	20,152	6.00	20,190	6.00
Excess	$37,639	11.34 %	$52,071	15.55 %	$54,727	16.32 %	$57,383	17.08 %	$60,437	17.96 %
Total risk-based capital (5)	$58,938	17.76 %	$73,545	21.97 %	$76,233	22.73 %	$78,921	23.50 %	$82,013	24.37 %
Risk-based requirement	33,188	10.00	33,480	10.00	33,534	10.00	33,587	10.00	33,649	10.00
Excess	$25,750	7.76 %	$40,065	11.97 %	$42,699	12.73 %	$45,334	13.50 %	$48,364	14.37 %
Reconciliation of capital infused into Cheviot Savings Bank:										
Net proceeds			$17,551 48		$20,767 48		$23,984 48		$27,682 48	

Plus: net assets consolidated from MHC				
Less: Common stock acquired by stock-based benefit plan	(1,496)	(1,760)	(2,024)	(2,328)
Less: Common stock acquired by employee stock ownership plan	(1,496)	(1,760)	(2,024)	(2,328)
Pro forma increase	$14,607	$17,295	$19,984	$23,074

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(1) Pro forma capital levels assume that the employee stock ownership plan purchases 4% of the shares of common stock sold in the stock offering with funds we lend. Pro forma generally accepted accounting principles ("GAAP") and regulatory capital have been reduced by the amount required to fund this plan. See "Management" for a discussion of the employee stock ownership plan.

(2) As adjusted to give effect to an increase in the number of shares which could occur due to a 15% increase in the offering range to reflect demand for the shares or changes in market conditions following the commencement of the offering.

(3) Tangible and core capital levels are shown as a percentage of total adjusted assets. Risk-based capital levels are shown as a percentage of risk-weighted assets.

(4) The current core capital requirement is 3% of total adjusted assets for financial institutions that receive the highest supervisory rating for safety and soundness and a 4% to 5% core capital ratio requirement for all other financial institutions.

(5) Pro forma amounts and percentages assume net proceeds are invested in assets that carry a 20% risk weighting.

CAPITALIZATION

The following table presents the historical consolidated capitalization of Cheviot-Federal at June 30, 2011 and the pro forma consolidated capitalization of New Cheviot after giving effect to the conversion and offering, based upon the assumptions set forth in the "Pro Forma Data" section.

	Cheviot-Federal Historical at June 30, 2011	Pro Forma at June 30, 2011 Based upon the Sale in the Offering at $8.00 per Share of			
		4,675,000 Shares	5,500,000 Shares	6,325,000 Shares	7,273,750 Shares (1)
	(Dollars in thousands)				
Deposits (2)	$474,888	$474,888	$474,888	$474,888	$474,888
Borrowed funds	44,280	44,280	44,280	44,280	44,280
Total deposits and borrowed funds	$519,168	$519,168	$519,168	$519,168	$519,168
Shareholders' equity:					
Preferred stock, $0.01 par value, 50,000,000 shares authorized (post-conversion) (3)	—	—	—	—	—
Common stock, $0.01 par value, 100,000,000 shares authorized (post-conversion); shares to be issued as reflected (3) (4)	99	76	89	103	118
Additional paid-in capital (3)	43,873	78,997	85,417	91,836	99,218
MHC capital contribution	—	48	48	48	48
Retained earnings (5)	41,294	41,294	41,294	41,294	41,294
Accumulated other comprehensive income	203	203	203	203	203
Less:					
Treasury stock	(12,859)	(12,859)	(12,859)	(12,859)	(12,859)
Common stock held by employee stock ownership plan (6)	(1,270)	(2,766)	(3,030)	(3,294)	(3,598)
Common stock to be acquired by stock-based benefit plan (7)	—	(1,496)	(1,760)	(2,024)	(2,328)
Total shareholders' equity	$71,340	$103,497	$109,402	$115,307	$122,096
Pro Forma Shares Outstanding					
Shares offered for sale	—	4,675,000	5,500,000	6,325,000	7,273,750
Exchange shares issued	—	2,921,896	3,437,525	3,953,153	4,546,126
Total shares outstanding	8,864,908	7,596,896	8,937,525	10,278,153	11,819,876
Total shareholders' equity as a percentage of total assets (2)	11.9%	16.4%	17.2%	18.0%	18.8%
Tangible equity as a percentage of total assets	10.0%	14.6%	15.4%	16.2%	17.1%

(1) As adjusted to give effect to an increase in the number of shares of common stock that could occur due to a 15% increase in the offering range to reflect demand for shares or changes in market conditions following the commencement of the subscription and community offerings.
(2) Does not reflect withdrawals from deposit accounts for the purchase of shares of common stock in the conversion and offering. These withdrawals would reduce pro forma deposits and assets by the amount of the withdrawals.
(3) Cheviot-Federal currently has 5,000,000 authorized shares of preferred stock and 30,000,000 authorized shares of common stock, par value $0.01 per share. On a pro forma basis, common stock and additional paid-in capital have been revised to reflect the number of shares of New Cheviot common stock to be outstanding.
(4) No effect has been given to the issuance of additional shares of New Cheviot common stock pursuant to the exercise of options under one or more stock-based benefit plans. If the plans are implemented within the first year after the closing of the offering, an amount up to 10% of the shares of New Cheviot common stock sold in the offering will be reserved for issuance upon the exercise of options under the plans, subject to adjustment as may be required by federal regulations or policy to reflect stock options previously granted by Cheviot-Federal or Cheviot Savings Bank so that the total shares available for issuance upon the exercise of stock options does not exceed 10% of New Cheviot's outstanding shares immediately after the conversion and offering. No effect has been given to the exercise of options currently outstanding. See "Management."

(Footnotes continue on following page)

(continued from previous page)

(5) The retained earnings of Cheviot Savings Bank will be substantially restricted after the conversion. See "The Conversion and Offering—Liquidation Rights" and "Supervision and Regulation."

(6) Assumes that 4% of the shares sold in the offering will be acquired by the employee stock ownership plan financed by a loan from New Cheviot. The loan will be repaid principally from Cheviot Savings Bank's contributions to the employee stock ownership plan. Since New Cheviot will finance the employee stock ownership plan debt, this debt will be eliminated through consolidation and no liability will be reflected on New Cheviot's consolidated financial statements. Accordingly, the amount of shares of common stock acquired by the employee stock ownership plan is shown in this table as a reduction of total shareholders' equity.

(7) Assumes a number of shares of common stock equal to 4% of the shares of common stock to be sold in the offering will be purchased for grant by one or more stock-based benefit plans. If the stock-based benefit plans are adopted within 12 months following the conversion, the amount reserved for restricted stock awards would be subject to adjustment as may be required by federal regulations or policy to reflect restricted stock previously granted by Cheviot-Federal or Cheviot Savings Bank so that the total shares reserved for restricted stock awards does not exceed 4% of New Cheviot's outstanding shares immediately after the conversion and offering. The funds to be used by the plan to purchase the shares will be provided by New Cheviot. The dollar amount of common stock to be purchased is based on the $8.00 per share subscription price in the offering and represents unearned compensation. This amount does not reflect possible increases or decreases in the value of common stock relative to the subscription price in the offering. As New Cheviot accrues compensation expense to reflect the vesting of shares pursuant to the plan, the credit to capital will be offset by a charge to operations. Implementation of the plan will require shareholder approval.

PRO FORMA DATA

The following pro forma unaudited condensed consolidated statements of financial condition and the pro forma unaudited consolidated statements of income give effect to the proposed offering and the merger with First Franklin Corporation, based on the assumptions set forth below, as if the merger had occurred as of December 31, 2010. The condensed pro forma unaudited consolidated financial statements are based, in part, on the audited consolidated financial statements of Cheviot-Federal and First Franklin Corporation for the year ended December 31, 2010. The pro forma unaudited condensed consolidated financial statements give effect to the offering at historical cost and the merger using the purchase method of accounting as required by accounting principles generally accepted in the United States of America.

The pro forma adjustments in the tables assume the sale in the offering of 4,675,000 shares, which is the minimum of the offering range, and 7,273,750 shares, which is the adjusted maximum of the offering range. The purchase price for purposes of the pro forma presentation for the acquisition of First Franklin Corporation was calculated as follows:

	December 31, 2010 (In thousands)
Net assets acquired (not adjusted for purchase accounting)	$ 20,720
Purchase accounting adjustments:	
Fair value of contractual obligations	(4,355)
Loans receivable, net (1)	(2,462)
Real estate acquired in foreclosure	(750)
Certificates of deposit (1)	(2,718)
Borrowings (1)	(838)
Other liabilities	427
Fixed assets	1,970
Core deposit intangible (2)	1,298
Tax impact of purchase accounting adjustments	1,079
Goodwill	10,309
Purchase price, net (3)	$ 24,680

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(1) Fair value adjustments are calculated using discounted cash flow analysis using a comparison of portfolio rates to market rates as of December 31, 2010, with such adjustments applied to the December 31, 2010 balances. Fair value adjustments are amortized or accreted using the estimated lives of the respective assets and liabilities. Fair value adjustments for loans receivable also includes credit adjustments applied to both the acquired performing loans and the acquired impaired loans.

(2) Core deposit intangible reflects the present value benefit of utilizing the acquired core deposits as a funding source relative to wholesale funding costs based on the rates of Federal Home Loan Bank advances. The core deposit intangible is calculated using deposit balances and interest rates as of December 31, 2010. Costs of the acquired core deposits include interest costs, plus estimated operating expenses, less estimated non-interest income to be derived from the core deposits. Acquired core deposits are projected to decay based on assumptions promulgated by the Office of Thrift Supervision. The yield benefit for each period is discounted to present value using a weighted average cost of capital. The core deposit intangibles are amortized over the estimated lives of the core

deposits using an accelerated amortization method.

(3) The composition of the purchase price, net, is as follows (in thousands):

Cash merger consideration	$24,549
Cash cost of purchasing options, net of taxes	131
Purchase price, net	$24,680

The net proceeds are based upon the following assumptions:

(i) 65% of all shares of common stock will be sold in the subscription and community offerings;

(ii) our executive officers, directors and employees, and their associates, will purchase 93,750 shares of common stock;

(iii) our employee stock ownership plan will purchase 4% of the shares of common stock sold in the offering, with a loan from New Cheviot. The loan will be repaid in substantially equal payments of principal and interest (at the prime rate of interest, calculated as of the date of the origination of

the loan) over a period of 20 years. Interest income that we earn on the loan will offset the interest paid by Cheviot Savings Bank;

(iv) Stifel, Nicolaus & Company, Incorporated will receive a fee equal to 1.0% of the dollar amount of shares of common stock sold in the subscription offering and community offering, 5.5% of the dollar amount of shares sold in the syndicated community offering and up to $50,000 in the event of a resolicitation. No fee will be paid with respect to shares of common stock purchased by our qualified and non-qualified employee stock benefit plans, or stock purchased by our officers, directors and employees, and their immediate families, and no fee will be paid with respect to exchange shares; and

(v) total expenses of the offering, other than the fees to be paid to Stifel, Nicolaus & Company, Incorporated, and other broker-dealers in the syndicated community offering, will be $1,063,000.

In addition, the expenses of the offering and the merger may vary from those estimated, and the fees paid to Stifel, Nicolaus & Company, Incorporated will vary from the amounts estimated if the amount of shares of New Cheviot common stock sold varies from the amounts assumed above or if a different percentage of shares is sold in the syndicated community offering. These items, net of income tax effects, are shown as a reduction in shareholders' equity in the following tables, but are not shown as a reduction in net income for the periods shown in the following tables.

Pro forma net earnings has been calculated for the six months ended June 30, 2011 and for the year ended December 31, 2010 as if the shares of New Cheviot common stock to be issued in the offering had been sold and the merger consideration had been paid as of the beginning of the period. Historical and pro forma per share amounts have been calculated by dividing historical and pro forma amounts by the indicated number of shares of New Cheviot common stock.

The unaudited condensed consolidated pro forma statements of financial condition assume the offering and merger were consummated on June 30, 2011. The pro forma unaudited statements are provided for informational purposes only. The pro forma financial information presented is not necessarily indicative of the actual results that would have been achieved had the offering and merger been consummated on June 30, 2011, January 1, 2011 or January 1, 2010, and is not indicative of future results. The pro forma unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto of Cheviot-Federal and First Franklin Corporation contained elsewhere in this prospectus.

Shareholders' equity represents the resulting book value of the common shareholders' ownership of New Cheviot and First Franklin Corporation computed in accordance with accounting principles generally accepted in the United States of America. Pro forma shareholders' equity and book value are not intended to represent the fair market value of the common stock and, due to the existence of the tax bad debt reserve and intangible assets, may be different than amounts that would be available for distribution to shareholders in the event of liquidation.

Unaudited pro forma net earnings and common shareholders' equity derived from the above assumptions are qualified by the statements set forth under this caption and should not be considered indicative of the market value of New Cheviot common stock or the actual results of operations of New Cheviot and First Franklin Corporation for any period. Such pro forma data may be materially affected by the actual gross proceeds from the sale of shares of New Cheviot in the offering and the actual expenses incurred in connection with the offering and the merger.

Pro forma merger adjustments to net income include entries to reflect the estimated fair value adjustments to financial assets and liabilities and the amortization of identifiable intangible assets created in the acquisition. Excluded from the calculation of pro forma net income are any adjustments to reflect the estimated interest income to be earned on

the net proceeds of the offering, the estimated interest income to be foregone on the cash required to fund the merger with First Franklin Corporation and related expenses, and other estimated expense reductions from consolidating the operations of First Franklin Corporation with those of New Cheviot.

The following table presents pro forma balance sheet information at December 31, 2010 at the minimum of the offering range, assuming the sale of 4,675,000 shares in the offering.

Pro Forma Unaudited Condensed Consolidated Statement of Financial Condition
December 31, 2010

	Cheviot-Federal Historical (In thousands)	Offering Adjustments (1)		New Cheviot Pro Forma as Converted	First Franklin Corporation Historical	Merger Adjustments (2)		New Cheviot Pro Forma Consolidated
Assets								
Cash and cash equivalents	$18,149	$ 32,157	(3)	$50,306	$8,924	$ (29,035)	(9)	$ 30,195
Investment securities available for sale	88,382	—		88,382	15,821	—		104,203
Mortgage-backed securities available for sale	4,279	—		4,279	2,151	—		6,430
Mortgage-backed securities held to maturity	4,779	—		4,779	2,644	—		7,423
Loans receivable, net	220,998	—		220,998	202,414	(2,462)	(10)	420,950
Loans held for sale	4,440	—		4,440	15,427	—		19,867
Real estate acquired through foreclosure	2,007	—		2,007	2,818	(750)	(11)	4,075
Office premises and equipment	4,610	—		4,610	3,130	1,970	(12)	9,710
Federal Home Loan Bank stock, at cost	3,375	—		3,375	4,991	—		8,366
Bank owned life insurance	3,791	—		3,791	6,201	—		9,992
Goodwill	—	—		—	—	10,309	(13)	10,309
Core deposit intangible	—	—		—	—	1,298	(14)	1,298
Other	3,259	—		3,259	6,893	1,079	(15)	11,231
Total assets	$358,069	$ 32,157		$390,226	$271,414	$ (17,591)		$ 644,049
Liabilities								
Deposits	$257,852	$ —		$257,852	$223,437	$ 2,718	(16)	$ 484,007
Federal Home Loan Bank advances	27,300	—	(4)	27,300	22,952	838	(17)	51,090
Other liabilities	3,498	—		3,498	4,232	(427)		7,303
Total liabilities	288,650	—		288,650	250,621	3,129		542,400
Minority interest in consolidated subsidiary	—	—		—	73	—		73
Shareholders' equity								

Preferred stock							
Common stock	99	(23)	(5)	76	13	(13)	(18)	76
Additional paid-in capital	43,878	35,172	(6)	79,050	6,282	(6,282)	(18)	79,050
Retained earnings	40,655	—		40,655	17,808	(17,808)	(19)	40,655
Accumulated other comprehensive income (loss)	(1,051)	—		(1,051)	(113)	113	(18)	(1,051)
Treasury stock	(12,860)	—		(12,860)	(3,270)	3,270	(18)	(12,860)
Employee stock ownership plan	(1,302)	(1,496)	(7)	(2,798)	—	—		(2,798)
Equity incentive plan	—	(1,496)	(8)	(1,496)	—	—		(1,496)
Total equity	69,419	32,157		101,576	20,720	(20,720)		101,576
Total liabilities and equity	$358,069	$ 32,157		$390,226	$271,414	$ (17,591)		$644,049

(footnotes begin on following page)

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(1) Shows the effect of the conversion at the minimum of the offering range including establishment of an Employee Stock Ownership Plan that will acquire 4% of the shares sold in the offering. The Employee Stock Ownership Plan will purchase shares in the offering and in open market purchases. The Employee Stock Ownership Plan loan will be amortized over 20 years on a straight line basis. The Employee Stock Ownership Plan expense shown reflects the estimated amortization expense on a pretax basis. Subject to receipt of shareholder approval, New Cheviot also intends to adopt a stock-based incentive plan that will purchase an amount of shares equal to 4% of the shares sold in the offering for awards as restricted stock. It is assumed that the stock-based benefit plan will purchase shares in the open market after receiving shareholder approval. Open market purchases are assumed at $8.00 per share.

(2) Reflects the acquisition accounting adjustments related to the acquisition of First Franklin based on a price of $14.50 per share in cash.

(3) Calculated as follows:

	(in thousands)
Gross proceeds of offering	$ 37,400
Estimated expenses	(2,299)
Net assets consolidated from the MHC	48
Common stock acquired by ESOP	(1,496)
Common stock acquired by stock-based incentive plan	(1,496)
Pro forma adjustment	$ 32,157

(4) The Employee Stock Ownership Plan loan is funded internally with a loan from New Cheviot, thus no borrowing liability is recorded on the consolidated balance sheet of New Cheviot.

(5) Adjustment to par value to reflect pro forma common shares, par value $0.01 per share, outstanding after the second-step conversion.

(6) Calculated as follows:

	(in thousands)
Net proceeds of offering	$ 35,101
Net assets consolidated from the MHC	48
Par value adjustment	23
Pro forma adjustment	$ 35,172

(7) Contra-equity account established to reflect the obligation to repay the loan to the Employee Stock Ownership Plan.
(8) Contra-equity account established to reflect the stock-based incentive plan.
(9) Merger consideration paid to shareholders of First Franklin (including option payments) and contractual obligations paid in cash.

	(in thousands)
Merger consideration	$ 24,680
Merger related contractual obligations	4,355
Total cash adjustment	$ 29,035

(10) Fair value adjustment reflects the net effect of reversing the existing allowance for loan losses and recording the loan portfolio at fair value. Fair value calculations included a credit component that resulted in a non-accretable yield differential. There was no yield component recorded as the portfolio yield on non-impaired loans closely approximated market rates on the acquisition date. The credit component for impaired loans reflects the fair value of loans based on their estimated recovery amount, an estimated holding period and a risk-adjusted discount rate.
(11) Adjustment to reflect the estimated fair value of the real estate acquired in foreclosure acquired with First Franklin.
(12) Adjustment to reflect the estimated fair value of premises and equipment acquired with First Franklin.

(footnotes continue on following page)

(13) Goodwill is an intangible asset that is not subject to amortization. The goodwill balance will be tested annually for impairment. Goodwill is calculated as follows:

	Calculation of Goodwill (In thousands, except per share data)		
Purchase price per share	$	14.50	
Number of First Franklin shares acquired		1,693	
Total value of First Franklin's common stock		24,549	
Fair value of the outstanding employee stock awards, net of tax		131	
Purchase price, net		24,680	
Less: acquired shareholders' equity		(20,720	)
Plus: taxable purchase accounting adjustments:			
Fair value of contractual obligations		4,355	
Fair value adjustment for acquired loans, net		2,462	
Fair value adjustment for real estate acquired in foreclosure		750	
Fair value adjustment for acquired CDs		2,718	
Fair value adjustment for acquired borrowings		838	
Fair value adjustment for fixed assets		(1,970	)
Fair value adjustment for other liabilities		(427	)
Core deposit intangible		(1,298	)
		(1,079	)

Deferred tax benefits of purchase price adjustments, net of deferred tax valuation allowance		
Goodwill	$	10,309

(14) Core deposit intangible is an identifiable intangible asset representing the economic value of the acquired First Franklin core deposit base, calculated as the present value benefit of funding operations with the acquired core deposit base versus using an alternative wholesale funding source. The core deposit intangible asset is amortized into expense on an accelerated basis.

(15) Deferred tax asset created as a result of purchase accounting, net of valuation allowance.

(16) Fair value adjustment to reflect the difference between portfolio yields and market rates as of the closing date for time deposits acquired. The fair value adjustment is estimated using present value analysis and is accreted into income over the lives of the related time deposits.

(17) Fair value adjustment to reflect the difference between portfolio costs and market rates for borrowings with comparable maturities. The fair value adjustment is accreted into income over the lives of the related borrowings.

(18) Existing equity accounts of First Franklin are eliminated.

(19) Reflects elimination of existing retained earnings of First Franklin.

The following table presents pro forma balance sheet information at December 31, 2010 at the adjusted maximum of the offering range, assuming the sale of 7,273,750 shares in the offering.

Pro Forma Unaudited Condensed Consolidated Statement of Financial Condition
December 31, 2010

	Cheviot-Federal Historical	Offering Adjustments (1)		New Cheviot Pro Forma as Converted	First Franklin Corporation Historical	Merger Adjustments (2)		New Cheviot Pro Forma Consolidated
				(In thousands)				
Assets								
Cash and cash equivalents	$18,149	$50,756	(3)	$68,905	$8,924	$(29,035)	(9)	$48,794
Investment securities available for sale	88,382	—		88,382	15,821	—		104,203
Mortgage-backed securities available for sale	4,279	—		4,279	2,151	—		6,430
Mortgage-backed securities held to maturity	4,779	—		4,779	2,644	—		7,423
Loans receivable, net	220,998	—		220,998	202,414	(2,462)	(10)	420,950
Loans held for sale	4,440	—		4,440	15,427	—		19,867
Real estate acquired through foreclosure	2,007	—		2,007	2,818	(750)	(11)	4,075
Office premises and equipment	4,610	—		4,610	3,130	1,970	(12)	9,710
Federal Home Loan Bank stock, at cost	3,375	—		3,375	4,991	—		8,366
Bank owned life insurance	3,791	—		3,791	6,201	—		9,992
Goodwill	—	—		—	—	10,309	(13)	10,309
Core deposit intangible	—	—		—	—	1,298	(14)	1,298
Other	3,259	—		3,259	6,893	1,079	(15)	11,231
Total assets	$358,069	$50,756		$408,825	$271,414	$(17,591)		$662,648
Liabilities								
Deposits	$257,852	$—		$257,852	$223,437	$2,718	(16)	$484,007
Federal Home Loan Bank advances	27,300	—	(4)	27,300	22,952	838	(17)	51,090
Other liabilities	3,498	—		3,498	4,232	(427)		7,303
Total liabilities	288,650	—		288,650	250,621	3,129		542,400
Minority interest in consolidated subsidiary	—	—		—	73	—		73
Shareholders' equity								
Preferred stock								
Common stock	99	19	(5)	118	13	(13)	(18)	118
Additional paid-in capital	43,878	55,393	(6)	99,271	6,282	(6,282)	(18)	99,271

Retained earnings	40,655	—		40,655	17,808	(17,808)	(19)	40,655
Accumulated other comprehensive income (loss)	(1,051)	—		(1,051)	(113)	113	(18)	(1,051)
Treasury stock	(12,860)	—		(12,860)	(3,270)	3,270	(18)	(12,860)
Employee stock ownership plan	(1,302)	(2,328)	(7)	(3,630)	—	—		(3,630)
Equity incentive plan	—	(2,328)	(8)	(2,328)	—	—		(2,328)
Total equity	69,419	50,756		120,175	20,720	(20,720)		120,175
Total liabilities and equity	$358,069	$50,756		$408,825	$271,414	$(17,591)		$662,648

(footnotes begin on following page)

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(1) Shows the effect of the conversion at the adjusted maximum of the offering range including establishment of an Employee Stock Ownership Plan that will acquire 4% of the shares sold in the offering. The Employee Stock Ownership Plan will purchase shares in the offering and in open market purchases. The Employee Stock Ownership Plan loan will be amortized over 20 years on a straight line basis. The Employee Stock Ownership Plan expense shown reflects the estimated amortization expense on a pretax basis. Subject to receipt of shareholder approval, New Cheviot also intends to adopt a stock-based incentive plan that will purchase an amount of shares equal to 4% of the shares sold in the offering for awards as restricted stock. It is assumed that the stock-based benefit plan will purchase shares in the open market after receiving shareholder approval. Open market purchases are assumed at $8.00 per share.

(2) Reflects the acquisition accounting adjustments related to the acquisition of First Franklin based on a price of $14.50 per share in cash.

(3) Calculated as follows:

	(in thousands)
Gross proceeds of offering	$ 58,190
Estimated expenses	(2,826)
Net assets consolidated from the MHC	48
Common stock acquired by ESOP	(2,328)
Common stock acquired by stock-based incentive plan	(2,328)
Pro forma adjustment	$ 50,756

(4) The Employee Stock Ownership Plan loan is funded internally with a loan from New Cheviot, thus no borrowing liability is recorded on the consolidated balance sheet of New Cheviot.

(5) Adjustment to par value to reflect pro forma common shares, par value $0.01 per share, outstanding after the second-step conversion.

(6) Calculated as follows:

	(in thousands)
Net proceeds of offering	$ 55,364
Net assets consolidated from the MHC	48
Par value adjustment	(19)
Pro forma adjustment	$ 55,393

(7) Contra-equity account established to reflect the obligation to repay the loan to the Employee Stock Ownership Plan.

(8) Contra-equity account established to reflect the stock-based incentive plan.

(9) Merger consideration paid to shareholders of First Franklin (including option payments) and contractual obligations paid in cash.

	(in thousands)
Merger consideration	$ 24,680
Merger related contractual obligations	4,355
Total cash adjustment	$ 29,035

(10) Fair value adjustment reflects the net effect of reversing the existing allowance for loan losses and recording the loan portfolio at fair value. Fair value calculations included a credit component that resulted in a non-accretable yield differential. There was no yield component recorded as the portfolio yield on non-impaired loans closely approximated market rates on the acquisition date. The credit component for non-impaired loans reflects an estimate of credit losses based on charge-off rates for regional institutions. The credit component for impaired loans reflects the fair value of loans based on their estimated recovery amount, an estimated holding period and a risk-adjusted discount rate.

(11) Adjustment to reflect the estimated fair value of the real estate acquired in foreclosure acquired with First Franklin.

(12) Adjustment to reflect the estimated fair value of premises and equipment acquired with First Franklin.

(footnotes continue on following page)

(13) Goodwill is an intangible asset that is not subject to amortization. The goodwill balance will be tested annually for impairment. Goodwill is calculated as follows:

	Calculation of Goodwill (In thousands, except per share data)	
Purchase price per share	$	14.50
Number of First Franklin shares acquired		1,693
Total value of First Franklin's common stock		24,549
Fair value of the outstanding employee stock awards, net of tax		131
Purchase price, net		24,680
Less: acquired shareholders' equity		(20,720)
Plus: taxable purchase accounting adjustments:		
Fair value of contractual obligations		4,355
Fair value adjustment for acquired loans, net		2,462
Fair value adjustment for real estate acquired in foreclosure		750
Fair value adjustment for acquired CDs		2,718
Fair value adjustment for acquired borrowings		838
Fair value adjustment for fixed assets		(1,970)
Fair value adjustment for other liabilities		(427)
Core deposit intangible		(1,298)
		(1,079)

Deferred tax benefits of purchase price adjustments, net of deferred tax valuation allowance		
Goodwill	$	10,309

(14) Core deposit intangible is an identifiable intangible asset representing the economic value of the acquired First Franklin core deposit base, calculated as the present value benefit of funding operations with the acquired core deposit base versus using an alternative wholesale funding source. The core deposit intangible asset is amortized into expense on an accelerated basis.

(15) Deferred tax asset created as a result of purchase accounting, net of valuation allowance.

(16) Fair value adjustment to reflect the difference between portfolio yields and market rates as of the closing date for time deposits acquired. The fair value adjustment is estimated using present value analysis and is accreted into income over the lives of the related time deposits.

(17) Fair value adjustment to reflect the difference between portfolio costs and market rates for borrowings with comparable maturities. The fair value adjustment is accreted into income over the lives of the related borrowings.

(18) Existing equity accounts of First Franklin are eliminated.

(19) Reflects elimination of existing retained earnings of First Franklin.

The following table presents pro forma income statement information for the year ended December 31, 2010 at the minimum of the offering range, assuming the sale of 4,675,000 shares in the offering.

Pro Forma Unaudited Condensed Consolidated
Statement of Income
For the Year Ended December 31, 2010

	Cheviot-Federal Historical	Offering Adjustments (1)	New Cheviot Pro Forma as Converted	First Franklin Corporation Historical	Merger Adjustments (3)	New Cheviot Pro Forma Consolidated
	(In thousands, except per share data)					
Interest income	$15,438	$—	$15,438	$ 13,148	$—	$ 28,586
Interest expense	(4,698)	—	(4,698)	(6,432)	1,705 (4)	(9,425)
Net interest income	10,740	—	10,740	6,716	1,705	19,161
Provision for loan losses	(550)	—	(550)	(1,967)	—	(2,517)
Net interest income after provision for loan losses	10,190	—	10,190	4,749	1,705	16,644
Noninterest income	1,323	—	1,323	5,828	—	7,151
Noninterest expense	(8,540)	(75) (2)	(8,615)	(13,430)	(424) (5)	(22,469)
Income before income taxes	2,973	(75)	2,898	(2,853)	1,281	1,326
Income tax expense	(995)	26	(969)	1,282	(436) (6)	(123)
Net income	$1,978	$(49)	$1,929	$(1,571)	$845	$ 1,203 (8)
Basic earnings per share (7)	$0.23	—	$0.26	$(0.93)	—	$ 0.16
Diluted earnings per share (7)	$0.23	—	$0.26	$(0.91)	—	$ 0.16

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(1) Shows the effect of the conversion at the minimum of the offering range including establishment of an Employee Stock Ownership Plan that will acquire 4% of the shares sold in the offering. The Employee Stock Ownership Plan will purchase shares in the offering and in open market purchases. The Employee Stock Ownership Plan loan will be amortized over 20 years on a straight line basis. The Employee Stock Ownership Plan expense shown reflects the estimated amortization expense on a pretax basis. Subject to receipt of shareholder approval, New Cheviot also intends to adopt a stock-based incentive plan that will purchase an amount of shares equal to 4% of the shares sold in the offering for awards as restricted stock and 10% of the shares sold in the offering for issuance upon the exercise of stock options. It is assumed that the stock-based benefit plan will purchase shares in the open market after receiving shareholder approval. Open market purchases are assumed at $8.00 per share. Pursuant to an application of the Black-Scholes option pricing model, the stock options are assumed to have a value of $2.36 per option. This value is assumed to be expensed over the five year vesting period for the options and 25% of the option expense is assumed to be deductible for income tax purposes. Adjustments to record estimated stock-based incentive plan expense and reinvestment income on the net proceeds of the offering will be recorded as incurred. Since these estimates are speculative, they are not reflected in the calculations of pro forma income. The estimated interest income at the minimum of the offering range is $566,000 pretax for the year ended December 31, 2010. The estimated interest income assumes net cash proceeds are reinvested at an average pretax

yield of 1.76% for the year ended December 31, 2010. The yield approximates the yield on a five year U.S. Treasury security at June 30, 2011. The estimated expense of the restricted stock assuming gross proceeds of $37.4 million is $299,000 pretax for the year ended December 31, 2010. The estimated expense for the stock options assuming gross proceeds of $37.4 million is $221,000 pretax for the year ended December 31, 2010. The Employee Stock Ownership Plan loan is amortized over 20 years on a straight line basis. All income and expense assumes a marginal effective rate of 34.0%.

(2) Employee Stock Ownership Plan loan with a balance of $1.5 million and an amortization period of 20 years straight line. Employee Stock Ownership Plan loan is assumed to be funded internally, so no interest expense is recorded expense is recorded on the consolidated income statement for New Cheviot. Employee Stock Ownership Plan expense thus reflects only the amortization of principal for the period shown.

(3) Reflects the purchase accounting and acquisition adjustments related to the acquisition of First Franklin for a price of $14.50 per share in cash.

(footnotes continue on following page)

(4) Adjustment to interest expense is calculated as follows:

	(in thousands)
Amortization of deposit premium from purchase accounting	$ 1,284
Accretion of borrowings premium from purchase accounting	421
Adjustment to interest expense	$ 1,705

(5) Adjustment to non-interest expense is calculated as follows:

	(in thousands)	
Amortization of core deposit intangible	$ 358	
Depreciation of market value adjustment for fixed assets	66	(assumes 30 year depreciation applied to writeup)
Adjustment to non-interest expense	$ 424	

(6) Marginal tax rate of 34.0%

(7) Calculated based on shares outstanding for earnings per share purposes as follows:

	Cheviot-Federal Historical	Offering Adjustments (*)	New Cheviot Pro Forma as Converted	First Franklin Corporation Historical	Merger Adjustments	New Cheviot Pro Forma Consolidated
Basic earnings per share	8,723,463	(1,425,431)	7,298,032	1,685,684	(1,684,684)	7,298,032
Diluted earnings per share	8,731,904	(1,426,638)	7,305,266	1,718,614	(1,718,614)	7,305,266

*Shares		Basic shares	Diluted shares
Exchange ratio	0.8570		
Adjusted for exchange ratio		7,475,682	7,482,916
Less: shares to be acquired by the ESOP		(187,000)	(187,000)
Plus: ESOP shares allocated or committed to be released		9,350	9,350
Less: pre-conversion shares		(8,723,463)	(8,731,904)
Weighted average shares outstanding adjustment		(1,425,431)	(1,426,638)

(8) The following is a reconciliation of pro forma net income to the corresponding amount shown in "—Additional Pro Forma Data."

	(in thousands)
Pro forma net income from table	$ 1,203
After-tax amounts:	
Interest cost for financing the acquisition	(338)
Reinvestment of net offering proceeds	373
Stock awards	(198)
Stock option	(202)
Net income shown in Additional Pro Forma Data	$ 838

The following table presents pro forma income statement information for the year ended December 31, 2010 at the adjusted maximum of the offering range, assuming the sale of 7,273,750 shares in the offering.

Pro Forma Unaudited Condensed Consolidated
Statement of Income
For the Year Ended December 31, 2010

	Cheviot-Federal Historical	Offering Adjustments (1)	New Cheviot Pro Forma as Converted	First Franklin Corporation Historical	Merger Adjustments (3)	New Cheviot Pro Forma Consolidated
	(In thousands, except per share data)					
Interest income	$15,438	$—	$15,438	$ 13,148	$—	$ 28,586
Interest expense	(4,698)	—	(4,698)	(6,432)	1,705 (4)	(9,425)
Net interest income	10,740	—	10,740	6,716	1,705	19,161
Provision for loan losses	(550)	—	(550)	(1,967)	—	(2,517)
Net interest income after provision for loan losses	10,190	—	10,190	4,749	1,705	16,644
Noninterest income	1,323	—	1,323	5,828	—	7,151
Noninterest expense	(8,540)	(116) (2)	(8,656)	(13,430)	(424) (5)	(22,510)
Income before income taxes	2,973	(116)	2,857	(2,853)	1,281	1,285
Income tax expense	(995)	39	(956)	1,282	(436) (6)	(110)
Net income	$1,978	$(77)	$1,901	$(1,571)	$845	$ 1,175 (8)
Basic earnings per share (7)	$0.23	—	$0.17	$(0.93)	—	$ 0.10
Diluted earnings per share (7)	$0.23	—	$0.17	$(0.91)	—	$ 0.10

(1) Shows the effect of the conversion at the adjusted maximum of the offering range including establishment of an Employee Stock Ownership Plan that will acquire 4% of the shares sold in the offering. The Employee Stock Ownership Plan will purchase shares in the offering and in open market purchases. The Employee Stock Ownership Plan loan will be amortized over 20 years on a straight line basis. The Employee Stock Ownership Plan expense shown reflects the estimated amortization expense on a pretax basis. Subject to receipt of shareholder approval, New Cheviot also intends to adopt a stock-based incentive plan that will purchase an amount of shares equal to 4% of the shares sold in the offering for awards as restricted stock and 10% of the shares sold in the offering for issuance upon the exercise of stock options. It is assumed that the stock-based benefit plan will purchase shares in the open market after receiving shareholder approval. Open market purchases are assumed at $8.00 per share. Pursuant to an application of the Black-Scholes option pricing model, the stock options are assumed to have a value of $2.36 per option. This value is assumed to be expensed over the five year vesting period for the options and 25% of the option expense is assumed to be deductible for income tax purposes. Adjustments to record estimated stock-based incentive plan expense and reinvestment income on the net proceeds of the offering will be recorded as incurred. Since these estimates are speculative, they are not reflected in the calculations of pro forma income. The estimated interest income at the adjusted maximum of the offering range is $893,000 pretax for the year ended December 31, 2010. The estimated interest income assumes net cash

proceeds are reinvested at an average pretax yield of 1.76% for the year ended December 31, 2010. The yield approximates the yield on a five year U.S. Treasury security at June 30, 2011. The estimated expense of the restricted stock assuming gross proceeds of $58.2 million is $466,000 pretax for the year ended December 31, 2010. The estimated expense for the stock options assuming gross proceeds of $58.2 million is $343,000 pretax for the year ended December 31, 2010. The Employee Stock Ownership Plan loan is amortized over 20 years on a straight line basis. All income and expense assumes a marginal effective rate of 34.0%.

(2) Employee Stock Ownership Plan loan with a balance of $2.3 million and an amortization period of 20 years straight line. Employee Stock Ownership Plan loan is assumed to be funded internally, so no interest expense is recorded expense is recorded on the consolidated income statement for New Cheviot. Employee Stock Ownership Plan expense thus reflects only the amortization of principal for the period shown.

(3) Reflects the purchase accounting and acquisition adjustments related to the acquisition of First Franklin for a price of $14.50 per share in cash.

(footnotes continue on following page)

(4) Adjustment to interest expense is calculated as follows:

	(in thousands)
Amortization of deposit premium from purchase accounting	$ 1,284
Accretion of borrowings premium from purchase accounting	421
Adjustment to interest expense	$ 1,705

(5) Adjustment to non-interest expense is calculated as follows:

	(in thousands)	
Amortization of core deposit intangible	$ 358	
Depreciation of market value adjustment for fixed assets	66	(assumes 30 year depreciation applied to writeup)
Adjustment to non-interest expense	$ 424	

(6) Marginal tax rate of 34.0%

(7) Calculated based on shares outstanding for earnings per share purposes as follows:

	Cheviot-Federal Historical	Offering Adjustments (*)	New Cheviot Pro Forma as Converted	First Franklin Corporation Historical	Merger Adjustments	New Cheviot Pro Forma Consolidated
Basic earnings per share	8,723,463	2,631,417	11,354,880	1,685,684	(1,685,684)	11,354,880
Diluted earnings per share	8,731,904	2,634,230	11,366,134	1,718,614	(1,718,614)	11,366,134

*Shares		Basic shares	Diluted shares
Exchange ratio	1.333		
Adjusted for exchange ratio		11,631,282	11,642,536
Less: shares to be acquired by the ESOP		(290,950)	(290,950)
Plus: ESOP shares allocated or committed to be released		14,548	14,548
Less: pre-conversion shares		(8,723,463)	(8,731,904)
Weighted average shares outstanding adjustment		2,631,417	2,634,230

(8)

The following is a reconciliation of pro forma net income to the corresponding amount shown in "—Additional Pro Forma Data."

	(in thousands)
Pro forma net income from table	$ 1,175
After-tax amounts:	
Interest cost for financing the acquisition	(338)
Reinvestment of net offering proceeds	589
Stock awards	(307)
Stock option	(314)
Net income shown in Additional Pro Forma Data	$ 805

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Additional Pro Forma Data

The following tables show information about Cheviot-Federal's and First Franklin Corporation's historical combined consolidated net income and shareholders' equity as of and for the year ended December 31, 2010 prior to the offering and merger and New Cheviot's pro forma consolidated net income and shareholders' equity as of and for the year ended December 31, 2010. The following tables also show information about Cheviot-Federal's historical combined consolidated net income and shareholders' equity as of and for the six months ended June 30, 2011 prior to the offering and New Cheviot's pro forma consolidated net income and shareholders' equity as of and for the six months ended June 30, 2011. The actual net proceeds from the sale of the shares of common stock cannot be determined until the offering is completed. Net proceeds indicated in the following tables are based upon the assumptions described in "Pro Forma Unaudited Condensed Consolidated Financial Statement Giving Effect to the Conversion and Acquisition."

We calculated pro forma consolidated net income for the six months ended June 30, 2011, and the year ended December 31, 2010, as if the estimated net proceeds we received had been invested at the beginning of the period at an assumed interest rate of 1.76% (1.16% on an after-tax basis). This represents the yield on the five-year U.S. Treasury Note as of June 30, 2011, which, in light of current market interest rates, we consider to more accurately reflect the pro forma reinvestment rate than the arithmetic average of the weighted average yield earned on our interest earning assets and the weighted average rate paid on our deposits, which is the reinvestment rate generally required by federal regulations.

We further believe that the reinvestment rate is factually supportable because:

- the yield on the U.S Treasury Note can be determined and/or estimated from third-party sources; and

- we believe that U.S. Treasury securities are not subject to credit losses due to a U.S. Government guarantee of payment of principal and interest.

We calculated historical and pro forma per share amounts by dividing historical and pro forma amounts of consolidated net income and shareholders' equity by the indicated number of shares of common stock. We adjusted these figures to give effect to the shares of common stock purchased by the employee stock ownership plan. We computed per share amounts for each period as if the shares of common stock were outstanding at the beginning of each period, but we did not adjust per share historical or pro forma shareholders' equity to reflect the earnings on the estimated net proceeds.

The pro forma table gives effect to the implementation of one or more stock-based benefit plans. Subject to the receipt of shareholder approval, we have assumed that the stock-based benefit plans will acquire for restricted stock awards a number of shares of common stock equal to 4% of the shares of common stock sold in the stock offering at the same price for which they were sold in the stock offering. We assume that awards of common stock granted under the plans vest over a five-year period.

We have also assumed that the stock-based benefit plans will grant options to acquire shares of common stock equal to 10% of the shares of common stock sold in the stock offering. In preparing the table below, we assumed that shareholder approval was obtained, that the exercise price of the stock options and the market price of the stock at the date of grant were $8.00 per share and that the stock options had a term of ten years and vested over five years. We applied the Black-Scholes option pricing model to estimate a grant-date fair value of $2.36 for each option. In addition to the terms of the options described above, the Black-Scholes option pricing model assumed an estimated volatility rate of 35.72% for the shares of common stock, a dividend yield of 3.50%, an expected option life of 10 years and a risk-free rate of return of 3.15%.

We may grant options and award shares of common stock under one or more stock-based benefit plans in excess of 10% and 4%, respectively, of the shares of common stock sold in the stock offering and that vest sooner than over a five-year period if the stock-based benefit plans are adopted more than one year following the stock offering.

As discussed under “How We Intend to Use the Proceeds from the Stock Offering,” we intend to contribute 50% of the net proceeds from the stock offering to Cheviot Savings Bank, and we will retain the remainder of the net proceeds from the stock offering. We will use a portion of the proceeds we retain for the purpose of making a loan to the employee stock ownership plan and retain the rest of the proceeds for future use.

The pro forma table does not give effect to:

withdrawals from deposit accounts for the purpose of purchasing shares of common stock in the stock offering;

our results of operations after the stock offering; or

changes in the market price of the shares of common stock after the stock offering.

The following pro forma information may not be representative of the financial effects of the offering at the dates on which the offering actually occurs, and should not be taken as indicative of future results of operations. Pro forma consolidated shareholders’ equity represents the difference between the stated amounts of our assets and liabilities. The pro forma shareholders’ equity is not intended to represent the fair market value of the shares of common stock and may be different than the amounts that would be available for distribution to shareholders if we liquidated. Moreover, pro forma shareholders’ equity per share does not give effect to the liquidation accounts to be established in the conversion or, in the unlikely event of a liquidation of Cheviot Savings Bank, to the tax effect of the recapture of the bad debt reserve. See “The Conversion and Offering—Liquidation Rights.”

	At or for the Six Months Ended June 30, 2011 Based upon the Sale at $8.00 Per Share of			
	4,675,000 Shares	5,500,000 Shares	6,325,000 Shares	7,273,750 Shares (1)
	(Dollars in thousands, except per share amounts)			
Gross proceeds of offering	$37,400	$44,000	$50,600	$58,190
Market value of shares issued in the exchange	23,375	27,500	31,625	36,369
Pro forma market capitalization	$60,775	$71,500	$82,225	$94,559
Gross proceeds of offering	$37,400	$44,000	$50,600	$58,190
Expenses	2,299	2,466	2,633	2,826
Estimated net proceeds	35,101	41,534	47,967	55,364
Common stock purchased by employee stock ownership plan	(1,496)	(1,760)	(2,024)	(2,328)
Common stock purchased by stock-based benefit plan	(1,496)	(1,760)	(2,024)	(2,328)
Estimated net proceeds, as adjusted	$32,109	$38,014	$43,919	$50,708
For the Six Months Ended June 30, 2011				
Consolidated net earnings:				
Historical	$1,455	$1,455	$1,455	$1,455
Pro forma adjustments:				
Income on adjusted net proceeds	187	221	255	295
Employee stock ownership plan (2)	(25)	(29)	(33)	(38)
Stock awards (3)	(99)	(116)	(134)	(154)
Stock options (4)	(101)	(119)	(137)	(157)
Pro forma net income	$1,417	$1,412	$1,406	$1,401
Earnings per share (5):				
Historical	$0.18	$0.15	$0.13	$0.11
Pro form adjustments:				
Income on adjusted net proceeds	0.03	0.03	0.03	0.03
Employee stock ownership plan (2)	—	—	—	—
Stock awards (3)	(0.01)	(0.01)	(0.01)	(0.01)
Stock options (4)	(0.01)	(0.01)	(0.01)	(0.01)
Pro forma earnings per share (5)	$0.19	$0.16	$0.14	$0.12
Offering price to pro forma net earnings per share	21.05 x	25.00 x	28.57 x	33.33 x
Number of shares used in earnings per share calculations	7,322,768	8,615,022	9,907,274	11,393,365
At June 30, 2011				
Shareholders' equity:				
Historical	$71,340	$71,340	$71,340	$71,340
Estimated net proceeds	35,101	41,534	47,967	55,364
Equity increase from the mutual holding company	48	48	48	48
Common stock acquired by employee stock ownership plan (2)	(1,496)	(1,760)	(2,024)	(2,328)
	(1,496)	(1,760)	(2,024)	(2,328)

Common stock acquired by stock-based benefit plan (3)				
Pro forma shareholders' equity	$103,497	$109,402	$115,307	$122,096
Intangible assets	$(11,517)	$(11,517)	$(11,517)	$(11,517)
Pro forma tangible shareholders' equity (6)	$91,980	$97,885	$103,790	$110,579
Shareholders' equity per share: (5)				
Historical	$9.39	$7.98	$6.95	$6.04
Estimated net proceeds	4.62	4.65	4.67	4.69
Plus: Assets received from the mutual holding company	0.01	0.01	—	—
Common stock acquired by employee stock ownership plan (2)	(0.20)	(0.20)	(0.20)	(0.20)
Common stock acquired by stock-based benefit plan (3)	(0.20)	(0.20)	(0.20)	(0.20)
Pro forma shareholders' equity per share (6) (5)	$13.62	$12.24	$11.22	$10.33
Intangible assets	$(1.52)	$(1.29)	$(1.12)	$(0.97)
Pro forma tangible shareholders' equity per share (6) (5)	$12.10	$10.95	$10.10	$9.36
Offering price as percentage of pro forma shareholders' equity per share	58.74 %	65.36 %	71.30 %	77.44 %
Offering price as percentage of pro forma tangible shareholders' equity per share	66.12 %	73.06 %	79.21 %	85.47 %
Number of shares outstanding for pro forma book value per share calculations	7,596,896	8,937,525	10,278,153	11,819,876

(Footnotes begin on following page)

(1) As adjusted to give effect to an increase in the number of shares that could occur due to a 15% increase in the offering range to reflect demand for the shares or changes in market conditions following the commencement of the stock offering.
(2) Assumes that 4% of the shares of common stock sold in the offering will be purchased by the employee stock ownership plan. For purposes of this table, the funds used to acquire these shares are assumed to have been borrowed by the employee stock ownership plan from New Cheviot. Cheviot Savings Bank intends to make annual contributions to the employee stock ownership plan in an amount at least equal to the required principal and interest payments on the debt. Cheviot Savings Bank's total annual payments on the employee stock ownership plan debt are based upon 20 equal annual installments of principal and interest. Financial Accounting Standards Board Accounting Standards Codification 718-40, "Employers' Accounting for Employee Stock Ownership Plans" ("ASC 718-40") requires that an employer record compensation expense in an amount equal to the fair value of the shares committed to be released to employees. The pro forma adjustments assume that the employee stock ownership plan shares are allocated in equal annual installments based on the number of loan repayment installments assumed to be paid by Cheviot Savings Bank, the fair value of the common stock remains equal to the subscription price and the employee stock ownership plan expense reflects an effective combined federal and state tax rate of 34.0%. The unallocated employee stock ownership plan shares are reflected as a reduction of shareholders' equity. No reinvestment is assumed on proceeds contributed to fund the employee stock ownership plan. The pro forma net income further assumes that 4,675, 5,500, 6,325 and 7,274 shares were committed to be released during the period at the minimum, midpoint, maximum, and adjusted maximum of the offering range, respectively, and in accordance with ASC 718-40, only the employee stock ownership plan shares committed to be released during the period were considered outstanding for purposes of net income per share calculations.
(3) Assumes that, if approved by New Cheviot's shareholders, one or more stock-based benefit plans purchase an aggregate number of shares of common stock equal to 4% of the shares to be sold in the offering. Such amount is subject to adjustment as may be required by federal regulations or policy to reflect restricted stock previously granted by Cheviot-Federal or Cheviot Savings Bank (or may be a greater number of shares if the plan is implemented more than one year after completion of the conversion). Shareholder approval of the plans and purchases by the plans may not occur earlier than six months after the completion of the conversion. The shares may be acquired directly from New Cheviot or through open market purchases. Shares in the stock-based benefit plan are assumed to vest over a period of five years. The funds to be used to purchase the shares will be provided by New Cheviot. The table assumes that (i) the stock-based benefit plan acquires the shares through open market purchases at $8.00 per share, (ii) 10% of the amount contributed to the plan is amortized as an expense during the six months ended June 30, 2011, and (iii) the plan expense reflects an effective combined federal and state tax rate of 34.0%. Assuming shareholder approval of the stock-based benefit plans and that shares of common stock (equal to 4% of the shares sold in the offering) are awarded through the use of authorized but unissued shares of common stock, shareholders would have their ownership and voting interests diluted by approximately 2.4% at the adjusted maximum of the offering range.
(4) Assumes that, if approved by New Cheviot's shareholders, one or more stock-based benefit plans grant options to acquire an aggregate number of shares of common stock equal to 10% of the shares to be sold in the offering. Such amount is subject to adjustment as may be required by federal regulations or policy to reflect stock options previously granted by Cheviot-Federal or Cheviot Savings Bank (or may be a greater number of shares if the plan is implemented more than one year after completion of the conversion). Shareholder approval of the plans may not occur earlier than six months after the completion of the conversion. In calculating the pro forma effect of the stock-based benefit plans, it is assumed that the exercise price of the stock options and the trading price of the common stock at the date of grant were $8.00 per share, the estimated grant-date fair value determined using the Black-Scholes option pricing model was $2.36 for each option, the aggregate grant-date fair value of the stock options was amortized to expense on a straight-line basis over a five-year vesting period of the options, and that 25% of the amortization expense (or the assumed portion relating to options granted to directors) resulted in a tax benefit using an assumed tax rate of 34.0%. The actual expense will be determined by the grant-date fair value of the options, which will depend on a number of factors, including the valuation assumptions used in the option

pricing model ultimately adopted. Under the above assumptions, the adoption of the stock-based benefit plans will result in no additional shares under the treasury stock method for purposes of calculating earnings per share. There can be no assurance that the actual exercise price of the stock options will be equal to the $8.00 price per share. If a portion of the shares used to satisfy the exercise of options comes from authorized but unissued shares, our net income per share and shareholders' equity per share would decrease. The issuance of authorized but unissued shares of common stock pursuant to the exercise of options under such plan would dilute shareholders' ownership and voting interests by approximately 5.8% at the adjusted maximum of the offering range.

(5) Per share figures include publicly held shares of Cheviot-Federal common stock that will be exchanged for shares of New Cheviot common stock in the conversion. See "The Conversion and Offering—Share Exchange Ratio for Current Shareholders." Net income per share computations are determined by taking the number of shares assumed to be sold in the offering and the number of new shares assumed to be issued in exchange for the average publicly held shares outstanding for employee stock ownership plan purposes for the six months ended June 30, 2011 and, in accordance with ASC 718-40, subtracting the employee stock ownership plan shares which have not been committed for release during the period. See note 2. Shareholders' equity per share calculations are based upon the sum of (i) the number of subscription shares assumed to be sold in the offering and (ii) shares to be issued in exchange for publicly held shares at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively. The exchange shares reflect an exchange ratio of 0.8570, 1.0082, 1.1594 and 1.3333 at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively. The number of shares of common stock actually sold and the corresponding number of exchange shares may be more or less than the assumed amounts. Pro forma net income per share has been annualized for purposes of calculating the offering price to pro forma net earnings per share.

(6) The retained earnings of Cheviot Savings Bank will be restricted after the conversion. See "Our Dividend Policy," "The Conversion and Offering—Liquidation Rights" and "Supervision and Regulation—Capital Distributions."

	At or for the Year Ended December 31, 2010 Based upon the Sale at $8.00 Per Share of			
	4,675,000 Shares	5,500,000 Shares	6,325,000 Shares	7,273,750 Shares (1)
	(Dollars in thousands, except per share amounts)			
Gross proceeds of offering	$37,400	$44,000	$50,600	$58,190
Market value of shares issued in the exchange	23,375	27,500	31,625	36,369
Pro forma market capitalization	$60,775	$71,500	$82,225	$94,559
Gross proceeds of offering	$37,400	$44,000	$50,600	$58,190
Expenses	2,299	2,466	2,633	2,826
Estimated net proceeds	35,101	41,534	47,967	55,364
Common stock purchased by employee stock ownership plan	(1,496)	(1,760)	(2,024)	(2,328)
Common stock purchased by stock-based benefit plan	(1,496)	(1,760)	(2,024)	(2,328)
Estimated net proceeds, as adjusted	$32,109	$38,014	$43,919	$50,708
For the Year Ended December 31, 2010				
Consolidated net earnings:				
Historical (2)	$1,252	$1,252	$1,252	$1,252
Financing cost of merger consideration (2)	(338)	(338)	(338)	(338)
Pro forma adjustments:				
Income on adjusted net proceeds	373	442	510	589
Employee stock ownership plan (3)	(49)	(58)	(67)	(77)
Stock awards (4)	(198)	(232)	(267)	(307)
Stock options (5)	(202)	(238)	(273)	(314)
Pro forma net income	$838	$828	$817	$805
Earnings per share (6):				
Historical	$0.18	$0.16	$0.13	$0.12
Financing cost of merger consideration (2)	(0.05)	(0.04)	(0.03)	(0.03)
Pro form adjustments:				
Income on adjusted net proceeds	0.05	0.05	0.05	0.05
Employee stock ownership plan (3)	(0.01)	(0.01)	(0.01)	(0.01)
Stock awards (4)	(0.03)	(0.03)	(0.03)	(0.03)
Stock options (5)	(0.03)	(0.03)	(0.03)	(0.03)
Pro forma earnings per share (6)	$0.11	$0.10	$0.08	$0.07
Offering price to pro forma net earnings per share	72.73 x	80.00 x	100.00 x	114.29 x
Number of shares used in earnings per share calculations	7,298,033	8,585,922	9,873,808	11,354,880
At December 31, 2010				
Shareholders' equity:				
Historical	$69,419	$69,419	$69,419	$69,419
Estimated net proceeds	35,101	41,534	47,967	55,364
Equity increase from the mutual holding company	48	48	48	48
	(1,496)	(1,760)	(2,024)	(2,328)

Common stock acquired by employee stock ownership plan (3)				
Common stock acquired by stock-based benefit plan (5)	(1,496)	(1,760)	(2,024)	(2,328)
Pro forma shareholders' equity	$101,576	$107,481	$113,386	$120,175
Intangible assets (7)	$(11,607)	$(11,607)	$(11,607)	$(11,607)
Pro forma tangible shareholders' equity (6)(8)	$89,969	$95,874	$101,779	$108,568
Shareholders' equity per share: (6)				
Historical	$9.14	$7.77	$6.76	$5.89
Estimated net proceeds	4.62	4.65	4.67	4.69
Plus: Assets received from the mutual holding company	0.01	0.01	—	—
Common stock acquired by employee stock ownership plan (2)	(0.20)	(0.20)	(0.20)	(0.20)
Common stock acquired by stock-based benefit plan (3)	(0.20)	(0.20)	(0.20)	(0.20)
Pro forma shareholders' equity per share	$13.37	$12.03	$11.03	$10.17
Intangible assets (7)	$(1.53)	$(1.30)	$(1.13)	$(0.98)
Pro forma tangible shareholders' equity per share (6)(8)	$11.84	$10.73	$9.90	$9.19
Offering price as percentage of pro forma shareholders' equity per share	59.84%	66.50%	72.53%	78.66%
Offering price as percentage of pro forma tangible shareholders' equity per share	67.57%	74.56%	80.81%	87.05%
Number of shares outstanding for pro forma book value per share calculations	7,596,896	8,937,525	10,278,153	11,819,876

(Footnotes begin on following page)

(1) As adjusted to give effect to an increase in the number of shares that could occur due to a 15% increase in the offering range to reflect demand for the shares or changes in market conditions following the commencement of the stock offering.
(2) Historical net earnings includes $2.0 million of net income for Cheviot-Federal, a $1.6 million net loss for First Franklin Corporation and $845,000 of adjustments from the merger with First Franklin Corporation (exclusive of the financing costs of the merger consideration). For the purposes of this presentation, the funds required to effect the merger with First Franklin Corporation, pre-tax, which were paid upon consummation of the merger, are reflected as an adjustment for purposes of the pro forma net income and pro forma net income per share information. Funds required to effect the merger include the cash portion of the merger consideration and one-time transaction and restructuring costs totaling $29.0 million.
(3) Assumes that 4% of the shares of common stock sold in the offering will be purchased by the employee stock ownership plan. For purposes of this table, the funds used to acquire these shares are assumed to have been borrowed by the employee stock ownership plan from New Cheviot. Cheviot Savings Bank intends to make annual contributions to the employee stock ownership plan in an amount at least equal to the required principal and interest payments on the debt. Cheviot Savings Bank's total annual payments on the employee stock ownership plan debt are based upon 20 equal annual installments of principal and interest. ASC 718-40 requires that an employer record compensation expense in an amount equal to the fair value of the shares committed to be released to employees. The pro forma adjustments assume that the employee stock ownership plan shares are allocated in equal annual installments based on the number of loan repayment installments assumed to be paid by Cheviot Savings Bank, the fair value of the common stock remains equal to the subscription price and the employee stock ownership plan expense reflects an effective combined federal and state tax rate of 34.0%. The unallocated employee stock ownership plan shares are reflected as a reduction of shareholders' equity. No reinvestment is assumed on proceeds contributed to fund the employee stock ownership plan. The pro forma net income further assumes that 9,350, 11,000, 12,650 and 14,548 shares were committed to be released during the year at the minimum, midpoint, maximum, and adjusted maximum of the offering range, respectively, and in accordance with ASC 718-40, only the employee stock ownership plan shares committed to be released during the period were considered outstanding for purposes of net income per share calculations.
(4) Assumes that, if approved by New Cheviot's shareholders, one or more stock-based benefit plans purchase an aggregate number of shares of common stock equal to 4% of the shares to be sold in the offering, subject to adjustment as may be required by federal regulations or policy to reflect restricted stock previously granted by Cheviot-Federal or Cheviot Savings Bank (and may be a greater number of shares if the plan is implemented more than one year after completion of the conversion). Shareholder approval of the plans and purchases by the plans may not occur earlier than six months after the completion of the conversion. The shares may be acquired directly from New Cheviot or through open market purchases. Shares in the stock-based benefit plan are assumed to vest over a period of five years. The funds to be used to purchase the shares will be provided by New Cheviot. The table assumes that (i) the stock-based benefit plan acquires the shares through open market purchases at $8.00 per share, (ii) 20% of the amount contributed to the plan is amortized as an expense during the year ended December 31, 2010, and (iii) the plan expense reflects an effective combined federal and state tax rate of 34.0%. Assuming shareholder approval of the stock-based benefit plans and that shares of common stock (equal to 4% of the shares sold in the offering) are awarded through the use of authorized but unissued shares of common stock, shareholders would have their ownership and voting interests diluted by approximately 2.4% at the adjusted maximum of the offering range.
(5) Assumes that, if approved by New Cheviot's shareholders, one or more stock-based benefit plans grant options to acquire an aggregate number of shares of common stock equal to 10% of the shares to be sold in the offering, subject to adjustment as may be required by federal regulations or policy to reflect stock options previously granted by Cheviot-Federal or Cheviot Savings Bank (and may be a greater number of shares if the plan is implemented more than one year after completion of the conversion). Shareholder approval of the plans may not occur earlier than six months after the completion of the conversion. In calculating the pro forma effect of the stock-based benefit plans, it is assumed that the exercise price of the stock options and the trading price of the common stock at

the date of grant were $8.00 per share, the estimated grant-date fair value determined using the Black-Scholes option pricing model was $2.36 for each option, the aggregate grant-date fair value of the stock options was amortized to expense on a straight-line basis over a five-year vesting period of the options, and that 25% of the amortization expense (or the assumed portion relating to options granted to directors) resulted in a tax benefit using an assumed tax rate of 34.0%. The actual expense will be determined by the grant-date fair value of the options, which will depend on a number of factors, including the valuation assumptions used in the option pricing model ultimately adopted. Under the above assumptions, the adoption of the stock-based benefit plans will result in no additional shares under the treasury stock method for purposes of calculating earnings per share. There can be no assurance that the actual exercise price of the stock options will be equal to the $8.00 price per share. If a portion of the shares used to satisfy the exercise of options comes from authorized but unissued shares, our net income per share and shareholders' equity per share would decrease. The issuance of authorized but unissued shares of common stock pursuant to the exercise of options under such plan would dilute shareholders' ownership and voting interests by approximately 5.8% at the maximum of the offering range.

(6) Per share figures include publicly held shares of Cheviot-Federal common stock that will be exchanged for shares of New Cheviot common stock in the conversion. See "The Conversion and Offering—Share Exchange Ratio for Current Shareholders." Net income per share computations are determined by taking the number of shares assumed to be sold in the offering and the number of new shares assumed to be issued in exchange for the average publicly held shares outstanding for employee stock ownership plan purposes for the six months ended June 30, 2011 and, in accordance with ASC 718-40, subtracting the employee stock ownership plan shares which have not been committed for release during the period. See note 2. Shareholders' equity per share calculations are based upon the sum of (i) the number of subscription shares assumed to be sold in the offering and (ii) shares to be issued in exchange for publicly held shares at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively. The exchange shares reflect an exchange ratio of 0.8570, 1.0082, 1.1594 and 1.3333 at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively. The number of shares of common stock actually sold and the corresponding number of exchange shares may be more or less than the assumed amounts.

(7) Includes $11.6 million of goodwill and core deposit intangibles resulting from the acquisition of First Franklin Corporation.

(8) The retained earnings of Cheviot Savings Bank will be restricted after the conversion. See "Our Dividend Policy," "The Conversion and Offering—Liquidation Rights" and "Supervision and Regulation—Capital Distributions."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis reflects our consolidated financial statements and other relevant statistical data, and is intended to enhance your understanding of our financial condition and results of operations. The information in this section has been derived from the audited and unaudited consolidated financial statements, which appear beginning on page F-1 of this prospectus. You should read the information in this section in conjunction with the business and financial information regarding Cheviot-Federal provided in this prospectus, as well as in conjunction with the audited and unaudited consolidated financial statements of First Franklin Corporation beginning on page G-1 of this prospectus.

Overview

We steadily grew our organization organically to $358.0 million in assets at December 31, 2010 from $309.8 million at December 31, 2006. Although our loan portfolio grew to $271.8 million at December 31, 2008 from $249.8 million at December 31, 2006, it subsequently shrank to $231.0 million at December 31, 2010. The decrease reflected the effect of the recent financial crisis and subsequent recession, as our conservative loan underwriting and extreme competition for quality loans, including the fact that we do not originate subprime, Alt-A or option ARM residential mortgage loans, has resulted in loan repayments exceeding originations in the past two years. The decrease also reflects our recent decision to sell longer-term, fixed rate residential real estate loans as part of our efforts to manage interest rate risk. However, our lending practices have resulted in relatively low levels of non-performing assets at a time when many financial institutions are experiencing significant deterioration in asset quality. Our non-performing assets totaled $6.9 million at December 31, 2010, or 1.92% of total assets, compared to $4.5 million, or 1.31% of total assets at December 31, 2009.

On March 16, 2011, we completed the acquisition of First Franklin Corporation and its wholly-owned subsidiary, The Franklin Savings and Loan Company. We acquired $277.6 million of assets, including $196.5 million of net loans, and also assumed $252.9 million of liabilities, including $221.5 million of deposits. We recorded goodwill and other intangible assets associated with the acquisition totaling $11.6 million. As a result of the acquisition of First Franklin Corporation, we increased our commercial real estate, commercial business and other real estate loan portfolios by approximately $40.5 million. In addition, our one- to four-family residential loans, including home equity lines of credit, increased by approximately $130.7 million. However, due primarily to the acquisition, our non-performing assets totaled $13.8 million at June 30, 2011, or 2.32% of total assets at that date. Our allowance for loan losses as a percentage of total loans originated was 0.64% at June 30, 2011 compared to 0.55% at December 31, 2010, and our allowance for loan losses as a percentage of originated non-performing assets was 18.38% at June 30, 2011 and 18.10% at December 31, 2010. Applicable accounting guidance requires us to book assets acquired in an acquisition, such as loans, at their fair value, and without the related allowance for loan losses as reflected on the target entity's financial statements. Therefore, increases in loans outstanding and in nonperforming loans resulting from the acquisition did not result in a corresponding increase in our allowance for loan losses.

All of our mortgage-backed securities have been issued by Freddie Mac, Fannie Mae or Ginnie Mae, which are U.S. Government agencies or Government-sponsored enterprises. These entities guarantee the payment of principal and interest on our mortgage-backed securities. We do not own any common or preferred stock issued by Fannie Mae or Freddie Mac.

As of June 30, 2011, our available credit lines and other sources of liquidity had not been reduced compared to levels from December 31, 2008.

Following the completion of the conversion, our non-interest expense is expected to increase because of the increased compensation expenses associated with the purchase of shares of common stock by our employee stock ownership plan and the possible implementation of one or more stock-based benefit plans, if approved by our stockholders no earlier than six months after the completion of the conversion. For further information, see "Summary—Benefits to Management and Potential Dilution to Stockholders Resulting from the Conversion;" "Risk

Factors—Our stock-based benefit plans would increase our expenses and reduce our income;" and "Management—Benefits to be Considered Following Completion of the Conversion."

Business Strategy

Our principal objective is to build long-term value for our shareholders by operating a profitable community-oriented financial institution dedicated to meeting the banking needs of our customers. Our board of directors has sought to accomplish this objective with a strategy designed to increase profitability, while maintaining a strong capital position and high asset quality. We cannot assure you that we will successfully implement our business strategy.

Highlights of our business strategy are as follows:

Continuing to focus on developing business ties in the communities we serve. As a community bank with roots dating back to 1911, we are uniquely positioned to understand the financial needs of our customers and marketplace. We believe our active involvement in the markets we serve gives us a competitive advantage in promptly and effectively meeting the needs of our customers compared to out-of-market competitors. At June 30, 2011, the significant majority of our loans were secured by properties located in Hamilton County, Ohio and contiguous counties, and the significant majority of our deposits were from customers located in these counties. In 2003, we established the Cheviot Savings Bank Charitable Foundation and funded it with cash and shares of Cheviot-Federal common stock.

Continuing our focus on retail customers and residential lending. Our primary focus has been providing for the banking needs of retail customers by providing one- to four-family residential loans to customers in our market area. At June 30, 2011, these loans comprised approximately 76.9% of total loans. While we have recently enhanced our commercial lending personnel and capabilities, we intend to remain focused on our core competencies in one- to four-family residential lending.

Increasing core deposits. We are committed to generating lower-cost, stable core deposits. We value core deposits because they typically represent longer-term customer relationships and a lower cost of funding as compared to certificates of deposit. We intend to continue to increase our core deposit base by cross-selling existing customers and establishing new relationships. At June 30, 2011 our core deposits totaled $194.3 million, or 40.9% of total deposits.

Improving and maintaining strong asset quality. We have emphasized maintaining high asset quality by following conservative underwriting criteria and focusing on lower risk lending. As of June 30, 2011, our ratio of non-performing loans to total loans was 2.49%. By implementing conservative underwriting on originated loans and conservative valuations on purchased loans, we are able to minimize charge-offs in our loan portfolio. The ratio of net charge-offs to average loans totaled 0.03% (annualized) and 0.14% for the six months ended June 30, 2011 and the year ended December 31, 2010, respectively.

Emphasizing operating efficiencies and cost controls. Management continues to focus on its level of non-interest expenses and continually looks to identify ways to reduce operating expenses. In 2011, we acquired First Franklin Corporation and, as the acquisition is fully integrated, we expect operating expenses to decrease. Our efficiency ratios for the six months ended June 30, 2011 and the year ended December 31, 2010 were 77.2% and 70.8%, respectively.

Continuing to grow through the expansion of our branch network. As market conditions permit, we will continue to consider geographic expansion through a combination of de novo branching and, if opportunities present themselves, acquisitions of other financial services companies. We will consider acquisition opportunities in our existing and

contiguous markets,

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although we do not currently have any agreements or understandings regarding any specific acquisitions.

Successfully integrating our acquisition of First Franklin Corporation and The Franklin Savings and Loan Company. In March 2011, we completed the acquisition of First Franklin Corporation. Our management team integrated First Franklin's operations immediately after closing as well as implemented our credit, risk, interest rate risk management, liquidity, compliance and technology infrastructure. The systems conversion was completed in May 2011.

Critical Accounting Policies

We consider accounting policies involving significant judgments and assumptions by management that have, or could have, a material impact on the carrying value of certain assets or on income to be critical accounting policies. We believe that the most critical accounting policies upon which our financial condition and results of operation depend, and which involve the most complex subjective decisions or assessments, are the following:

Allowance for Loan Losses. The allowance for loan losses is the estimated amount considered necessary to cover inherent, but unconfirmed, credit losses in the loan portfolio at the balance sheet date. The allowance is established through the provision for losses on loans which is charged against income. In determining the allowance for loan losses, management makes significant estimates and has identified this policy as one of our most critical accounting policies.

Management performs a quarterly evaluation of the allowance for loan losses. Consideration is given to a variety of factors in establishing this estimate including, but not limited to, current economic conditions, delinquency statistics, geographic and industry concentrations, the adequacy of the underlying collateral, the financial strength of the borrower, results of internal loan reviews and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant change.

The analysis has two components, specific and general allocations. Specific percentage allocations can be made for unconfirmed losses related to loans that are determined to be impaired. Impairment is measured by determining the present value of expected future cash flows or, for collateral-dependent loans, the fair value of the collateral adjusted for market conditions and selling expenses. If the fair value of the loan is less than the loan's carrying value, a charge-off is recorded for the difference. The general allocation is determined by segregating the remaining loans by type of loan, risk weighting (if applicable) and payment history. We also analyze historical loss experience, delinquency trends, general economic conditions and geographic and industry concentrations. This analysis establishes factors that are applied to the loan groups to determine the amount of the general reserve. Actual loan losses may be significantly more than the allowances we have established which could result in a material negative effect on our financial results.

Securities Valuation and Impairment. We classify our investments in debt and equity securities as either held-to-maturity or available-for-sale. Securities classified as held-to maturity are recorded at cost or amortized cost. Available-for-sale securities are carried at fair value. We obtain our fair values from a third party service. This service's fair value calculations are based on quoted market prices when such prices are available. If quoted market prices are not available, estimates of fair value are computed using a variety of techniques, including extrapolation from the quoted prices of similar instruments or recent trades for thinly traded securities, fundamental analysis, or through obtaining purchase quotes. Due to the subjective nature of the valuation process, it is possible that the actual fair values of these investments could differ from the estimated amounts, thereby affecting our financial position, results of operations and cash flows. If the estimated value of investments is less than the cost or amortized cost, we evaluate whether an event or change in circumstances has occurred that may have a significant adverse effect on the fair value of the investment. If such an event or change has occurred and we determine that the impairment is

other-than-temporary, we expense the impairment of the investment in the period in which the event or change occurred. We also consider how long a security has been in a loss position in determining if it is other than temporarily impaired. Management also assesses the nature of the unrealized losses taking into consideration factors such as

changes in risk –free interest rates, general credit spread widening, market supply and demand, creditworthiness of the issuer, and quality of the underlying collateral.

Valuation of Assets Acquired and Liabilities Assumed. The acquired assets and assumed liabilities of First Franklin Corporation were measured at estimated fair values, as required by the Business Combinations topic of the Accounting Standards Codification. Management made significant estimates and exercised significant judgment in accounting for the acquisition. Management measured loan fair values based on loan file reviews (including borrower financial statements or tax returns), appraised collateral values, expected cash flows and historical loss factors of The Franklin Savings and Loan Company. Real estate acquired through foreclosure was primarily valued based on appraised collateral values. We also recorded an identifiable intangible asset representing the core deposit base of The Franklin Savings and Loan Company based on management's evaluation of the cost of such deposits relative to alternative funding sources. Management used significant estimates including the average lives of depository accounts, future interest rate levels, the cost of servicing various depository products and other significant estimates. Management used market quotations to determine the fair value of investment securities and Federal Home Loan Bank advances.

The acquired assets of First Franklin Corporation and The Franklin Savings and Loan Company include loans receivable. Loans receivable acquired with deteriorated credit quality amounted to $25.0 million with a related credit quality discount of $5.5 million. The method of measuring carrying value of purchased loans differs from loans we originate, and as such, we identify purchased loans and purchased loans with a credit quality discount. At June 30, 2011, loans receivable acquired with deteriorated credit quality decreased to $17.3 million as a result of payments and other exit activities.

In recording deferred tax assets inherent in the acquisition, we are subject to an overall limitation in the amount that can be included in regulatory capital. The amount of allowable deferred tax benefits includible in regulatory capital is a combination of available refunds in carryback years, existing taxable temporary differences, and projected earnings available to offset operating loss carryforwards over the next year. Management is of the belief that such limited amount is fully consistent with the amount of deferred taxes that would be recognized under GAAP and, accordingly, recorded the deferred tax assets in the acquisition at the maximum amount includible in regulatory capital and established a valuation allowance for the difference. If Cheviot-Federal's future earnings decline from current projected levels, an additional valuation allowance for deferred tax assets will be recorded as a charge against earnings. At June 30, 2011, Cheviot-Federal's earnings post-acquisition had absorbed the entire amount of operating loss carryforwards subject to a valuation allowance.

Net Interest Income

Net interest income represents the difference between interest income on interest-earning assets and interest expense on interest-bearing liabilities. Net interest income also depends on the relative amounts of interest-earning assets and interest-bearing liabilities and the interest rate earned or paid on them, respectively.

The following tables set forth certain information at and for the periods indicated. The total dollar amount of interest income from average interest-earning assets and the resultant yields, as well as the interest expense on average interest-bearing liabilities, is expressed both in dollars and rates. No tax equivalent adjustments were deemed necessary based on materiality. Average balances are based on monthly averages. In the opinion of management, monthly averages do not differ materially from daily averages. Yields and rates for the six months ended June 30, 2011 and 2010 are annualized.

	At June 30, 2011	For the Six Months Ended June 30,					
		2011			2010		
	Yield/ Rate	Average Outstanding Balance	Interest	Average Yield/ Rate (5)	Average Outstanding Balance	Interest	Average Yield/ Rate (5)
	(Dollars in thousands)						
Assets:							
Interest-earning assets:							
Loans receivable, net (1)	5.29 %	$ 335,698	$ 8,853	5.27 %	$ 244,122	$ 6,913	5.66 %
Mortgage-backed securities	2.61	11,389	137	2.41	10,153	162	3.19
Investment securities	2.18	94,075	1,033	2.20	64,512	848	2.63
Interest-earning deposits and other (2)	0.80	10,620	137	2.58	5,837	77	2.64
Total interest-earning assets	4.00	451,782	10,160	4.50	324,624	8,000	4.93
Total non-interest-earning assets		51,618			24,516		
Total assets		$ 503,400			$ 349,140		
Liabilities and Shareholders' Equity:							
Interest-bearing liabilities:							
Deposits	1.43	$ 387,257	2,217	1.14	$ 231,886	1,784	1.54
FHLB advances	3.94	38,458	615	3.20	36,908	718	3.89
Total interest-bearing liabilities	1.77	425,715	2,832	1.33	268,794	2,504	1.86
Total non-interest-bearing liabilities		7,407			10,919		
Total liabilities		433,122			279,713		
Shareholders' equity		70,278			69,427		

Total liabilities and shareholders' equity	$ 503,400		$ 349,140	
Net interest income	$ 7,328		$ 5,498	
Interest rate spread (3)		3.17 %		3.07 %
Net interest margin (4)		3.24 %		3.39 %
Average interest-earning assets to average interest-bearing liabilities		106.12 %		120.77 %

(footnotes on following page)

	For the Years Ended December 31,								
	2010			2009			2008		
	Average Outstanding Balance	Interest	Average Yield/ Rate	Average Outstanding Balance	Interest	Average Yield/ Rate	Average Outstanding Balance	Interest	Average Yield/ Rate
	(Dollars in thousands)								
Assets:									
Interest-earning assets:									
Loans receivable, net (1)	$240,224	$13,285	5.53 %	$253,302	$14,643	5.78 %	$260,708	$15,436	5.92 %
Mortgage-backed securities	9,871	289	2.93	11,080	437	3.94	8,505	464	5.46
Investment securities	67,633	1,714	2.53	42,562	1,197	2.81	35,488	2,074	5.84
Interest-earning deposits and other (2)	5,237	150	2.86	12,103	196	1.62	4,507	84	1.86
Total interest-earning assets	322,965	15,438	4.78	319,047	16,473	5.16	309,208	18,058	5.84
Total non-interest-earning assets	28,312			19,786			17,289		
Total assets	$351,277			$338,833			$326,497		
Liabilities and Shareholders' Equity:									
Interest-bearing liabilities:									
Deposits	$236,704	3,435	1.45	$224,324	4,844	2.16	$212,963	6,727	3.16
FHLB advances	33,152	1,263	3.81	39,783	1,741	4.38	39,257	1,718	4.38
Total interest-bearing liabilities	269,856	4,698	1.74	264,107	6,585	2.49	252,220	8,445	3.35
Total non-interest-bearing liabilities	11,208			6,069			6,535		
Total liabilities	281,064			270,176			258,755		
Shareholders' equity	70,213			68,657			67,742		
Total liabilities and shareholders' equity	$351,277			$338,833			$326,497		

Net interest income	$10,740	$9,888	$9,613
Interest rate spread (3)	3.04 %	2.67 %	2.49 %
Net interest margin (4)	3.33 %	3.10 %	3.11 %
Average interest-earning assets to average interest-bearing liabilities	119.68 %	120.80 %	122.59 %

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(1) Includes nonaccruing loans. Interest income on loans receivable, net includes amortized loan origination fees.
(2) Includes interest-earning demand deposits, other interest-earning deposits and Federal Home Loan Bank stock.
(3) Interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average rate on interest-bearing liabilities.
(4) Net interest margin is net interest income divided by average interest-earning assets.
(5) Yields and rates for the six months ended June 30, 2011 and 2010 are annualized.

Rate/Volume Analysis

The following table presents the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected our interest income and interest expense during the periods indicated. Information is provided in each category with respect to: (i) changes attributable to changes in volume (changes in volume multiplied by prior rate); (ii) changes attributable to changes in rate (changes in rate multiplied by prior volume); and (iii) the net change. The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

	Six Months Ended June 30, 2011 vs. 2010			Year Ended December 31, 2010 vs. 2009			Year Ended December 31, 2009 vs. 2008		
	Increase (Decrease) Due to		Total Increase	Increase (Decrease) Due to		Total Increase	Increase (Decrease) Due to		Total Increase
	Volume	Rate	(Decrease)	Volume	Rate	(Decrease)	Volume	Rate	(Decrease)
				(In thousands)					
Interest-earning assets:									
Loans receivable, net	$ 5,073	$ (652)	$ 4,421	$ (739)	$ (619)	$ (1,358)	$ (434)	$ (359)	$ (793)
Mortgage-backed securities	48	(63)	(15)	(44)	(104)	(148)	120	(147)	(27)
Investment securities	604	(252)	352	645	(128)	517	354	(1,231)	(877)
Interest-earning assets	140	(16)	124	(147)	101	(46)	124	(12)	112
Total interest-earning assets	5,865	(983)	4,882	(285)	(750)	(1,035)	164	(1,749)	(1,585)
Interest-bearing liabilities:									
Deposits	1,849	(850)	999	255	(1,664)	(1,409)	343	(2,226)	(1,883)
FHLB advances	202	(235)	(33)	(268)	(210)	(478)	23	—	23
Total interest-bearing liabilities	2,051	(1,085)	966	(13)	(1,874)	(1,887)	366	(2,226)	(1,860)
Increase (decrease) in net interest income	$ 3,814	$ 102	$ 3,916	$ (272)	$ 1,124	$ 852	$ (202)	$ 477	$ 275

Comparison of Financial Condition at June 30, 2011 and December 31, 2010

Total assets increased $239.1 million, or 66.8%, to $597.1 million at June 30, 2011, from $358.1 million at December 31, 2010. The increase in total assets is primarily the result of the First Franklin acquisition. As a result of the acquisition, we recorded increases in cash and cash equivalents, mortgage-backed securities and loans receivable.

Cash, federal funds sold and interest-earning deposits increased $15.9 million, or 87.3%, to $34.0 million at June 30, 2011, from $18.1 million at December 31, 2010. The increase in cash and cash equivalents at June 30, 2011 was due to a $10.7 million increase in federal funds sold, a $3.0 million increase in interest-earning deposits and a $2.2 million increase in cash and due from banks. We acquired $20.5 million in cash and cash equivalents in the First Franklin acquisition. Investment securities decreased $366,000 to $88.0 million at June 30, 2011. At June 30, 2011, all investment securities were classified as available for sale. As of June 30, 2011, none of our investment securities are considered impaired.

Mortgage-backed securities increased $3.8 million, or 41.8%, to $12.8 million at June 30, 2011, from $9.1 million at December 31, 2010. The increase in mortgage-backed securities was due primarily to $4.5 million of mortgage-backed securities designated as available for sale acquired from First Franklin. During the six months ended June 30, 2011, there were principal prepayments and repayments totaling approximately $945,000. At June 30, 2011, $4.5 million of mortgage-backed securities were classified as held to maturity, while $8.4 million were classified as available for sale. As of June 30, 2011, none of the mortgage-backed securities are considered other than temporarily impaired.

Loans receivable, including loans held for sale, increased $182.2 million, or 80.8%, to $407.7 million at June 30, 2011, from $225.4 million at December 31, 2010. The increase in loans receivable is the result of acquiring approximately $198.7 million in net loans receivable in the First Franklin acquisition. In addition, the change in net loans receivable reflects loan sales of 15- and 30-year fixed rate mortgage loans totaling $18.8 million and loan principal repayments of $29.8 million, which were partially offset by loan originations of $35.3 million. The acquisition of First Franklin resulted in changes to the overall composition of the loan portfolio. The portfolio is currently comprised of approximately 48% in fixed-rate mortgage loans and 52% in variable-rate mortgage loans. In addition, as a result of the acquisition, our commercial loans increased to 15.0% of total loans compared to 8.4% of total loans at December 31, 2010.

The allowance for loan losses totaled $1.4 million and $1.2 million at June 30, 2011 and December 31, 2010, respectively. In determining the adequacy of the allowance for loan losses at any point in time, management and the board of directors apply a systematic process focusing on the risk of loss in the portfolio. First, the loan portfolio is segregated by loan types to be evaluated collectively and loan types to be evaluated individually. Delinquent multi-family and commercial loans are evaluated individually for potential impairments in their carrying value. Second, the allowance for loan losses entails utilizing our historic loss experience by applying such loss percentage to the loan types to be collectively evaluated in the portfolio. During the six months ended June 30, 2011 we recorded a $200,000 provision for loan losses reflecting these factors as well as replenishing the allowance for charge-offs. The analysis of the allowance for loan losses requires an element of judgment and is subject to the possibility that the allowance may need to be increased, with a corresponding reduction in earnings. Under applicable accounting guidelines, loans acquired in the acquisition were marked to fair value. Therefore, as of June 30, 2011, we have not provided loan losses for the loans acquired in the acquisition. To the best of management’s knowledge, all known and inherent losses that are probable and that can be reasonably estimated have been recorded at June 30, 2011.

Non-performing and impaired originated loans totaled $5.2 million and $4.9 million at June 30, 2011 and December 31, 2010, respectively. At June 30, 2011, non-performing and impaired originated loans were comprised of

44 loans secured by one- to four-family residential real estate and two loans secured by nonresidential real estate. At June 30, 2011 and December 31, 2010, real estate acquired through foreclosure totaled $3.7 million and $2.0 million, respectively. The allowance for loan losses represented 26.7% and 25.6% of originated non-performing and

impaired loans at June 30, 2011 and December 31, 2010, respectively. Although management believes that the allowance for loan losses conforms to generally accepted accounting principles based upon the available facts and circumstances, there can be no assurance that additions to the allowance will not be necessary in future periods, which would adversely affect our results of operations.

Deposits increased $217.0 million, or 84.2%, to $474.8 million at June 30, 2011, from $257.9 million at December 31, 2010. Deposits assumed at the time of the acquisition were approximately $218.8 million, net of a fair value adjustment of $2.7 million. Deposits acquired include savings deposits totaling approximately $77.7 million and time deposits of approximately $141.1 million with an overall average rate of 1.90%. Advances from the Federal Home Loan Bank of Cincinnati increased by $16.9 million, or 62.1%, to $44.2 million at June 30, 2011, from $27.3 million at December 31, 2010. The increase is a result of assuming $22.4 million in advances as a result of the acquisition of First Franklin. During the six months ended June 30, 2011, we had proceeds from Federal Home Loan Bank advances of $11.0 million, which was offset by repayments of $17.2 million.

Shareholders' equity increased $1.9 million, or 2.8%, to $71.3 million at June 30, 2011, from $69.4 million at December 31, 2010. The increase primarily resulted from net earnings of $1.5 million and amortization of stock benefit plans of $18,000, which were partially offset by dividends paid of $816,000. At June 30, 2011, Cheviot-Federal had the ability to purchase an additional 360,818 shares under its announced stock repurchase plan. The repurchase plan has been suspended as a result of Cheviot Mutual Holding Company's adoption of a Plan of Conversion providing for the conversion of our mutual holding company to stock form and the related stock offering.

Comparison of Financial Condition at December 31, 2010 and December 31, 2009

At December 31, 2010, we had total assets of $358.1 million, an increase of $16.2 million, or 4.7%, from $341.9 million at December 31, 2009. The increase in total assets reflects an increase in investment securities totaling $32.5 million and an increase in cash and cash equivalents of $6.9 million, which was partially offset by a decrease in loans receivable of $21.6 million.

Cash, federal funds sold and interest-earning deposits in other financial institutions totaled $18.1 million at December 31, 2010, an increase of $6.9 million, or 60.9%, from $11.3 million at December 31, 2009. Investment securities totaled $88.4 million at December 31, 2010, an increase of $32.5 million, or 58.2%, from $55.9 million at December 31, 2009. During the year ended December 31, 2010, investment securities purchases consisted of $118.7 million of U.S. Government agency obligations, which were partially offset by $85.1 million of maturities. At December 31, 2010, all of our investment securities were classified as available for sale. As of December 31, 2010, none of the investment securities are considered impaired.

Mortgage-backed securities totaled $9.1 million at December 31, 2010, a decrease of $1.6 million, or 15.1%, from $10.7 million at December 31, 2009. The decrease in mortgage-backed securities was due to $1.7 million of principal repayments. At December 31, 2010, $4.8 million of mortgage-backed securities were classified as held to maturity, while $4.3 million were classified as available for sale. As of December 31, 2010, none of the mortgage-backed securities are considered impaired.

Loans receivable, including loans held for sale, totaled $225.4 million at December 31, 2010, a decrease of $21.6 million, or 8.7%, from $247.0 million at December 31, 2009. The decrease resulted from loan repayments of $58.6 million and loans sales of $29.7 million, which were partially offset by loan originations of $34.0 million. The change in the composition of our assets reflects management's decision to take advantage of opportunities to obtain a higher rate of return by selling certain mortgage loans and recording gains, as well as lower levels of one- to four-family loans and multi-family loan originations. Cheviot Savings Bank will sell selected one- to four-family residential fixed-rate loans to the Federal Home Loan Bank of Cincinnati. Loans sold and serviced totaled $44.6

million at December 31, 2010. There were approximately $4.4 million of loans held for sale in our loan portfolio at December 31, 2010.

At December 31, 2010, the allowance for loan losses totaled $1.2 million, or 0.55% of net loans, compared to $1.0 million, or 0.41% of net loans at December 31, 2009. In determining the appropriate level of our allowance for loan losses at any point in time, management and the board of directors apply a systematic process focusing on the risk of loss in the portfolio. First, the loan portfolio is segregated by loan types to be evaluated collectively and loan types to be evaluated individually. Delinquent multi-family and commercial loans are evaluated individually for potential impairments in their carrying value. Second, the allowance for loan losses entails utilizing our three year historic loss experience by applying such loss percentage to the loan types to be collectively evaluated in the portfolio. The $550,000 provision for losses on loans during the year ended December 31, 2010 is a reflection of the following factors: weak economic conditions in the greater Cincinnati area, loan charge-offs of $155,000 and the need to allocate approximately $178,000 in specific reserves for seven properties with principal balances totaling $617,000 which were acquired through foreclosure. The analysis of the allowance for loan losses requires an element of judgment and is subject to the possibility that the allowance may need to be increased, with a corresponding reduction in earnings. To the best of management's knowledge, all known and inherent losses that are probable and that can be reasonably estimated have been recorded at December 31, 2010.

Non-performing and impaired loans totaled $4.9 million at December 31, 2010, compared to $2.4 million at December 31, 2009. At December 31, 2010, non-performing and impaired loans were comprised of 47 loans secured by one- to four-family residential real estate and one loan secured by land. At both December 31, 2010 and December 31, 2009, real estate acquired through foreclosure totaled $2.0 million, respectively. We have an allowance for loan losses intended to absorb losses inherent in our loan portfolio. The allowance for loan losses totaled 25.6% and 41.9% of non-performing loans at December 31, 2010 and 2009, respectively. Based on individual analyses of these loans, management believes that the allowance for loan losses conforms to generally accepted accounting principles based upon the available facts and circumstances. However, there can be no assurance that additions to the allowance will not be necessary in future periods, which would adversely affect our results of operations.

Deposits totaled $257.9 million at December 31, 2010, an increase of $21.9 million, or 9.3%, from $235.9 million at December 31, 2009. The increase in deposits consisted of a $22.2 million increase in demand transaction and passbook accounts offset by a decrease in certificates of deposits of $213,000.

Advances from the Federal Home Loan Bank of Cincinnati decreased by $6.4 million, or 18.9%, to a total of $27.3 million at December 31, 2010. During 2010, Federal Home Loan Bank advances were not used as a funding source for loan originations as we sold more loans to the Federal Home Loan Bank.

Shareholders' equity totaled $69.4 million at December 31, 2010, a $669,000, or 1.0%, increase from December 31, 2009. The increase in shareholders' equity resulted primarily from net earnings of $2.0 million and an increase in shares acquired by stock benefit plans of $767,000, which was partially offset the payment of dividends of $1.4 million paid during 2010.

Comparison of Results of Operations for the Six Months Ended June 30, 2011 and June 30, 2010

General. Net earnings for the six months ended June 30, 2011 totaled $1.5 million, a $374,000 increase from the $1.1 million of net earnings reported for the same period in 2010. The increase in net earnings reflects growth in net interest income of $1.8 million, an increase in other income of $818,000, and a decrease in the provision for federal income taxes of $332,000, which were partially offset by an increase of $100,000 in the provision for losses on loans and an increase of $2.5 million in general, administrative and other expense.

Net Interest Income. Total interest income increased $2.2 million, or 27.0%, to $10.2 million for the six-months ended June 30, 2011, from the comparable period in 2010. Interest income on loans increased $1.9 million, or 28.1%, to $8.9 million during the 2011 period. This increase was due primarily to an increase of $91.6 million, or 37.5%, in

average loans outstanding, which was partially offset by a decrease in the average yield on loans to 5.27% for the 2011 period from 5.66% for the 2010 period.

Interest income on mortgage-backed securities decreased $25,000, or 15.4%, to $137,000 for the six months ended June 30, 2011, from $162,000 for the same period in 2010, due primarily to a 78 basis point decrease in the average yield, which was partially offset by a $1.2 million increase in the average balance of securities. Interest income on investment securities increased $185,000, or 21.8%, to $1.0 million for the six months ended June 30, 2011, compared to $848,000 for the same period in 2010, due primarily to an increase of $29.6 million, or 45.8%, increase in the average balance of investment securities outstanding, which was partially offset by a decrease in the average yield of 43 basis points to 2.20% in the 2011 period. Interest income on other interest-earning deposits increased $60,000, or 77.9% to $137,000 for the six months ended June 30, 2011, as compared to the same period in 2010.

Interest expense increased $330,000, or 13.2% to $2.8 million for the six months ended June 30, 2011, from $2.5 million for the same period in 2010. Interest expense on deposits increased by $433,000, or 24.3%, to $2.2 million for the six months ended June 30, 2011, from $1.8 million for the same period in 2010 due primarily to a 40 basis point decrease in the average cost of deposits to 1.14% during the 2011 period, which was partially offset by a $155.4 million, or 67.0%, increase in the average balances outstanding. The decrease in the average cost of deposits is due to the overall changes in the deposit composition and lower market rates for the period. Interest expense on borrowings decreased by $103,000, or 14.3%, due primarily to a 69 basis point decrease in the average cost of borrowings, which was partially offset by an increase of $1.6 million, or 4.2% in the average balance outstanding.

As a result of the foregoing changes in interest income and interest expense, net interest income increased by $1.8 million, or 33.3%, to $7.3 million for the six months ended June 30, 2011. The average interest rate spread increased to 3.17% for the six months ended June 30, 2011 from 3.07% for the six months ended June 30, 2010. The net interest margin decreased to 3.24% for the six months ended June 30, 2011 from 3.39% for the six months ended June 30, 2010.

Provision for Losses on Loans. As a result of an analysis of historical experience, the volume and type of lending we conducted, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to our market area, and other factors related to the collectability of our loan portfolio, management recorded a $200,000 provision for losses on loans for the six months ended June 30, 2011, compared to a $100,000 provision for losses on loans for the six months ended June 30, 2010. Non-performing loans were 2.4% and 1.1% of total originated loans at June 30, 2011 and June 30, 2010, respectively. The provision for loan losses for the six months ended June 30, 2011 reflects the amount necessary to maintain an adequate allowance based on our historical loss experience, as well as consideration of other external factors. These other external factors, economic conditions, and collateral value changes, have had a negative impact on non-owner-occupied loans in the portfolio. There can be no assurance that the loan loss allowance will be sufficient to cover losses on non-performing loans in the future; however, management believes they have identified all known and inherent losses that are probable and that can be reasonably estimated within the loan portfolio, and that the allowance is adequate to absorb such losses.

Other Income. Other income increased $818,000, or 221.7%, to $1.2 million for the six months ended June 30, 2011, compared to the same period in 2010, due primarily to an increase in other operating income of $449,000, an increase in the gain on sale of loans of $144,000, an increase of $144,000 in the gain on sale of real estate acquired through foreclosure and an increase of $55,000 in earnings on bank-owned life insurance. The increase in other operating income is a result of increased service fees on deposit accounts and an increase in service fees received from the Federal Home Loan Bank as a result of increased loan sales in the secondary market. During the six months ended June 30, 2011, we sold 16 real estate owned properties resulting in proceeds of $1.9 million.

General, Administrative and Other Expense. General, administrative and other expense increased $2.5 million, or 61.7%, to $6.6 million for the six months ended June 30, 2011, from $4.1 million for the comparable period in 2010. The increase is a result of $871,000 in employee compensation and benefits, an increase of $306,000 in legal and professional expense, an increase of $158,000 in Federal Deposit Insurance Corporation insurance premium

expense (to $305,000 for the six months ended June 30, 2011 from $147,000 for the six months

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ended June 30, 2010) and a $573,000 increase in other operating expense. The increase in employee compensation and benefits is a result of the additional employees and related costs resulting from the acquisition of First Franklin. The increase in legal and professional expenses is a result of merger related costs and expenses related to resolving real estate owned properties. The increase in Federal Deposit Insurance Corporation insurance premium expense is a result of an increase in deposit insurance due to our increased size following the First Franklin acquisition. The increase in other operating expense is a result of maintenance expense, real estate tax expense and the fair market value adjustments on real estate owned property.

Federal Income Taxes. The provision for federal income taxes decreased $332,000, or 53.4%, to $290,000 for the six months ended June 30, 2011, from $622,000 for the same period in 2010. The effective tax rate was 16.6% and 36.5% for the six month periods ended June 30, 2011 and 2010. During the six months ended June 30, 2011 we were able to recognize $709,000 in reserved deferred tax benefits recorded as a result of the acquisition of First Franklin. The amount of deferred federal income taxes recorded in the First Franklin at acquisition approximated the maximum amount includable in regulatory capital.

In recording deferred tax assets inherent in the acquisition, we are subject to an overall limitation in the amount that can be included in regulatory capital. The amount of allowable deferred tax benefits includible in regulatory capital is a combination of available refunds in carryback years, existing taxable temporary differences, and projected earnings available to offset operating loss carryforwards over the next year. Management is of the belief that such limited amount is fully consistent with the amount of deferred taxes that would be recognized under GAAP and, accordingly, recorded the deferred tax assets in the acquisition at the maximum amount includible in regulatory capital and established a valuation allowance for the difference. If Cheviot-Federal’s future earnings decline from currently projected levels, an additional valuation allowance for deferred tax assets will be recorded as a charge against earnings. At June 30, 2011, Cheviot-Federal’s earnings post-acquisition had absorbed the entire amount of operating loss carryforwards subject to a valuation allowance. We have approximately $6.4 million in remaining operating loss carryforwards to offset future taxable income for 20 years. These losses are subject to the annual allowable Internal Revenue Code Section 382 net operating loss limitations of $1.1 million.

Comparison of Results of Operations for the Years Ended December 31, 2010 and December 31, 2009

General. Net earnings totaled $2.0 million for the year ended December 31, 2010, an increase of $877,000, or 79.7%, compared to the net earnings recorded for the year ended December 31, 2009. The increase in net earnings reflects an $852,000 increase in net interest income, a $303,000 decrease in the provision for loan losses and an increase of $510,000 in other income, which was partially offset by a $399,000 increase in general, administrative and other expenses and a $389,000 increase in the provision for federal income taxes.

Interest Income. Total interest income for the year ended December 31, 2010, totaled $15.4 million, a decrease of $1.0 million, or 6.3%, compared to the year ended December 31, 2009. The decrease in interest income reflects the impact of a 38 basis point decrease in the average yield to 4.78% from 5.16%, which was partially offset by a $3.9 million increase in the average balance of interest-earning assets during the year ended December 31, 2010 as compared to the year ended December 31, 2009.

Interest income on loans decreased by $1.4 million, or 9.3%, for the year ended December 31, 2010. The decrease in interest income on loans reflects a $13.1 million, or 5.2%, decrease in the average balance outstanding during 2010 and a decrease of 25 basis points in the average yield to 5.53%. Interest income on mortgage-backed securities decreased by $148,000, or 33.9%, during the year ended December 31, 2010, due primarily to a decrease in the average yield of 101 basis points from 2009 and a decrease in the average balance outstanding of $1.2 million.

Interest income on investment securities increased by $517,000, or 43.2%, during the year ended December 31, 2010, due to an increase of $25.1 million, or 58.9%, increase in the average balance outstanding which was partially offset by a decrease in the average yield of 28 basis points from 2009. Interest income on other interest-earning assets decreased by $46,000, or 23.5%, during the year ended December 31, 2010. The decrease was due to a $6.9 million decrease in the average balance outstanding, which was partially offset by a 124 basis point increase in the average yield.

Interest Expense. Interest expense totaled $4.7 million for the year ended December 31, 2010, a decrease of $1.9 million, or 28.7%, compared to the year ended December 31, 2009. The average balance of interest-bearing liabilities outstanding increased by $5.7 million during 2010, which was partially offset by a decrease in the average cost of liabilities of 75 basis points to 1.74% for the year ended December 31, 2010. Interest expense on deposits totaled $3.4 million for the year ended December 31, 2010, a decrease of $1.4 million, or 29.1%, from the year ended December 31, 2009. This decrease was a result of a decrease of 71 basis points in the average cost of deposits to 1.45% for 2010, which was partially offset by an increase in the average balance outstanding of $12.4 million, or 5.5%, for 2010. Interest expense on borrowings totaled $1.3 million for the year ended December 31, 2010, a decrease of $478,000, or 27.5%, from 2009. This decrease resulted from a decrease in the average balance of borrowings outstanding of $6.6 million, or 16.7% for the year ended December 31, 2010. The decrease in the average cost of deposits and borrowings reflects lower short-term interest rates in 2010 as compared to 2009, as actions by the Federal Reserve to reduce short-term interest rates resulted in a steepening of the yield curve and a reduction of short-term and medium-term interest rates.

Net Interest Income. As a result of the foregoing changes in interest income and interest expense, net interest income increased by $852,000, or 8.6%, during the year ended December 31, 2010 from the year ended December 31, 2009. The cost of our liabilities decreased more significantly than the yield on our assets during 2010. The average interest rate spread increased to 3.04% for the year ended December 31, 2010 from 2.67% for the year ended December 31, 2009. The net interest margin increased to 3.33% for the year ended December 31, 2010 from 3.10% for the year ended December 31, 2009.

Provision for Losses on Loans. As a result of an analysis of historical experience, the volume and type of lending we conducted, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to our market area, and other factors related to the collectability of our loan portfolio, management recorded a $550,000 provision for losses on loans for the year ended December 31, 2010. Management's analysis of the allowance resulted in an $853,000 provision for losses on loans for the year ended December 31, 2009. The decision to make a smaller provision for loan losses during the year ended December 31, 2010, as compared to recent periods, reflects the amount necessary to maintain an adequate allowance based on historical loss experience, changes in the local economy, and other external factors. These other external factors, economic conditions, increase in delinquent loans, and collateral value changes, have had a negative impact on non-owner occupied loans in the portfolio. At December 31, 2010, the allowance for loan losses totaled $1.2 million, or 0.55% of net loans, compared to $1.0 million, or 0.41% of net loans at December 31, 2009. Management believes all nonperforming loans are adequately collateralized; however, there can be no assurance that the loan loss allowance will be adequate to absorb losses on known nonperforming loans or that the allowance will be adequate to cover losses on nonperforming loans in the future.

Other Income. Other income totaled $1.3 million for the year ended December 31, 2010, an increase of $510,000, or 62.7%, compared to the year ended December 31, 2009. This increase is due primarily to an increase in the gain on sale of loans of $308,000, an increase in other operating income of $110,000 and a decrease in loss on sale of real estate acquired through foreclosure of $79,000.

General, Administrative and Other Expense. General, administrative and other expense totaled $8.5 million for the year ended December 31, 2010, an increase of $399,000, or 4.9%, compared to the year ended December 31, 2009. This increase is a result of a $447,000, or 100.7% increase in legal and professional expense and an increase of $92,000, or 16.1% in occupancy and equipment expense, which was partially offset by a $115,000, or 2.5% decrease in employee compensation and benefits. The increase in legal and professional expenses reflects the additional costs associated with entering into the agreement to acquire First Franklin Corporation and prepare the necessary regulatory applications associated with the transaction. The increase in occupancy and equipment is the result of annual maintenance contracts for the new equipment instituted for the new core computer operating system. The decrease in

employee compensation and benefits is a result of the expense vesting period expiring on prior stock-based compensation grants.

Federal Income Taxes. The provision for federal income taxes totaled $995,000 for the year ended December 31, 2010, an increase of $389,000, or 64.2%, compared to the provision recorded for 2009. The effective

tax rates were 33.5% and 35.5% for the years ended December 31, 2010 and 2009, respectively. The difference between our effective tax rate in 2010 and 2009 and the 34% statutory corporate rate reflects adjustments caused by the tax-exempt earnings on bank-owned life insurance, tax-exempt interest on municipal obligations and tax benefits for the contribution to the Cheviot Savings Bank Foundation offset by the difference in the stock compensation deduction for tax purposes.

Comparison of Results of Operations for the Years Ended December 31, 2009 and December 31, 2008

General. Net earnings totaled $1.1 million for the year ended December 31, 2009, a decrease of $315,000, or 22.2%, compared to the net earnings recorded for the year ended December 31, 2008. The decrease in net earnings reflects a $701,000 increase in general, administrative and other expenses, a $185,000 increase in the provision for loan losses and an increase of $14,000 in the provision for federal income taxes, which was partially offset by a $275,000 increase in net interest income and a $310,000 increase in other income.

Interest Income. Total interest income for the year ended December 31, 2009, totaled $16.5 million, a decrease of $1.6 million, or 8.8%, compared to the year ended December 31, 2008. The decrease in interest income reflects the impact of a 68 basis point decrease in the average yield to 5.16% from 5.84%, which was partially offset by a $9.8 million increase in the average balance of interest-earning assets during the year ended December 31, 2009 as compared to the year ended December 31, 2008.

Interest income on loans decreased by $793,000, or 5.1%, for the year ended December 31, 2009. The decrease in interest income on loans reflects a $7.4 million, or 2.8%, decrease in the average balance outstanding during 2009 and a decrease of 14 basis points in the average yield to 5.78%. Interest income on mortgage-backed securities decreased by $27,000, or 5.8%, during the year ended December 31, 2009, due primarily to a decrease in the average yield of 152 basis points from 2008, which was partially offset by an increase in the average balance outstanding of $2.6 million.

Interest income on investment securities decreased by $877,000, or 42.3%, during the year ended December 31, 2009, due to a decrease in the average yield of 303 basis points from 2008, which was partially offset by an increase of $7.1 million, or 19.9%, increase in the average balance outstanding. Interest income on other interest-earning assets increased by $112,000, or 133.3%, during the year ended December 31, 2009. The increase was due to a $7.6 million increase in the average balance outstanding, which was partially offset by a 24 basis point decrease in the average yield.

Interest Expense. Interest expense totaled $6.6 million for the year ended December 31, 2009, a decrease of $1.9 million, or 22.0%, compared to the year ended December 31, 2008. The average balance of interest-bearing liabilities outstanding increased by $11.9 million during 2009, which was partially offset by a decrease in the average cost of liabilities of 86 basis points to 2.49% for the year ended December 31, 2009. Interest expense on deposits totaled $4.8 million for the year ended December 31, 2009, a decrease of $1.9 million, or 28.0%, from the year ended December 31, 2008. This decrease was a result of a decrease in the average cost of deposits of 100 basis points to 2.16% for 2009, which was partially offset by an increase in the average balance outstanding of $11.4 million, or 5.3%, for 2009. Interest expense on borrowings totaled $1.7 million for the year ended December 31, 2009, an increase of $23,000, or 1.3%, from 2008. This increase resulted from an increase in the average balance of borrowings outstanding of $526,000, or 1.3% for the year ended December 31, 2009. The decrease in the average cost of deposits and borrowings reflects lower shorter term interest rates in 2009 as compared to 2008, as actions by the Federal Reserve to reduce shorter term interest rates resulted in a steepening of the yield curve and a reduction of short-term and medium-term interest rates.

Net Interest Income. As a result of the foregoing changes in interest income and interest expense, net interest income increased by $275,000, or 2.9%, during the year ended December 31, 2009 from the year ended December 31, 2008. The cost of our liabilities decreased more significantly than the yield on our assets during 2009. The average interest rate spread increased to 2.67% for the year ended December 31, 2009 from 2.49% for the year ended December 31, 2008. The net interest margin decreased to 3.10% for the year ended December 31, 2009 from 3.11% for the year ended December 31, 2008.

Provision for Losses on Loans. As a result of an analysis of historical experience, the volume and type of lending we conducted, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to our market area, and other factors related to the collectability of our loan portfolio, management recorded a $853,000 provision for losses on loans for the year ended December 31, 2009. Management's analysis of the allowance resulted in a $668,000 provision for losses on loans for the year ended December 31, 2008. The decision to make a larger provision for loan losses during the year ended December 31, 2009, as compared to recent periods, reflects the amount necessary to maintain an adequate allowance based on historical loss experience, changes in the local economy, and other external factors. These other external factors, economic conditions, increase in delinquent loans, and collateral value changes, have had a negative impact on non-owner occupied loans in the portfolio. These other external factors, economic conditions and collateral value changes, have had a negative impact on all types of loans in the portfolio. At December 31, 2009, the allowance for loan losses totaled $1.0 million, or 0.41% of net loans, compared to $709,000, or 0.26% of net loans at December 31, 2008. Management believes all nonperforming loans are adequately collateralized; however, there can be no assurance that the loan loss allowance will be adequate to absorb losses on known nonperforming loans or that the allowance will be adequate to cover losses on nonperforming loans in the future.

Other Income. Other income totaled $813,000 for the year ended December 31, 2009, an increase of $310,000, or 61.6%, compared to the year ended December 31, 2008. This increase is due primarily to an increase in the gain on sale of loans of $333,000 and an increase in other operating income of $11,000, which was partially offset by a an increase in loss on sale of real estate acquired through foreclosure of $54,000.

General, Administrative and Other Expense. General, administrative and other expense totaled $8.1 million for the year ended December 31, 2009, an increase of $701,000, or 9.4%, compared to the year ended December 31, 2008. This increase is a result of a $273,000, or 6.3%, increase in employee compensation and benefits, an increase of $217,000, or 700.0%, in Federal Deposit Insurance Corporation insurance premium expense and an increase of $133,000, or 20.6% in other operating expense. The increase in employee compensation and benefits is a result of the increase in compensation expense as we increased our number of full-time equivalent employees to accommodate our growth. The increase in Federal Deposit Insurance Corporation expense is a result of the special assessment from the Federal Deposit Insurance Corporation to replenish the Deposit Insurance Fund of approximately $140,000. The increase in other operating expense is a result of real estate taxes, maintenance and insurance expense on properties acquired through foreclosure.

On February 27, 2009, the Federal Deposit Insurance Corporation announced an amendment to its restoration plan for the Deposit Insurance Fund by imposing an emergency special assessment on all insured financial institutions. This special assessment of $140,000 occurred on June 30, 2009, and was payable by us on September 30, 2009. In September 2009, the Federal Deposit Insurance Corporation issued a Notice of Proposed Rulemaking that would require insured institutions to prepay their estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012. The Federal Deposit Insurance Corporation also adopted a uniform three-basis point increase in assessment rates effective on January 1, 2011. Our prepayment of Federal Deposit Insurance Corporation assessments is approximately $968,000 which will be amortized to expense over three years.

Federal Income Taxes. The provision for federal income taxes totaled $606,000 for the year ended December 31, 2009, an increase of $14,000, or 2.4%, compared to the provision recorded for 2008. The effective tax rates were 35.5% and 29.5% for the years ended December 31, 2009 and 2008, respectively. The difference between our effective tax rate in 2009 and 2008 and the 34% statutory corporate rate is due primarily to the tax-exempt earnings on bank-owned life insurance, tax-exempt interest on municipal obligations and tax benefits for the contribution to the Cheviot Savings Bank Foundation offset by the difference in the stock compensation deduction for tax purposes.

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Management of Market Risk

Qualitative Analysis. Our most significant form of market risk is interest rate risk. The primary objective of our interest rate risk policy is to manage the exposure of net interest income to changes in interest rates. Our board of directors and management evaluates the interest rate risk inherent in certain assets and liabilities, determines the level of risk appropriate given our business strategy, operating environment, capital and liquidity requirements and performance objectives and modifies lending, investing, deposit and borrowing strategies accordingly. Our board of directors reviews management's activities and strategies, the effect of those strategies on the net portfolio value, and the effect that changes in market interest rates would have on net portfolio value. During the first six months of 2011 and during 2010, short term interest rates remained low, leading to a decrease in the average cost of our deposit products and the average cost of borrowings. Medium and long term interest rates (which are used to determine the pricing of our loan products) also decreased, but at a lesser rate than deposits. These changes have contributed to an increase of our interest rate spread. Consequently, our net interest income increased in the first six months of 2011 as compared to the prior year period and 2010 as compared to 2009.

We actively monitor interest rate risk in connection with our lending, investing, deposit and borrowing activities. We emphasize the origination of residential and multi-family fixed-rate mortgage loans, including 15, 20 and 30 year first mortgage loans, residential, multi-family and commercial real estate adjustable-rate loans, construction loans and consumer loans. Depending on market interest rates and our capital and liquidity position, we may sell our newly originated fixed-rate mortgage loans on a servicing-retained or servicing-released basis. We also invest in short-term securities, which generally have lower yields compared to longer-term investments.

Quantitative Analysis. As part of its monitoring procedures, the Asset and Liability Management Committee regularly reviews interest rate risk by analyzing the impact of alternative interest rate environments on the market value of portfolio equity, which is defined as the net present value of an institution's existing assets, liabilities and off-balance-sheet instruments, and evaluating such impacts against the maximum potential changes in market value of portfolio equity that are authorized by the Savings Bank's board of directors.

Federal banking regulators provide Cheviot Savings Bank with the information presented in the following tables. The following tables present the change in Cheviot Savings Bank's net portfolio value ("NPV") at June 30, 2011 and December 31, 2010 and 2009 that would occur upon an immediate change in interest rate based on banking regulatory assumptions, but without effect to any steps that management might take to counteract that change. The application of the methodology attempts to quantify interest rate risk as the change in NPV which would result from a theoretical change in market interest rates of 100, 200 and 300 basis points. Generally, NPV is the discounted present value of the difference between incoming cash flows on interest-earning assets and outgoing cash flows on interest-bearing liabilities.

At June 30, 2011

Change in Interest Rates in Basis Points ("bp") (Rate Shock in Rates) (1)	Net Portfolio Value (3)			Net Portfolio Value as % of PV of Assets (4)	
	$ Amount	$ Change	% Change	NPV Ratio (5)	Change
	(In thousands)				
+300 bp	$ 75,701	$ (16,097)	(17.5)%	12.72 %	(191)bp
+200 bp	84,684	(7,114)	(7.7)	13.90	(73)
+100 bp	90,306	(1,492)	(1.6)	14.56	(7)

0	bp	91,798	—	—	14.63	—
-100	bp	90,593	(1,205)	(1.3)	14.35	(28)
-200	bp (2)	—	—	—	—	—

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At December 31, 2010

Change in Interest Rates in Basis Points ("bp") (Rate Shock in Rates) (1)		Net Portfolio Value (3)			Net Portfolio Value as % of PV of Assets (4)	
		$ Amount	$ Change	% Change	NPV Ratio (5)	Change
		(In thousands)				
+300	bp	$ 46,083	$ (26,275)	(36.3)%	13.52 %	(584) bp
+200	bp	56,788	(15,570)	(21.5)	16.06	(330)
+100	bp	66,217	(6,141)	(8.5)	18.13	(123)
0	bp	72,358	—	—	19.36	—
-100	bp	75,593	3,235	4.5	19.94	58
-200	bp (2)	—	—	—	—	—

At December 31, 2009

Change in Interest Rates in Basis Points ("bp") (Rate Shock in Rates) (1)		Net Portfolio Value (3)			Net Portfolio Value as % of PV of Assets (4)	
		$ Amount	$ Change	% Change	NPV Ratio (5)	Change
		(In thousands)				
+300	bp	$ 46,959	$ (20,354)	(30.2)%	14.44 %	(462) bp
+200	bp	55,227	(12,086)	(18.0)	16.44	(262)
+100	bp	62,446	(4,867)	(7.2)	18.07	(99)
0	bp	67,313	—	—	19.06	—
-100	bp	69,839	2,526	3.8	19.48	42
-200	bp (2)	—	—	—	—	—

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(1) Assumes an instantaneous uniform change in interest rates at all maturities.
(2) Not meaningful because some market rates would compute at a rate less than zero.
(3) Net portfolio value represents the discounted present value of the difference between incoming cash flows on interest-earning and other assets and outgoing cash flows on interest-bearing liabilities.
(4) Present value of assets represents the discounted present value of incoming cash flows on interest-earning assets.
(5) NPV Ratio represents the net portfolio value divided by the present value of assets.

The model reflects that our NPV is more sensitive to an increase in interest rates than a decrease in interest rates. The above table indicates that as of June 30, 2011, in the event of a 100 basis point increase in interest rates, we would experience a 1.6%, or $1.5 million, decrease in net portfolio value. In the event of a 100 basis point decrease in interest rates, we would experience a 1.3%, or $1.2 million, decrease in net portfolio value. However, given the current level of market interest rates and the low probability of further significant declines in absolute rates, we did not calculate net portfolio value for interest rate decreases of greater than 200 basis points.

Certain shortcomings are inherent in the methodologies used in the above interest rate risk measurement. Modeling changes in net portfolio value requires the making of certain assumptions regarding prepayment and deposit decay rates, which may or may not reflect the manner in which actual yields and costs respond to changes in market interest

rates. While we believe such assumptions to be reasonable, there can be no assurance that assumed prepayment rates and decay rates will approximate actual future loan prepayment and deposit withdrawal activity. Moreover, the NPV table presented assumes that the composition of our interest- sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and also assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration to maturity or repricing of specific assets and liabilities. Accordingly, although the NPV table provides an indication of our interest rate risk exposure at a particular point in time, such measurement is not intended to and does not provide a precise forecast of the effect of changes in market interest rates on our net portfolio value and will differ from actual results.

Liquidity and Capital Resources

Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds are deposits, scheduled amortization and

prepayments of loan principal and mortgage-backed securities, maturities and calls of securities and funds provided by our operations. In addition, we may borrow from the Federal Home Loan Bank of Cincinnati. At June 30, 2011, December 31, 2010 and 2009, we had $44.2 million, $27.3 million and $33.7 million, respectively, in outstanding borrowings from the Federal Home Loan Bank of Cincinnati and had the capacity to increase such borrowings at those dates by approximately $159.5 million, $115.3 million and $109.3 million, respectively.

Loan repayments and maturing securities are a relatively predictable source of funds. However, deposit flows, calls of securities and prepayments of loans and mortgage-backed securities are strongly influenced by interest rates, general and local economic conditions and competition in the marketplace. These factors reduce the predictability of these sources of funds.

Our primary investing activities are the origination of one- to four-family real estate loans, commercial real estate, construction and consumer loans, and the purchase of securities. For the six months ended June 30, 2011, loan originations totaled $35.3 million, compared to $63.7 million for the year ended December 31, 2010 and $65.8 million for the year ended December 31, 2009. Purchases of investment and mortgage-backed securities totaled $5.0 million for the six months ended June 30, 2011, $118.7 million for the year ended December 31, 2010 and $82.2 million for the year ended December 31, 2009.

Total deposits increased $217.0 million during the six months ended June 30, 2011 and $21.9 million during the year ended December 31, 2010, while total deposits increased $19.9 million during the year ended December 31, 2009. Deposit flows are affected by the level of interest rates, the interest rates and products offered by competitors and other factors. At June 30, 2011, certificates of deposit scheduled to mature within one year totaled $144.1 million. Our ability to retain these deposits will be determined in part by the interest rates we are willing to pay on such deposits.

The following table sets forth information regarding our obligations and commitments to make future payments under contract as of December 31, 2010.

	Payments Due by Period				
	Less than One Year	One to Three Years	Three to Five Years	More than Five Years	Total
			(In thousands)		
Contractual obligations:					
Advances from the Federal Home Loan Bank	$—	$ 1,150	$ 8,256	$ 17,894	$ 27,300
Certificates of deposit	94,541	37,013	10,066	—	141,620
Amount of loan commitments and expiration per period:					
Commitments to originate one- to four-family loans	2,532	—	—	—	2,532
Home equity lines of credit	13,550	—	—	—	13,550
Commercial lines of credit	199	—	—	—	199
Undisbursed loans in process	4,482	—	—	—	4,482
Total contractual obligations	$ 115,304	$ 38,163	$ 18,322	$ 17,894	$ 189,683

We are committed to maintaining a strong liquidity position. We monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments. Based on our deposit retention experience and current pricing strategy, we anticipate that a significant portion of maturing time deposits will be

retained.

At June 30, 2011, December 31, 2010 and 2009, we exceeded all of the applicable regulatory capital requirements. Our core (Tier 1) capital was $57.6 million, $57.9 million and $54.6 million, or 9.8%, 16.2% and 16.2% of total assets, at June 30, 2011 and December 31, 2010 and 2009, respectively. In order to be classified as "well-capitalized" under federal banking regulations, we were required to have core capital of at least $35.8 million, or 6.0% of assets, as of June 30, 2011. To be classified as a well-capitalized savings bank, we must also have a ratio of total risk-based capital to risk-weighted assets of at least 10.0%. At June 30, 2011 and December 31, 2010 and

2009, we had a total risk-based capital ratio of 17.8%, 34.9% and 32.9%, respectively. Our regulatory capital ratios decreased between December 31, 2010 and June 30, 2011 due to our acquisition of First Franklin Corporation.

Recent Accounting Pronouncements

For information with respect to recent accounting pronouncements that are applicable to Cheviot-Federal, please see note A of the notes to Cheviot-Federal's consolidated financial statements beginning on page F-1.

Effect of Inflation and Changing Prices

The consolidated financial statements and related consolidated financial data presented herein regarding Cheviot-Federal have been prepared in accordance with accounting principles generally accepted in the United States of America, which generally require the measurement of financial position and operating results in terms of historical dollars, without considering changes in relative purchasing power over time due to inflation. Unlike most industrial companies, virtually all of Cheviot-Federal's assets and liabilities are monetary in nature. As a result, interest rates generally have a more significant impact on Cheviot-Federal's performance than does the effect of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services, because such prices are affected by inflation to a larger extent than interest rates.

BUSINESS OF NEW CHEVIOT

New Cheviot is a Maryland corporation, organized in September 2011. Upon completion of the conversion, New Cheviot will become the holding company of Cheviot Savings Bank and will succeed to all of the business and operations of Cheviot-Federal and each of Cheviot-Federal and Cheviot Mutual Holding Company will cease to exist.

Initially following the completion of the conversion, New Cheviot's assets will be the stock of Cheviot Savings Bank as well as the net proceeds it retains from the offering, part of which will be used to make a loan to the Cheviot Savings Bank Employee Stock Ownership Plan, and will have no significant liabilities. See "How We Intend to Use the Proceeds From the Offering." New Cheviot intends to use the support staff and offices of Cheviot Savings Bank and will pay Cheviot Savings Bank for these services. If New Cheviot expands or changes its business in the future, it may hire its own employees.

New Cheviot intends to invest the net proceeds of the offering as discussed under "How We Intend to Use the Proceeds From the Offering." In the future, we may pursue other business activities, including mergers and acquisitions, investment alternatives and diversification of operations. There are, however, no current understandings or agreements for these activities.

BUSINESS OF CHEVIOT-FEDERAL AND CHEVIOT SAVINGS BANK

Cheviot-Federal

Cheviot-Federal is a federally chartered corporation that owns all of the outstanding shares of common stock of Cheviot Savings Bank. At June 30, 2011, Cheviot-Federal had consolidated assets of $597.1 million, deposits of $474.9 million and shareholders' equity of $71.3 million.

Cheviot-Federal became the holding company for Cheviot Savings Bank when Cheviot Savings Bank reorganized in the two-tiered mutual holding company structure in 2004. Concurrently Cheviot-Federal sold 4,388,438 shares of its common stock to the public, representing 44.2% of its then-outstanding shares, at $10.00 per share. Cheviot-Federal

issued 5,455,313 shares to Cheviot Mutual Holding Company, and 75,000 shares to Cheviot Savings Bank Charitable Foundation, which was formed in connection with the initial stock offering.

Cheviot-Federal's home office is located at 3723 Glenmore Avenue, Cheviot, Ohio 45211 and the telephone number is (513) 661-0457. Its website address is www.cheviotsavings.com. Information on this website is not and should not be considered a part of this prospectus.

Cheviot Savings Bank

Cheviot Savings Bank's primary business activity is the origination of one- to four-family residential real estate loans. To a lesser extent, we originate construction, multi-family, commercial real estate, commercial business and consumer loans. We also invest in securities, primarily U.S. Government and U.S. Government agency securities and mortgage-backed securities. Cheviot Savings Bank offers a variety of deposit accounts with a range of interest rates and terms, and relies on its convenient locations, customer service and competitive pricing and products to attract and retain deposits. To a lesser extent, Cheviot Savings Bank uses borrowed funds as an additional source of funds. Cheviot Savings Bank is subject to comprehensive regulation and examination by the Ohio Division of Financial Institutions and the Federal Deposit Insurance Corporation.

On March 16, 2011, Cheviot-Federal and Cheviot Savings Bank completed the acquisition of First Franklin Corporation and its wholly-owned subsidiary, The Franklin Savings and Loan Company, an Ohio-chartered savings and loan association. The aggregate cash consideration paid in the acquisition (including the cancellation of stock options) was approximately $24.7 million. Cheviot-Federal and Cheviot Savings Bank acquired $277.6 million of assets, including $196.5 million of net loans, and also assumed $252.9 million of liabilities, including $221.5 million of deposits. Cheviot-Federal and Cheviot Savings Bank recorded goodwill and other intangible assets associated with the acquisition totaling $11.6 million.

Market Area

We conduct our operations from our executive office in Cheviot, Ohio and 11 full-service branches, all of which are located in Hamilton County, Ohio. Cheviot, Ohio is located in Hamilton County and is 10 miles west of downtown Cincinnati. Prior to our acquisition of First Franklin, we operated primarily on the west side of Cincinnati, Ohio and the surrounding areas, but, as a result of the acquisition, we now operate throughout the entire city and surrounding areas. Hamilton County, Ohio represents our primary geographic market area for loans and deposits with our remaining business operations conducted in the larger Cincinnati metropolitan area which includes Warren, Butler and Clermont Counties. We also conduct a moderate level of business in the southeastern Indiana region, primarily in Dearborn, Ripley, Franklin and Ohio Counties. We also originate loans in the northern Kentucky region secured by properties in Campbell, Kenton and Boone Counties. The local economy is diversified with services, trade and manufacturing employment remaining the most prominent employment sectors in Hamilton County. Hamilton County is primarily a developed and urban county. The employment base is diversified and there is no dependence on one area of the economy for continued employment. Major employers in the market include Proctor & Gamble, Kroger's, Macy's, St. Jude Hospital, city and county governments and the University of Cincinnati. Our future growth opportunities will be influenced by the growth and stability of the regional, state and national economies, other demographic trends and the competitive environment.

Hamilton County and Cincinnati have experienced a declining population since the 1990 census while the other counties in which we conduct business had population growth. The population decline in both Hamilton County and the City of Cincinnati results from the other counties and northern Kentucky being more successful in attracting new and existing businesses to locate within their areas through economic incentives, including less expensive real estate options for office facilities. Individuals are moving to these other areas to be closer to their place of employment, for newer, less expensive housing and more suburban neighborhoods. From 2000 to 2010, Hamilton County's population decreased by 5.1%, while population increases in the remainder of our market area ranged from a low of 5.5% in Kenton County, Kentucky to a high of 38.2% in Boone County, Kentucky. The State of Ohio's population increased

by 1.6% during this period, and the United States' population as a whole increased by 9.7%. Median per capita income for Hamilton County as of 2000 ($24,000) was above comparable measures for both the United States and Ohio ($22,000 and $21,000, respectively), and median per household income for Hamilton County as of 2000 ($41,000) was comparable to the same measures for both the United States and Ohio ($42,000 and $41,000, respectively), which we believe indicates the relatively stable and diversified economy in

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the regional market served by Cheviot Savings Bank. During the current economic difficulties, our market area has experienced a decrease in property values and building development.

We believe that we have developed products and services that will meet the financial needs of our current and future customer base; however, we plan, and believe it is necessary, to expand the range of products and services that we offer to be more competitive in our market area. Marketing strategies focus on the strength of our knowledge of local consumer and small business markets, as well as expanding relationships with current customers and reaching out to develop new, profitable business relationships.

Competition

We face significant competition within our market both in making loans and attracting deposits. Our market area has a high concentration of financial institutions including large money center and regional banks, community banks and credit unions. Some of our competitors offer products and services that we currently do not offer, such as trust services and private banking. Our competition for loans and deposits comes principally from commercial banks, savings institutions, mortgage banking firms, consumer finance companies and credit unions. We face additional competition for deposits from short-term money market funds, brokerage firms, mutual funds and insurance companies. Our primary focus is to build and develop profitable customer relationships across all lines of business while maintaining our position as a community bank.

As of June 30, 2010 (the latest date for which information is available), our market share was 0.60% of total deposits in Hamilton County, making us the 11th largest out of 40 financial institutions in Hamilton County based upon deposit share as of that date. In addition, as of June 30, 2010, The Franklin Savings and Loan Company's market share of 0.56% made it the 12th largest financial institution in Hamilton County, and the combined market share as of June 30, 2010 would have made Cheviot Savings Bank the 8th largest financial institution in Hamilton County as of that date.

Lending Activities

General. Historically, our principal lending activity has been the origination, for retention in our portfolio, of fixed-rate and adjustable-rate mortgage loans collateralized by one- to four-family residential real estate located within our primary market area. We will sell a portion of our fixed-rate loans into the secondary market. We also originate commercial real estate loans, including multi-family residential real estate loans, construction loans, business lines of credit and consumer loans. Our loan portfolio increased to $407.7 million at June 30, 2011 from $225.4 million at December 31, 2010, reflecting our acquiring $196.5 million of net loans in our acquisition of First Franklin Corporation and The Franklin Savings and Loan Company. As a result of the acquisition of First Franklin Corporation, we increased our commercial real estate, commercial business and other real estate loan portfolios by approximately $40.5 million. In addition, our one- to four-family residential loans, including home equity lines of credit, increased by approximately $130.7 million. Our loan portfolio decreased to $225.4 million at December 31, 2010 from $247.0 million at December 31, 2009, reflecting management's decision to take advantage of opportunities to obtain a higher rate of return by selling certain mortgage loans to the Federal Home Loan Bank. In addition, the decrease in our loan portfolio reflected lower levels of originations of one-to four-family loans and multi-family loans.

Loan Portfolio Composition. Set forth below is selected information concerning the composition of our loan portfolio in dollar amounts and in percentages as of the dates indicated.

	At June 30, 2011		At December 31, 2010		2009	
	Amount	Percent	Amount	Percent	Amount	Percent
			(Dollars in thousands)			
Real estate loans:						
One- to four-family residential (1)	$ 317,281	76.87 %	$ 195,801	84.76 %	$ 220,714	88.05 %
Multi-family residential	23,483	5.69	8,594	3.72	9,114	3.64
Construction	7,406	1.79	7,081	3.06	4,868	1.94
Commercial (2)	43,087	10.44	13,422	5.81	11,321	4.51
Other real estate	5,466	1.32	—	—	—	—
Commercial business	13,399	3.25	5,907	2.56	4,604	1.84
Consumer (3)	2,636	0.64	207	0.09	51	0.02
Total loans	412,758	100.00 %	231,012	100.00 %	250,672	100.00 %
Less:						
Undisbursed portion of loans in process	3,854		4,482		2,696	
Deferred loan origination fees	(148)		(150)		(51)	
Allowance for loan losses	1,399		1,242		1,025	
Total loans, net	$ 407,653		$ 225,438		$ 247,002	

	At December 31, 2008		2007		2006	
	Amount	Percent	Amount	Percent	Amount	Percent
			(Dollars in thousands)			
Real estate loans:						
One- to four-family residential (1)	$ 234,822	86.38 %	$ 216,958	84.39 %	$ 209,996	84.06 %
Multi-family residential	9,385	3.45	10,638	4.14	11,250	4.50
Construction	11,646	4.28	19,421	7.55	19,022	7.61
Commercial (2)	14,590	5.37	8,577	3.34	8,223	3.29
Other real estate	—	—	—	—	—	—
Commercial business	1,352	0.50	1,441	0.56	1,243	0.51
Consumer (3)	48	0.02	66	0.02	82	0.03
Total loans	271,843	100.00 %	257,101	100.00 %	249,816	100.00 %
Less:						
Undisbursed portion of loans in process	2,623		6,585		7,646	

Deferred loan origination fees	28	88	159
Allowance for loan losses	709	596	833
Total loans, net	$ 268,483	$ 249,832	$ 241,178

(1) Includes home equity lines of credit, loans purchased and loans held for sale.
(2) Includes land loans.
(3) For all dates, includes loans secured by deposit accounts. Including automobile loans beginning December 31, 2010.

Loan Maturity Schedule. The following tables set forth certain information as of June 30, 2011 and December 31, 2010, regarding the amount of loans maturing in our portfolio. Demand loans and loans with no stated maturity are reported as due within one year.

	At June 30, 2011						
	Within One Year	One Through Three Years	Over Three Through Five Years	Over Five Through Ten Years	Over Ten Through 20 Years	Beyond 20 Years	Total
	(In thousands)						
Real estate loans:							
One- to four-family residential	$9,385	$20,298	$ 22,523	$ 67,703	$193,081	$ 4,291	$317,281
Multi-family residential	639	1,420	1,633	5,232	11,203	3,356	23,483
Construction	707	1,578	1,827	2,634	660	—	7,406
Commercial	1,172	2,607	2,995	9,599	20,556	6,158	43,087
Other real estate	149	330	380	1,218	2,608	781	5,466
Commercial business	365	810	932	2,985	6,392	1,915	13,399
Consumer	286	627	708	1,015	—	—	2,636
Total loans	$12,703	$27,670	$ 30,998	$ 90,386	$234,500	$ 16,501	$412,758

	At December 31, 2010						
	Within One Year	One Through Three Years	Over Three Through Five Years	Over Five Through Ten Years	Over Ten Through Twenty Years	Beyond Twenty Years	Total
	(In thousands)						
Real estate loans:							
One- to four-family residential	$5,164	$11,173	$ 12,403	$ 37,308	$111,300	$18,453	$195,801
Multi-family residential	211	469	539	1,728	5,376	271	8,594
Construction	144	321	373	1,207	4,251	785	7,081
Commercial	330	732	843	2,698	8,696	123	13,422
Other real estate	—	—	—	—	—	—	—
Commercial business	145	323	370	1,188	3,695	186	5,907
Consumer	38	83	86	—	—	—	207
Total loans	$6,032	$13,101	$ 14,614	$ 44,129	$133,318	$19,818	$231,012

Fixed and Adjustable-Rate Loan Schedule. The following tables set forth at June 30, 2011 and December 31, 2010, the dollar amount of all fixed-rate and adjustable-rate loans and home equity lines of credit due after June 30, 2012 and December 31, 2011, respectively.

	At June 30, 2011 and Due After June 30, 2012		
	Fixed	Floating or Adjustable	Total
	(In thousands)		
Real estate loans:			
One- to four-family residential	$147,790	$160,106	$307,896
Multi-family residential	10,965	11,879	22,844
Construction	6,699	—	6,699
Commercial	20,119	21,796	41,915
Other real estate	2,551	2,766	5,317
Commercial business	6,258	6,776	13,034
Consumer	1,128	1,222	2,350
Total loans	$195,510	$204,545	$400,055

	At December 31, 2010 and Due After December 31, 2011		
	Fixed	Floating or Adjustable	Total
	(In thousands)		
Real estate loans:			
One- to four-family residential	$147,553	$43,084	$190,637
Multi-family residential	6,488	1,895	8,383
Construction	6,937	—	6,937
Commercial	10,134	2,958	13,092
Other real estate	—	—	—
Commercial business	4,459	1,303	5,762
Consumer	169	—	169
Total loans	$175,740	$ 49,240	$224,980

Residential Mortgage Loans. Cheviot Savings Bank originates mortgage loans secured by one- to four-family properties, most of which serve as the primary residence of the owner. As of June 30, 2011, one- to four-family residential mortgage loans totaled $317.3 million, or 76.9% of our total loan portfolio. At June 30, 2011, our one- to four-family residential loan portfolio consisted of 51.9% adjustable-rate loans and 48.1% of fixed-rate loans. Most of our loan originations result from relationships with existing or past customers, members of our local community and referrals from realtors, attorneys and builders.

Our residential mortgage loans generally have terms from 15 to 30 years and amortize on a monthly basis with principal and interest due each month. As of June 30, 2011, we offered the following residential mortgage loan products:

- Fixed-rate loans of various terms;
- Adjustable-rate loans;
- Home equity lines of credit;
- Loans tailored for first time home buyers;
- Construction/permanent loans; and
- Short-term (bridge) loans.

Residential real estate loans may remain outstanding for significantly shorter periods than their contractual terms as borrowers refinance or prepay loans at their option without penalty. Our residential mortgage loans customarily contain “due on sale” clauses which permit us to accelerate the indebtedness of the loan upon transfer of ownership in the mortgage property.

We currently sell a portion of our conforming fixed-rate loans in the secondary market and hold the remaining fixed-rate loans and adjustable-rate loans in our portfolio. During the six months ended June 30, 2011 and the year ended December 31, 2010, we sold $18.8 million and $26.8 million in loans, the majority of which was sold servicing released. We lend up to a maximum loan-to-value ratio of 95% on mortgage loans secured by owner-occupied properties, with the condition that private mortgage insurance is required on first mortgage loans with a loan-to-value ratio in excess of 85%. The first time home buyer program allows 100% financing and does not require private mortgage insurance. During the six months ended June 30, 2011 and the year ended December 31, 2010, we originated $1.5 million and $3.9 million in loans under this program. As of June 30, 2011, these loans were performing in accordance with the original terms. To a lesser extent, we originate non-conforming loans that are tailored to the needs of the local community.

Our adjustable-rate mortgage loans are originated with a maximum term of 30 years. Adjustable-rate loans include loans that provide for an interest rate based on the interest paid on U.S. Treasury Securities of corresponding terms, plus a margin. Our adjustable-rate mortgages include limits on the increase or decrease in the interest rate. The interest rate may increase or decrease by a maximum of 2.0% per adjustment with a ceiling rate over the life of the loan, which generally is 5.0%. For all adjustable-rate loans, borrowers are qualified at the initial rate and at 2.0% over the initial rate. We do not originate subprime, Alt-A or option ARM residential mortgage loans.

The retention of adjustable-rate loans in our portfolio helps reduce exposure to changes in interest rates. However, there are credit risks resulting from potential increased costs to the borrower as a result of rising interest rates. During periods of rising interest rates, the risk of default on adjustable-rate mortgages may increase due to the upward adjustment of interest cost to the borrower. During periods of declining interest rates, our interest income from adjustable rate loans may be significantly decreased.

During the six months ended June 30, 2011, we originated $4.4 million in adjustable-rate loans and $15.9 million in fixed-rate loans. During the year ended December 31, 2010, we originated $5.7 million in gross adjustable-rate loans and $60.9 million in gross fixed-rate loans.

Included in residential mortgage loans at June 30, 2011 were $33.6 million of home equity lines of credit and $3.6 million of home equity loans. Home equity lines of credit are generally made for owner-occupied homes and are secured by first or second mortgages on residential properties. We are attempting to increase our originations of home equity lines of credit. We generally offer home equity lines of credit with a maximum loan to appraised value ratio of 85% including senior liens on the subject property and with a maximum loan to appraised value of ratio 80% when the senior lien is held elsewhere. We currently offer these loans for terms of up to 10 years, and with adjustable rates that are tied to the prime rate.

Commercial Real Estate Loans. We originate commercial real estate loans to finance the purchase of real property, which generally consists of land and/or developed real estate. In underwriting commercial real estate loans, consideration is given to the property’s historic and projected cash flow, current and projected occupancy, location, physical condition and credit worthiness of the borrower. At June 30, 2011, our commercial real estate portfolio totaled $43.1 million, or 10.4%, of total loans. A majority of our commercial real estate loans are secured by properties in Hamilton County. Our commercial real estate portfolio is diverse as to borrower and property type.

Commercial real estate lending involves additional risks compared to one- to four-family residential lending because payments on loans secured by commercial real estate properties are often dependent on the successful operation or management of the properties, and/or the collateral value of the commercial real estate securing the loan. Repayment of such loans may be subject, to a greater extent than residential loans, to adverse conditions in the

real estate market or the economy. Also, commercial real estate loans typically involve large loan balances to single borrowers or groups of related borrowers. Our policies limit the amount of loans to a single borrower or group of related borrowers to reduce this risk.

Commercial real estate loans generally have a higher rate of interest and shorter term than residential mortgage loans because of increased risks associated with commercial real estate lending. We offer commercial real estate loans at adjustable-rates and fixed-rates with a term generally not exceeding 25 years.

Multi-Family Loans. At June 30, 2011, $23.5 million, or 5.7%, of our total loan portfolio consisted of loans secured by multi-family real estate. We originate fixed-rate and adjustable rate multi-family real estate loans with amortization schedules of up to 25 years. We generally lend up to 80% of the property's appraised value. Appraised values are determined by an outside independent appraiser that we designate. In deciding to originate a multi-family loan, we review the creditworthiness of the borrower, the expected cash flows from the property securing the loan, the cash flow requirements of the borrower, the value of the property and the quality of the management involved with the property. We generally obtain the personal guarantee of the principals when originating multi-family real estate loans.

Multi-family real estate lending is generally considered to involve a higher degree of credit risk than one-to four-family residential lending. Such lending may involve large loan balances concentrated on a single borrower or group of related borrowers. In addition, the payment experience on loans secured by income producing properties typically depends on the successful operation of the related real estate project. Consequently, the repayment of the loan may be subject to adverse conditions in the real estate market or the economy generally.

Construction Loans. Cheviot Savings Bank originates construction loans for owner-occupied residential real estate, and, to a lesser extent, for commercial builders of residential real estate, improvement to existing structures, new construction for commercial purposes and residential land development.

At June 30, 2011, construction loans represented $7.4 million, or 1.8%, of Cheviot Savings Bank's total loans. At June 30, 2011, the unadvanced portion of these construction loans totaled $3.9 million.

Construction loans we originate generally provide for the payment of interest only during the construction phase (12 months for single family residential and varying terms for commercial property and land development). At the end of the construction phase, the loan converts to a permanent mortgage loan. Before making a commitment to fund a construction loan, Cheviot Savings Bank requires detailed cost estimates to complete the project and an appraisal of the property by an independent licensed appraiser. Cheviot Savings Bank also reviews and inspects each property before disbursement of funds during the term of the construction loan. Loan proceeds are disbursed after inspection based on the percentage of completion method.

Construction lending generally involves a greater degree of risk than other one- to four-family mortgage lending. The repayment of the construction loan is, to a great degree, dependent upon the successful and timely completion of construction. Various potential factors including construction delays or the financial viability of the builder may further impair the borrower's ability to repay the loan.

Consumer Loans. During 2010, we began offering automobile loans to our customers. In addition, on a limited basis, we make loans secured by deposit accounts up to 90% of the amount of the depositor's collected deposit account balance. We also acquired $3.4 million of consumer loans in our acquisition of The Franklin Savings and Loan Company, consisting of education and automobile loans. At June 30, 2011, consumer loans totaled $2.6 million, or 0.6%, of total loans.

Commercial Business Loans. We originate commercial business lines of credit and loans, which are secured by non-real estate business assets such as equipment, receivables and inventories. We focus on the origination of commercial business loans in amounts between $50,000 and $250,000. As a result of our

acquisition of First Franklin Corporation, our commercial business loan portfolio increased $7.5 million during the six months ended June 30, 2011.

Commercial business lending generally involves additional risks compared to one- to four-family residential lending because repayment generally depends on the successful operation of the borrowers' business. Repayment of such loans may be subject, to a greater extent than residential loans, to adverse conditions in the real estate market or the economy. Commercial and industrial loans have greater credit risk than one- to four- family residential real estate loans. Our policies limit the amount of loans to a single borrower or group of related borrowers to reduce this risk.

Loan Originations, Purchases, Sales and Servicing. While we originate both fixed-rate and adjustable-rate loans, our ability to generate each type of loan depends upon relative borrower demand and the pricing levels as set in the local marketplace by competing banks, thrifts, credit unions, and mortgage banking companies. Our volume of real estate loan originations is influenced significantly by market interest rates, and, accordingly, the volume of our real estate loan originations can vary from period to period. Our volume of commercial real estate lending has decreased in recent years due to our effort to improve asset quality and to emphasize relationship banking.

Loan Approval Procedures and Authority. The lending activities of Cheviot Savings Bank are subject to the written underwriting standards and loan origination procedures established by the board of directors and management. Loan originations are obtained through a variety of sources, primarily consisting of existing customers and referrals from real estate brokers. Written loan applications are taken by one of Cheviot Savings Bank's loan officers. Cheviot Savings Bank obtains property appraisals from independent appraisers on substantially all of its loans.

Our loan approval process is intended to provide direction to management on all phases of real estate lending activity since such real estate mortgage lending is the single most important revenue producing investment of Cheviot Savings Bank. Therefore, we believe that the underwriting of mortgage loans should be consistent with safe and sound practices to ensure the financial viability of Cheviot Bank. The loan underwriting policy is also established to provide appropriate limits and standards for all extensions of credit in real estate or for the purpose of financing the construction of a building or other improvement. Individual officer loan authorities are up to $1.0 million in the aggregate for one- to four-family residential real estate loans and $250,000 in the aggregate for secured consumer loans. Generally, all multi-family residential and commercial real estate loans and commercial business loans require approval by at least two members of our loan committee (our four senior lending officers, including our President and Chief Executive Officer) or at least two members of our executive committee (our President and Chief Executive Officer and two outside directors). Other types of loans that exceed individual approval authorities can be approved in amounts up to $1.5 million in the aggregate by at least two members of our executive committee. The loan committee reviews all loan applications submitted to Cheviot Savings Bank and lists such applications on a review sheet that is submitted to the board of directors. All loans approved by the loan committee or the executive committee are reviewed by the full board of directors, and the board of directors must approve all other loans other than those specifically set forth above.

Loans to One Borrower. State savings and loan institutions are subject to the same loans to one borrower limits as those applicable to national banks, which under current regulations restrict loans to one borrower to an amount equal to 15% of unimpaired equity on an unsecured basis, and an additional amount equal to 10% of unimpaired equity if the loan is secured by readily marketable collateral (generally, financial instruments and bullion, but not real estate). Our loans to one borrower limit under this regulation at June 30, 2011 was $9.0 million. Our policy generally provides that loans to one borrower (or related borrowers) should not exceed $4.0 million (excluding the borrower's principal residence). However, the board of directors may approve loans in greater amounts and may amend this limitation annually based on the asset growth and capital position of Cheviot Savings Bank.

At June 30, 2011, the largest aggregate credit exposure to one borrower consisted of one loan totaling $5.2 million. This loan is secured by commercial real estate and was performing in accordance with contractual

terms. There were 32 additional credit relationships, including committed amounts, in excess of $1.0 million at June 30, 2011. All of the loans, except for five loans totaling $2.7 million, net of fair value adjustments, extended under these credit relationships were performing as of June 30, 2011.

Asset Quality

General. One of our key operating objectives has been, and continues to be, to maintain a high asset quality. Our high proportion of one- to four-family mortgage loans, our maintenance of sound credit standards for new loan originations and our loan administration procedures have resulted in our historical ratios of nonperforming loans to total loans being lower than those of our peers. Our impaired and non-performing loans totaling $10.2 million, or 2.5% of net loans at June 30, 2011, and $4.9 million, or 2.2% of net loans at December 31, 2010. As described below, the increase, was due to loans acquired in the First Franklin acquisition. We have addressed the consequences of a weakening national and local economy by adhering to our conservative underwriting standards and limiting our exposure on one- to four-family residential investment properties.

Collection Procedures. When a borrower fails to make required payments on a loan, we take a number of steps to induce the borrower to cure the delinquency and restore the loan to a current status. Cheviot Savings Bank has implemented certain loan tracking policies and collection procedures to ensure effective management of classified assets. Cheviot Savings Bank generally sends a written notice of non-payment to its borrower after a loan is first past due. If payment has not been received within a reasonable time period, personal contact efforts are attempted by telephone or by letter. If no payment is received the following month, a letter stating that the borrower is two months behind is mailed indicating that the borrower needs to contact our collections department, and make payment arrangements. If the borrower has missed two consecutive payments, a demand letter will be sent by certified mail. On all accounts that are not current ten days after the completion of the last step set forth above our collection manager or staff member contacts the borrower by phone at their home and if necessary, at their place of employment in order to establish communications with the borrower concerning the delinquency and to try to establish a meeting with the borrower to determine what steps are needed to bring the borrower to a current status. If contact with the borrower by telephone is unsuccessful and the loan becomes 60 days delinquent Cheviot Savings Bank sends a letter stating its intention to begin foreclosure procedures. If no satisfactory agreement has been reached with the borrower within 15 days after the foreclosure intention letter, the board of directors will consider the status of the delinquency and may authorize Cheviot Savings Bank's attorney to send a letter to the borrower advising the borrower that foreclosure proceedings will be initiated and setting forth the conditions which could forestall the foreclosure. In selected cases, Cheviot Savings Bank may make an economic decision to forego foreclosure and work with the borrower to-bring the loan current. Repayment schedules may be entered into with chronically delinquent borrowers if management determines this resolution is more advantageous to Cheviot Savings Bank.

In connection with home equity lines of credit, when payment is first past due the collection manager or staff member attempts to contact the borrower by phone at their home. If phone contact is unsuccessful, the collection manager or staff member will mail a late notice to the borrower at the beginning of the following month indicating the need to contact the collections personnel and bring the loan current. If the preceding steps are unsuccessful then the collection manager will implement the steps described above leading to foreclosure.

Cheviot Savings Bank has implemented several credit risk measures in the loan origination process that have served to reduce potential losses. Cheviot Savings Bank also seeks to limit loan portfolio credit risk by originating in the local market generally one- to four-family permanent mortgage loans with a loan-to-value of 85% or less, and one and two family owner-occupied residential mortgage loans with a loan-to-value of 85%, with private mortgage insurance required on first mortgage loans with loan-to-value of greater than 85%. Cheviot Savings Bank consistently observed conservative loan underwriting guidelines and makes exceptions in originating such loans only if there are sound reasons for such exceptions.

Credit risk on commercial real estate loans is managed by generally limiting such lending to local markets and emphasizing sound underwriting and monitoring the financial status of the borrower. In originating such loans Cheviot Savings Bank seeks debt service coverage ratios in excess of 1.00x.

To limit the impact of loan losses in any given quarter, Cheviot Savings Bank seeks to maintain an appropriate level of valuation allowances. Its management and board of directors review the level of general valuation allowances on a quarterly basis to ensure that adequate coverage against known and inherent losses is maintained, based on the level of non-performing and classified assets, our loss history and industry trends and economic trends.

Cheviot Savings Bank has established detailed asset review policies and procedures which are consistent with generally accepted accounting principles. Quarterly reviews of the valuation allowance are conducted by the board of directors. Pursuant to these procedures, when needed, additional valuation allowances are established to cover anticipated losses in the portfolio.

We hold foreclosed property as real estate acquired through foreclosure. We carry foreclosed real estate at lower of cost or fair value less estimated selling costs. If a foreclosure action is commenced and the loan is not brought current, paid in full, or refinanced before the foreclosure sale, we either sell the real property securing the loan at the foreclosure sale or sell the property as soon thereafter as practical.

Marketing real estate owned generally involves listing the property for sale. Cheviot Savings Bank maintains the real estate acquired through foreclosure in good condition to enhance its marketability. As of June 30, 2011, we held 42 properties classified as real estate owned totaling $3.7 million and at December 31, 2010, we held eight properties classified as real estate owned totaling $2.0 million. At June 30, 2011, our two largest real estate properties acquired through foreclosure were a land lot and a condominium totaling in the aggregate $1.5 million. As a result of the First Franklin Corporation acquisition, we acquired 36 properties classified as real estate owned totaling $2.4 million, net of fair value adjustments. These properties are insured by Cheviot Savings Bank. Cheviot Savings Bank takes actions to ensure that a property does not deteriorate due to neglect while held as real estate owned. New appraisals are ordered at the time Cheviot Savings Bank takes ownership of the property. Updated appraisals may be ordered at future dates depending on the availability of automated estimated value reports, the stability of then-existing market conditions, the continued maintenance of the property and the existence of zoning or environmental changes. We work with preapproved real estate agents to sell the property.

Delinquent Loans and Non-performing Loans and Assets. Our policies require that the collection manager monitor the status of the loan portfolios and report to the board of directors on a monthly basis. These reports include information on delinquent loans, criticized and classified assets, foreclosed real estate and our plans to cure the delinquent status of the loans.

It is Cheviot Savings Bank’s policy to underwrite single-family residential loans up to a 95% loan-to-value ratio and all other loans (multi-family, construction, commercial and consumer) on no more than an 80% loan-to-value ratio. It has been the Bank’s experience that interest on delinquent loans is generally recovered in ultimate settlement of the loan due to this conservative underwriting policy. We generally stop accruing interest on our one-to four-family residential, construction and commercial loans when interest or principal payments are 90 days in arrears. Consumer loans are comprised exclusively of loans secured by deposits with Cheviot Savings Bank. Such loans are placed on non-accrual status should they become 90 days delinquent. We will stop accruing interest earlier when the timely collectibility of such interest or principal is doubtful.

We designate loans on which we stop accruing interest as non-accrual loans and we reverse outstanding interest that we previously credited. We may recognize income in the period that we collect it, when the ultimate collectability of principal is no longer in doubt. We return a non-accrual loan to accrual status when factors indicating doubtful collection no longer exist and the loan has been brought current. In accordance with industry standards and regulatory requirements, it is Cheviot Savings Bank’s policy to charge-off a loan when it becomes apparent that recovery of amounts due is not probable, either from expected payments from the borrower or from settlement of the collateral.

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The following table sets forth certain information regarding delinquencies in our loan portfolio.

	30 to 59 Days Delinquent			60 to 89 Days Delinquent			90 or More Days Delinquent		
	Amount	Percent of Net Loans		Amount	Percent of Net Loans		Amount	Percent of Net Loans	
	(Dollars in thousands)								
At June 30, 2011:									
Real Estate Loans:									
One- to four-family residential (1)	$ 252	0.06	%	$ 3,181	0.78	%	$ 9,660	2.37	%
Multi-family residential	—	—		—	—		488	0.12	
Construction	—	—		—	—		—	—	
Commercial (2)	—	—		32	0.01		195	0.05	
Other real estate	—	—		—	—		649	0.16	
Commercial business	35	0.01		236	0.06		—	—	
Consumer (3)	1	—		—	—		56	0.01	
Total delinquent loans	$ 288	0.07	%	$ 3,449	0.85	%	$ 11,048	2.71	%
At December 31, 2010:									
Real Estate Loans:									
One- to four-family residential (1)	$ 588	0.26	%	$ 429	0.19	%	$ 4,695	2.08	%
Multi-family residential	—	—		—	—		—	—	
Construction	—	—		—	—		—	—	
Commercial (2)	—	—		46	0.02		160	0.07	
Other real estate	—	—		—	—		—	—	
Commercial business	—	—		—	—		—	—	
Consumer (3)	—	—		—	—		—	—	
Total delinquent loans	$ 588	0.26	%	$ 475	0.21	%	$ 4,855	2.15	%
At December 31, 2009:									
Real Estate Loans:									
One- to four-family residential (1)	$ 995	0.40	%	$ 879	0.36	%	$ 2,229	0.90	%
Multi-family residential	—	—		—	—		—	—	
Construction	—	—		—	—		—	—	
Commercial (2)	47	0.02		—	—		—	—	
Other real estate	—	—		—	—		—	—	
Commercial business	—	—		—	—		217	0.09	
Consumer (3)	—	—		—	—		—	—	
Total delinquent loans	$ 1,042	0.42	%	$ 879	0.36	%	$ 2,446	0.99	%
At December 31, 2008:									
Real Estate Loans:									
	$ 388	0.14	%	$ 488	0.18	%	$ 856	0.32	%

One- to four-family residential (1)														
Multi-family residential		—	—			—	—			1,194	0.44	
Construction		—	—			—	—			—	—	
Commercial (2)		—	—			436	0.15			—	—	
Other real estate		—	—			—	—			—	—	
Commercial business		—	—			—	—			—	—	
Consumer (3)		—	—			—	—			—	—	
Total delinquent loans	$	388	0.14	%	$	924	0.33	%	$	2,050	0.76	%
At December 31, 2007:												
Real Estate Loans:												
One- to four-family residential (1)	$	171	0.07	%	$	130	0.05	%	$	1,601	0.64	%
Multi-family residential		—	—			—	—			—	—	
Construction		—	—			—	—			—	—	
Commercial (2)		—	—			—	—			—	—	
Other real estate		—	—			—	—			—	—	
Commercial business		—	—			—	—			—	—	
Consumer (3)		—	—			—	—			—	—	
Total delinquent loans	$	171	0.07	%	$	130	0.05	%	$	1,601	0.64	%

(continued on following page)

	30 to 59 Days Delinquent		60 to 89 Days Delinquent		90 or More Days Delinquent	
	Amount	Percent of Net Loans	Amount	Percent of Net Loans	Amount	Percent of Net Loans
	(Dollars in thousands)					
At December 31, 2006:						
Real Estate Loans:						
One- to four-family residential (1)	$ 506	0.21 %	$ 265	0.11 %	$ 468	0.19 %
Multi-family residential	—	—	—	—	—	—
Construction	—	—	—	—	—	—
Commercial (2)	—	—	—	—	—	—
Other real estate	—	—	—	—	—	—
Commercial business	—	—	—	—	—	—
Consumer (3)	—	—	—	—	—	—
Total delinquent loans	$ 506	0.21 %	$ 265	0.11 %	$ 468	0.19 %

(1) Includes home equity lines of credit, loans purchased and loans held for sale.
(2) Includes loans secured by land.
(3) Loans secured by deposit accounts for all years and auto loans beginning in 2010.

The increase in delinquencies from December 31, 2010 to June 30, 2011 resulted primarily from our acquisition of First Franklin Corporation. As part of the acquisition, we acquired $239,000 in loans that were 30 to 59 days delinquent, $2.8 million in loans that were 60 to 89 days delinquent and $5.8 million in loans that were 90 days or more delinquent. The increase in delinquencies from December 31, 2009 to December 31, 2010 was due to two one- to four-family residential real estate loans with total principal balances of $2.0 million. Based on our most recent appraisals of the properties securing these two loans, we believe the collateral value supports the loan balances as of June 30, 2011.

The following tables set forth information regarding impaired and non-performing loans and assets. At June 30, 2011, originated loans and assets consisted of loans and assets of Cheviot Savings Bank, excluding the loans and assets acquired from The Franklin Savings and Loan Company, while purchased loans consisted of loans and assets acquired from The Franklin Savings and Loan Company on March 16, 2011 that remained with us.

	At June 30, 2011 (Dollars in thousands)
Non-accrual real estate originated loans:	
One- to four-family residential (1)	$ 5,041
Multi-family residential	—
Construction	—
Commercial (2)	—
Other real estate	207
Commercial business	—

Consumer (3)		—	
Total non-accruing originated loans		5,248	
Impaired originated loans		—	
Accruing originated loans delinquent 90 days or more		—	
Total non-performing originated loans		5,248	
Real estate acquired through foreclosure		2,367	
Total non-performing originated assets	$	7,615	
Non-performing originated assets to total assets		1.28	%
Non-performing originated loans to net originated loans		2.41	%

(continued on following page)

	At June 30, 2011 (Dollars in thousands)	
Non-accrual real estate purchased loans:		
One- to four-family residential (1)	$ 3,734	
Multi-family residential	488	
Construction	—	
Commercial (2)	195	
Other real estate	443	
Commercial business	—	
Consumer (3)	56	
Total non-accruing purchased loans	4,916	
Impaired purchased loans	—	
Accruing purchased loans delinquent 90 days or more	—	
Total non-performing purchased loans	4,916	
Real estate acquired through foreclosure	1,315	
Total non-performing purchased assets	$ 6,231	
Non-performing purchased assets to total assets	1.04	%
Non-performing purchased loans to net purchased loans	2.59	%
Non-accrual real estate loans:		
One- to four-family residential (1)	$ 8,775	
Multi-family residential	488	
Construction	—	
Commercial (2)	195	
Other real estate	650	
Commercial business	—	
Consumer (3)	56	
Total non-accruing loans (4)	10,164	
Impaired loans	—	
Accruing loans delinquent 90 days or more	—	
Total non-performing loans	10,164	
Real estate acquired through foreclosure	3,682	
Total non-performing assets	$ 13,846	
Non-performing assets to total assets	2.32	%
Non-performing loans to net loans	2.49	%

	At December 31,				
	2010	2009	2008	2007	2006
	(Dollars in thousands)				
Non-accrual real estate loans:					
One- to four-family residential (1)	$4,695	$2,229	$652	$660	$269
Multi-family residential	—	—	1,194	—	—
Construction	—	—	—	—	—
Commercial (2)	160	—	—	—	—
Other real estate	—	—	—	—	—
Commercial business	—	217	—	—	—
Consumer (3)	—	—	—	—	—
Total non-accruing loans (4)	4,855	2,446	1,846	660	269
Impaired loans	—	—	—	—	12
Accruing loans delinquent 90 days or more	—	—	204	—	—
Total non-performing loans	4,855	2,446	2,050	660	281
Real estate acquired through foreclosure	2,007	2,048	1,064	625	—
Total non-performing assets	$6,862	$4,494	$3,114	$1,285	$281
Non-performing assets to total assets	1.92 %	1.31 %	0.94 %	0.40 %	0.09 %
Non-performing loans to net loans	2.15 %	0.99 %	0.76 %	0.26 %	0.12 %

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(1) Includes home equity lines of credit, loans purchased and loans held for sale.

(2) Includes loans secured by land.

(3) Loans secured by deposit accounts for all years and automobile loans beginning in 2010.

(4) For the six months ended June 30, 2011 and the year ended December 31, 2010, gross interest income which would have been recorded had the non-accruing loans been current in accordance with their original terms amounted to $785,000 and $199,000, respectively. $100,000 and $137,000 in interest income was recorded on such loans during the six months ended June 30, 2011 and the year ended December 31, 2010, respectively.

Non-performing loans totaled $10.2 million at June 30, 2011 and $4.9 million at December 31, 2010. The increase in non-performing loans resulted from our acquisition of First Franklin Corporation. As part of the acquisition, we acquired $4.9 million of non-performing purchased loans. At June 30, 2011, our largest non-performing loans consisted of two loans to a not-for-profit organization for buildings used in the operation of a boys home totaling approximately $1.6 million, which were purchased in the acquisition of The Franklin Savings and Loan Company and were written down to the fair market value of $1.1 million, and a one- to four-family residential loan of approximately $1.0 million that we originated.

Our loan review procedures are performed quarterly. With respect to multi-family and commercial loans, we consider a loan impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due according to the loan's contractual terms.

We review multi-family and commercial loans in amounts greater than $250,000 for impairment. These loans are individually assessed to determine whether the loan's carrying value is in excess of the fair value of the collateral or the present value of the loan's expected cash flows. Smaller balance homogenous loans that are collectively evaluated for impairment, such as residential mortgage loans and consumer loans, are specifically excluded from individual impairment review.

During the six months ended June 30, 2011, Cheviot Savings Bank had total troubled debt restructurings of $7.7 million. There were 22 one- to four-family residential loans totaling $5.1 million in troubled debt restructurings during the six months ended June 30, 2011, with the largest totaling $1.0 million. The remaining $2.6 million in troubled debt restructurings consisted of six commercial loans. During the year ended December 31, 2010, Cheviot Savings Bank had total troubled debt restructurings of $2.4 million. There were four one- to four-family residential loans totaling $1.1 million in troubled debt restructurings during the year, with the largest totaling $680,000. The other $1.3 million in troubled debt restructurings consisted of two one- to four-family residential loans restructured in the fourth quarter of 2009, with the largest loan totaling $1.0 million. These troubled debt restructurings are included in non-accrual loans. Two loans totaling $236,000 were performing according to their modified terms and were not included in non-accrual loans. These loans were modified due to short term concessions with no impairment as Cheviot Savings Bank expects to recognize the full amount of the commitment. Cheviot Savings Bank has no commitments to lend additional funds to these debtors owing receivables whose terms have been modified in troubled debt restructurings.

In addition to troubled debt restructurings, we modify loans to reduce interest rates in the event of reductions in market rates. Except for these interest rate reductions, we do not otherwise modify loans unless such loans are to be classified as troubled debt restructurings.

Classified Assets. Federal regulations require that each insured savings institution classify its assets on a regular basis. In addition, in connection with examinations of insured institutions, federal examiners have authority to identify problem assets and, if appropriate, classify them. There are three classifications for problem assets: "substandard," "doubtful" and "loss." Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Doubtful assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions and values questionable, and there is a higher possibility of loss. An asset classified as a loss is considered uncollectible and of such little value that continuance as an asset of the institution is not warranted. Another category designated "special mention" also may be established and maintained for assets which do not currently expose an insured institution to a sufficient degree of risk to warrant classification as substandard, doubtful or loss. If a classified asset is deemed to be impaired with measurement of loss, Cheviot Savings Bank will establish a charge-off of the loan pursuant to Accounting Standards Codification Topic 310, "Receivables". The following table sets forth information regarding classified assets as of June 30, 2011 and

December 31, 2010, 2009 and 2008.

	At June 30, 2011	At December 31, 2010	2009	2008
		(In thousands)		
Classification of Assets:				
Substandard	$17,191	$7,001	$4,487	$3,281
Doubtful	—	—	—	—
Loss	—	—	—	—
Total Classified Assets	$17,191	$7,001	$4,487	$3,281
Special Mention	$1,451	$—	$—	$—

At June 30, 2011, substandard assets were $17.2 million, of which $10.1 million were substandard assets acquired from The Franklin Savings and Loan Company. The assets consisted of 168 one- to four-family residential loans with an aggregate principal balance of $13.9 million, 21 commercial real estate loans with an aggregate principal balance of $3.0 million and a small number of multi-family residential and consumer loans totaling approximately $300,000. At June 30, 2011, there were seven loans classified as special mention totaling $1.5 million. These special mention loans were acquired from First Franklin Corporation and recorded at fair value. They consisted of four one- to four-family residential loans with an aggregate fair value of $151,000, one multi-family residential loan with a fair value of $305,000 and two commercial loans with an aggregate fair value of $994,000. The two commercial loans were acquired as part of our acquisition from First Franklin Corporation and, therefore, were written down to fair value at the time of acquisition.

General loss allowances established to cover inherent, but unconfirmed losses in the portfolio may be included in determining an institution's regulatory capital. Federal examiners may disagree with an insured institution's classifications and amounts reserved.

Allowance for Loan Losses. We maintain the allowance through provisions for loan losses that we charge to income. We charge losses on loans against the allowance for loan losses when we believe the collection of loan principal is unlikely. Recoveries on loans charged-off are restored to the allowance for loan losses. The allowance for loan losses is maintained at a level believed, to the best of management's knowledge, to cover all known and inherent losses in the portfolio both probable and reasonable to estimate at each reporting date. The level of allowance for loan losses is based on management's periodic review of the collectability of the loans principally in light of our historical experience, augmented by the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and current and anticipated economic conditions in the primary lending area. We evaluate our allowance for loan losses quarterly. We have not made any changes to the external factors in the calculation during the year as we believe the local economy has stabilized. We will continue to monitor all items involved in the allowance calculation closely.

In addition, the regulatory agencies, as an integral part of their examination and review process, periodically review our loan portfolios and the related allowance for loan losses. Regulatory agencies may require us to increase the allowance for loan losses based on their judgments of information available to them at the time of their examination, thereby adversely affecting our results of operations.

At June 30, 2011 and December 31, 2010 and 2009, our allowance for loan losses was $1.4 million, $1.2 million and $1.0 million, respectively. Our ratio of the allowance for loan losses as a percentage of originated net loans receivable was 0.64%, 0.55% and 0.41% at June 30, 2011 and December 31, 2010 and 2009, respectively. The allowance as a percentage of net loans at June 30, 2011 excludes loans acquired from First Franklin Corporation, which increased our net loan portfolio but for which we did not increase the allowance for loan losses. Applicable accounting guidance requires us to book assets acquired in an acquisition, such as loans, at their fair value, and without the related

allowance for loan losses as reflected on the target entity's financial statements.

Following the completion of our acquisition of First Franklin Corporation, we recorded $25.0 million of purchased credit-impaired loans subject to a fair value adjustment of $5.5 million. The method of measuring the carrying value of purchased loans differs from loans that we originate. Accordingly, we identify purchased loans and purchased loans with a credit quality discount at fair value and our own originated loans at amortized cost.

The following table sets forth the analysis of the activity in the allowance for loan losses for the periods indicated:

	At or For the Six Months Ended June 30,		At or For the Year Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
	(Dollars in thousands)						
Balance at beginning of period	$ 1,242	$ 1,025	$ 1,025	$ 709	$ 596	$ 833	$ 808
Charge offs:							
One- to four-family residential (1)	(35)	(45)	(277)	(537)	(488)	(353)	—
Multi-family residential	—	—	—	—	—	—	—
Construction	(21)	—	—	—	—	—	—
Commercial (2)	—	—	(56)	—	(84)	—	—
Other real estate	—	—	—	—	—	—	—
Commercial business	—	—	—	—	—	—	—
Consumer (3)	—	—	—	—	—	—	—
Total charge-offs	(56)	(45)	(333)	(537)	(572)	(353)	—
Recoveries:							
One- to four-family residential (1)	—	—	—	—	17	—	—
Multi-family residential	—	—	—	—	—	—	—
Construction	—	—	—	—	—	—	—
Commercial (2)	—	—	—	—	—	—	—
Other real estate	—	—	—	—	—	—	—
Commercial business	—	—	—	—	—	—	—
Consumer (3)	13	—	—	—	—	—	—
Total recoveries	13	—	—	—	17	—	—
Net charge-offs	(43)	(45)	(333)	(537)	(555)	(353)	—
Provision for losses on loans	200	100	550	853	668	116	25

Balance at end of period	$ 1,399		$ 1,080		$ 1,242		$ 1,025		$ 709		$ 596		$ 833	
Total loans receivable, net (1)	$ 407,653		$ 242,137		$ 225,438		$ 247,002		$ 268,483		$ 249,832		$ 241,178	
Average loans receivable outstanding (1)	$ 335,698		$ 244,122		$ 240,224		$ 253,302		$ 260,708		$ 246,335		$ 233,331	
Allowance for loan losses as a percent of originated net loans receivable	0.64	%	0.45	%	0.55	%	0.41	%	0.26	%	0.24	%	0.35	%
Net loans charged off as a percent of average loans outstanding	0.03	% (4)	0.04	% (4)	0.14	%	0.21	%	0.22	%	0.14	%	—	%

(1) Includes home equity lines of credit, loans purchased and loans held for sale.
(2) Includes loans secured by land.
(3) Loans secured by deposit accounts for all years and auto loans beginning in 2010.
(4) Annualized.

The following table sets forth the allocation of the allowance for loan losses by loan category for the periods indicated. This allocation is based on management's assessment, as of a given point in time, of the risk characteristics of each of the component parts of the total loan portfolio and is subject to changes as and when the risk factors of each such component part change. The allocation is neither indicative of the specific amounts or the loan categories in which future charge-offs may be taken nor is it an indicator of future loss trends. The allocation of the allowance to each category does not restrict the use of the allowance to absorb losses in any category.

	At June 30, 2011			At December 31, 2010		
	Allowance for Loan Losses	Loan Balances by Category	Percent of Loans in Each Category to Total Loans	Allowance for Loan Losses	Loan Balances by Category	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)					
Real estate - mortgage						
One- to four-family residential (1)	$1,000	$317,281	76.87 %	$979	$195,801	84.76 %
Multi-family residential	153	23,483	5.69	49	8,594	3.72
Construction	16	7,406	1.79	33	7,081	3.06
Commercial (2)	139	43,087	10.44	125	13,422	5.81
Other real estate	18	5,466	1.32	—	—	—
Commercial business	44	13,399	3.25	55	5,907	2.56
Consumer (3)	29	2,636	0.64	1	207	0.09
Total	$1,399	$412,758	100.00 %	$1,242	$231,012	100.00 %

	At December 31,					
	2009			2008		
	Allowance for Loan Losses	Loan Balances by Category	Percent of Loans in Each Category to Total Loans	Allowance for Loan Losses	Loan Balances by Category	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)					
Real estate - mortgage						
One- to four-family residential (1)	$959	$220,714	88.05 %	$604	$234,822	86.38 %
Multi-family residential	17	9,114	3.64	22	9,385	3.45
Construction	21	4,868	1.94	53	11,646	4.28
Commercial (2)	20	11,321	4.51	27	14,590	5.37
Other real estate	—	—	—	—	—	—
Commercial business	8	4,604	1.84	3	1,352	0.50
Consumer (3)	—	51	0.02	—	48	0.02
Total	$1,025	$250,672	100.00 %	$709	$271,843	100.00 %

	At December 31,					
	2007			2006		
	Allowance for Loan Losses	Loan Balances by Category	Percent of Loans in Each Category to Total Loans	Allowance for Loan Losses	Loan Balances by Category	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)					
Real estate - mortgage						
One- to four-family residential (1)	$320	$216,958	84.39 %	$318	$209,996	84.06 %
Multi-family residential	20	10,638	4.14	236	11,250	4.50
Construction	7	19,421	7.55	4	19,022	7.61
Commercial (2)	213	8,577	3.34	239	8,223	3.29
Other real estate	—	—	—	—	—	—
Commercial business	36	1,441	0.56	36	1,243	0.51
Consumer (3)	—	66	0.02	—	82	0.03
Total	$596	$257,101	100.00 %	$833	$249,816	100.00 %

(1) Includes home equity lines of credit, loans purchased and loans held for sale.
(2) Includes loans secured by land.
(3) For all dates, includes loans secured by deposit accounts. Also includes automobile loans beginning December 31, 2010.

Securities Activities

General. Our investment policy is established by the board of directors. This policy dictates that investment decisions will be made based on the safety of the investment, liquidity requirements, potential returns, cash flow targets, and consistency with our interest rate risk management. The board of directors, as a whole, acts in the capacity of an investment committee and is responsible for overseeing our investment program and evaluating on an ongoing basis our investment policy and objectives. Our president and chief financial officer have the authority to purchase securities within specific guidelines established by the investment policy. All transactions are reviewed by the board of directors at its regular meeting.

We account for investment and mortgage-backed securities in accordance with Accounting Standards Codification Topic 320, "Investments - Debt and Equity Securities." Accounting Standards Codification 320 requires that investments be categorized as held-to maturity, trading, or available for sale. Securities classified as held to maturity are carried at cost only if we have the positive intent and ability to hold these securities to maturity. Trading securities and securities available for sale are carried at fair value with resulting unrealized gains or losses recorded to operations or shareholders' equity, respectively. During the six months ended June 30, 2011, we purchased $5.0 million of investment securities that were classified as available for sale and acquired $20.1 million of securities as part of our acquisition of First Franklin Corporation that we classified as available for sale. Specifically, in our acquisition of First Franklin Corporation, we acquired $3.0 million of fixed-rate mortgage-backed securities, $1.5 million of adjustable-rate mortgage-backed securities, $1.6 million of municipal obligations and $14.0 million of investment securities. During 2010, we purchased 40 investment securities that were classified as available for sale. During 2009, we purchased 54 investment securities that were classified as available for sale. During 2008, we purchased nine investment securities that were classified as available for sale. All other investment and mortgage-backed securities purchases have been classified as held-to-maturity. Realized gains or losses on sales of securities are recognized using the specific identification method.

Our current policies generally limit securities investments to U.S. Government, agency and sponsored entity securities and municipal bonds. The policy also permits investments in mortgage-backed securities guaranteed by the Fannie Mae, Freddie Mac and Ginnie Mae. Our investments in municipal obligations mature in more than five years. The majority of our investments in U.S. Government and agency obligations are scheduled to mature within fifteen years.

Our current investment strategy uses a risk management approach of diversified investing in fixed-rate securities with short- to intermediate-term maturities, as well as adjustable-rate securities, which may have a longer term to maturity. The emphasis of this approach is to increase overall securities yields while managing interest rate risk. To accomplish these objectives, we focus on investments in mortgage-backed securities with short term maturities, and U.S. government and agency obligations and municipal obligations with maturities in excess of 10 years. We monitor our investment portfolio for losses that may be considered other than temporary. At June 30, 2011 and December 31, 2010, all unrealized losses on securities are viewed by management to be temporary. At June 30, 2011, the amortized cost of our investment and mortgage-backed securities portfolio was $100.6 million, while the estimated fair value was $101.0 million. At December 31, 2010, the amortized cost of our investment and mortgage-backed securities portfolio was $99.0 million, while the estimated fair value was $97.6 million.

All of these securities have been classified as available for sale.

Amortized Cost and Estimated Fair Value of Securities. The following table sets forth certain information regarding the amortized cost and estimated fair values of our securities as of the dates indicated.

	At June 30, 2011		At December 31, 2010		2009		2008	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(In thousands)							
Investment securities held to maturity:								
U.S. Government and agency securities	$ —	$ —	$ —	$ —	$ —	$ —	$ 7,000	$ 7,074
Municipal obligations	—	—	—	—	—	—	—	—
Total investment securities held to maturity	—	—	—	—	—	—	7,000	7,074
Mortgage-backed securities held to maturity:								
Freddie Mac	425	430	464	473	603	597	683	683
Fannie Mae	465	472	515	522	640	642	757	752
Ginnie Mae	3,598	3,731	3,800	3,921	4,501	4,577	5,475	5,395
Total mortgage-backed securities held to maturity	4,488	4,633	4,779	4,916	5,744	5,816	6,915	6,830
Total investments and mortgage-backed securities held to maturity	4,488	4,633	4,779	4,916	5,744	5,816	13,915	13,904
Investment securities available for sale:								
U.S. Government and agency securities	84,795	84,887	88,529	87,009	54,915	54,455	21,995	22,012
Municipal obligations	3,142	3,129	1,545	1,373	1,545	1,396	2,110	1,897
Total investment securities available for sale	87,937	88,016	90,074	88,382	56,460	55,851	24,105	23,909
Mortgage-backed securities available for sale:								
Freddie Mac	1,230	1,315	723	736	829	830	—	—

Fannie Mae	3,109	3,156	548	565	700	709	—	—
Ginnie Mae	3,791	3,887	2,908	2,978	3,358	3,381	666	648
Total mortgage-backed securities available for sale	8,130	8,358	4,179	4,279	4,887	4,920	666	648
Total investment and mortgage-backed securities available for sale	96,067	96,374	94,253	92,661	61,347	60,771	24,771	24,557
Total investment and mortgage-backed securities	$ 100,555	$ 101,007	$ 99,032	$ 97,577	$ 67,091	$ 66,587	$ 38,686	$ 38,461

The following table sets forth certain information regarding the carrying value, weighted average yields and contractual maturities of our securities portfolio as of June 30, 2011. Adjustable-rate mortgage-backed securities are included in the period in which interest rates are next scheduled to adjust.

	At June 30, 2011										
	One Year or Less		More Than One Year through Five Years		More Than Five Years through Ten Years		More Than Ten Years		Total Securities		
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Estimated Fair Value	Weighted Average Yield
	(Dollars in thousands)										
Investment securities held to maturity:											
U.S. Government and agency obligations	$—	— %	$—	— %	$—	— %	$—	— %	$—	$—	— %
Municipal obligations	—	— %	—	— %	—	— %	—	— %	—	—	— %
Total investment securities held to maturity	—	— %	—	— %	—	— %	—	— %	—	—	— %
Mortgage-backed securities held to maturity:											
Freddie Mac	425	3.07%	—	— %	—	— %	—	— %	425	430	3.07%
Fannie Mae	465	2.66%	—	— %	—	— %	—	— %	465	472	2.66%
Ginnie Mae	3,598	2.58%	—	— %	—	— %	—	— %	3,598	3,731	2.58%
Total mortgage backed securities held to maturity	4,488	2.63%	—	— %	—	— %	—	— %	4,488	4,633	2.63%
Investment securities available for sale:											
U.S. Government and agency obligations	51,930	2.00%	18,895	2.37%	7,983	2.21%	5,987	2.02%	84,795	84,887	2.11%
Municipal obligations	102	2.25%	434	4.07%	1,139	4.15%	1,467	4.30%	3,142	3,129	4.15%
Total investment securities available for sale	52,032	2.00%	19,329	2.41%	9,122	2.45%	7,454	2.47%	87,937	88,016	2.18%
Mortgage-backed securities											

available for sale:											
Freddie Mac	1,230	2.78%	—	—%	—	—%	—	—%	1,230	1,315	2.78%
Fannie Mae	3,109	2.66%	—	—%	—	—%	—	—%	3,109	3,156	2.66%
Ginnie Mae	3,791	2.34%	—	—%	—	—%	—	—%	3,791	3,887	2.34%
Total mortgage backed securities available for sale	8,130	2.53%	—	—%	—	—%	—	—%	8,130	8,358	2.53%
Total investment and mortgage-backed securities	$64,650	2.11%	$19,329	2.41%	$9,122	2.45%	$7,454	2.47%	$100,555	$101,007	2.23%

Sources of Funds.

General. Deposits, Federal Home Loan Bank advances, scheduled amortization and prepayments of loan principal, maturities and calls of securities and funds provided by operations are our primary sources of funds for use in lending, investing and for other general purposes.

Deposits. We offer deposit products having a range of interest rates and terms. We currently offer passbook and statement savings accounts, interest-bearing demand accounts, non-interest-bearing demand accounts, money market accounts and certificates of deposit.

Deposit flows are significantly influenced by general and local economic conditions, changes in prevailing interest rates, internal pricing decisions and competition. Our deposits are primarily obtained from areas surrounding our branch offices. In order to attract and retain deposits we rely on paying competitive interest rates and providing quality service.

Savings, NOW and money market rates are generally determined monthly by the board of directors. Certificate of deposit rates are generally determined weekly by our President and Chief Executive Officer. When we determine our deposit rates, we consider liquidity needs, local competition, Federal Home Loan Bank advance rates and rates charged on other sources of funds. Core deposits, defined as savings accounts, money market accounts and demand deposit accounts, represented 40.9%, 45.1% and 39.9% of total deposits at June 30, 2011 and December 31, 2010 and 2009, respectively. At June 30, 2011 and December 31, 2010 and 2009, certificates of deposit with remaining terms to maturity of less than one year amounted to $144.1 million, $94.5 million and $100.1 million, respectively.

In our acquisition of First Franklin Corporation, we assumed deposits of approximately $218.8 million, net of fair value adjustments. Deposits assumed included savings deposits totaling approximately $77.7 million and time deposits of approximately $141.1 million, with an overall average rate of 1.90%.

The following tables set forth the types of deposit accounts offered by us at the dates indicated.

	At June 30, 2011			At December 31, 2010		
	Amount	Percent	Weighted Average Rate	Amount	Percent	Weighted Average Rate
	(Dollars in thousands)					
NOW accounts	$70,182	14.78 %	0.51 %	$32,929	12.77 %	0.22 %
Passbook accounts	33,147	6.98	0.20	14,994	5.82	0.15
Money market demand deposits	90,957	19.15	0.70	68,309	26.49	0.76
Total demand, transaction and passbook deposits	194,286	40.91	0.55	116,232	45.08	0.53
Certificates of deposit						
Due within one year	144,079	30.34	1.52	94,541	36.67	1.32
Over one year through three years	71,413	15.04	2.67	37,013	14.35	2.62
Over three years	65,110	13.71	2.76	10,066	3.90	1.92
Total certificates of deposit	280,602	59.09	2.10	141,620	54.92	1.77
Total	$474,888	100.00 %	1.44 %	$257,852	100.00 %	1.18 %

	At December 31,					
	2009			2008		
	Amount	Percent	Weighted Average Rate	Amount	Percent	Weighted Average Rate
	(Dollars in thousands)					
NOW accounts	$24,426	10.36 %	0.29 %	$18,940	8.77 %	0.49 %
Passbook accounts	15,096	6.40	0.24	14,405	6.67	0.34
Money market demand deposits	54,549	23.12	0.92	41,069	19.00	1.52
Total demand, transaction and passbook deposits	94,071	39.88	0.65	74,414	34.44	1.03
Certificates of deposit						
Due within one year	100,050	42.41	1.97	104,868	48.54	2.82
Over one year through three years	30,770	13.04	2.83	23,193	10.74	3.53
Over three years	11,013	4.67	3.83	13,573	6.28	4.45
Total certificates of deposit	141,833	60.12	2.30	141,634	65.56	3.45
Total	$235,904	100.00 %	1.60 %	$216,048	100.00 %	2.62 %

Maturities of Certificates of Deposit Accounts. The following table sets forth the amount and maturities of certificates of deposit accounts at the dates indicated.

	At June 30, 2011					
	Less than Six Months	Six Months to One Year	Over One Year to Three Years	Over Three Years	Total	Percent of Total
	(Dollars in thousands)					
2.00% and below	$76,659	$44,853	$35,098	$402	$157,012	55.96 %
2.01% to 3.00%	4,574	946	2,274	51,410	59,204	21.10
3.01% to 4.00%	527	1,476	15,068	13,077	30,148	10.74
4.01% to 5.00%	2,506	3,472	17,608	211	23,797	8.48
5.01% to 6.00%	7,428	1,638	1,365	10	10,441	3.72
Total	$91,694	$52,385	$71,413	$65,110	$280,602	100.00 %

	At December 31, 2010					
	Less than Six Months	Six Months to One Year	Over One Year to Three Years	Over Three Years	Total	Percent of Total
	(Dollars in thousands)					
2.00% and below	$44,129	$35,977	$22,557	$26	$102,689	72.51 %
2.01% to 3.00%	8,801	4,542	490	8,053	21,886	15.45
3.01% to 4.00%	66	—	3,957	1,427	5,450	3.85
4.01% to 5.00%	291	451	8,943	560	10,245	7.24
5.01% to 6.00%	118	166	1,066	—	1,350	0.95
Total	$53,405	$41,136	$37,013	$10,066	$141,620	100.00 %

As of June 30, 2011, the aggregate amount of outstanding certificates of deposit at Cheviot Savings Bank in amounts greater than or equal to $100,000 was approximately $86.9 million. The following table presents the maturity of these certificates of deposit at such date.

Maturity Period	At June 30, 2011
	(In thousands)

Less than three months	$ 17,764
Three to six months	9,547
Six months to one year	13,435
Over one year to three years	20,418
Over three years	25,727
Total	$ 86,891

Borrowed Funds. As a member of the Federal Home Loan Bank of Cincinnati, Cheviot Savings Bank is eligible to obtain advances upon the security of the Federal Home Loan Bank common stock owned and certain residential mortgage loans, provided certain standards related to credit-worthiness have been met. Federal Home Loan Bank advances are available pursuant to several credit programs, each of which has its own interest rate and range of maturities. The following table sets forth information with respect to our Federal Home Loan Bank advances, which were our only outstanding borrowings for the periods indicated.

	At or For the Six Months Ended June 30,		At or For the Year Ended December 31,		
	2011	2010	2010	2009	2008
	(Dollars in thousands)				
FHLB Advances:					
Maximum month end-end balance	$46,997	$40,712	$40,712	$44,210	$46,528
Balance at the end of period	$44,245	$35,870	$27,300	$33,672	$44,604
Average balance	$38,458	$36,908	$33,152	$39,783	$39,257
Weighted average interest rate at the end of period	3.94 %	3.71 %	3.64 %	4.33 %	4.29 %
Weighted average interest rate during period	3.20 %	3.89 %	3.81 %	4.38 %	4.38 %

Employees

As of June 30, 2011, we had 89 full-time employees and 38 part-time employees. Our employees are not represented by any collective bargaining group. Management believes that we have a good working relationship with our employees.

Subsidiary Activities

As a result of the acquisition of First Franklin Corporation and The Franklin Savings and Loan Company, Cheviot Savings Bank owns 100% of Madison Service Corporation, which is inactive.

Legal Proceedings

We are not involved in any pending legal proceedings other than routine legal proceedings occurring in the ordinary course of business which, in the aggregate, involve amounts that are believed by management to be immaterial to its financial condition or results of operations.

Expense and Tax Allocation Agreements

Cheviot Savings Bank will enter into an agreement with New Cheviot to provide it with certain administrative support services, whereby Cheviot Savings Bank will be compensated at not less than the fair market value of the services provided. In addition, Cheviot Savings Bank and New Cheviot will enter into an agreement to establish a method for allocating and for reimbursing the payment of their consolidated tax liability.

Properties

We conduct our business through our main banking office located in Cheviot, Ohio, and other full-service branch offices located in Hamilton County, Ohio. The aggregate net book value of our premises and equipment was $10.0 million at June 30, 2011. The following table sets forth certain information with respect to our offices at June 30, 2011, including lease expiration dates for leased properties.

Location	Leased or Owned	Year Opened/Acquired	Net Book Value (In thousands)
Main Office 3723 Glenmore Avenue Cheviot, Ohio 45211	Owned	1912	$ 1,129
Branches 5550 Cheviot Road Cincinnati, Ohio 45247	Owned	1982	330
6060 Bridgetown Road Cincinnati, Ohio 45248	Owned	1991	449
1194 Stone Road Harrison, Ohio 45030	Owned	1997	561
585 Anderson Ferry Road Cincinnati, Ohio 45238	Owned	2006	1,090
7072 Harrison Avenue Cincinnati, Ohio 45247	Owned	2006	1,430
4750 Ashwood Drive Cincinnati, Ohio 45241	Owned	1996	1,422
2000 Madison Road Cincinnati, Ohio 45208	Owned	1981	879
1100 West Kemper Road Cincinnati, Ohio 45240	Leased June 2014	1984	285
7615 Reading Road Cincinnati, Ohio 45237	Leased February 2014	1971	278
11186 Reading Road Cincinnati, Ohio 45241	Owned	1974	1,220
7944 Beechmont Avenue Cincinnati, Ohio 45255	Leased October 2011	2001	23
5791 Glenway Avenue Cincinnati, Ohio 45238	Owned – building Leased – land June 2012	2003	899

$ 9,995

SUPERVISION AND REGULATION

General

Cheviot Savings Bank is an Ohio-chartered savings institution that is regulated, examined and supervised by the Ohio Division of Financial Institutions and the Federal Deposit Insurance Corporation. The Ohio Division of Financial Institutions and the Federal Deposit Insurance Corporation have extensive authority over the operations of Ohio-chartered savings institutions. Under this authority, Ohio-chartered savings institutions are required to file periodic reports with the Ohio Division of Financial Institutions and the Federal Deposit Insurance Corporation and are subject to periodic examinations by the Ohio Division of Financial Institutions and the Federal Deposit

Insurance Corporation. Cheviot Savings Bank also is subject to rulemaking authority of the Office of the Comptroller of the Currency with respect to federal regulations governing state savings institutions and to certain requirements established by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). Cheviot Savings Bank is also a member of and owns stock in the Federal Home Loan Bank of Cincinnati, which is one of the twelve regional banks in the Federal Home Loan Bank System.

As a savings and loan holding company following the conversion, New Cheviot will be required to comply with the rules and regulations of the Federal Reserve Board. It will be required to file certain reports with and will be subject to examination by and the enforcement authority of the Federal Reserve Board. New Cheviot will also be subject to the rules and regulations of the Securities and Exchange Commission under the federal securities laws.

Any change in applicable laws or regulations, whether by the Ohio Division of Financial Institutions, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, Federal Reserve Board or Congress, could have a material adverse impact on New Cheviot and Cheviot Savings Bank and their operations.

Set forth below is a brief description of material regulatory requirements that are or will be applicable to Cheviot Savings Bank and New Cheviot. The description is limited to certain material aspects of the statutes and regulations addressed and is not intended to be a complete description of such statutes and regulations and their effects on Cheviot Savings Bank and New Cheviot.

Dodd-Frank Act

The Dodd-Frank Act significantly changed the bank regulatory structure and will affect the lending, investment, trading and operating activities of depository institutions and their holding companies. The Dodd-Frank Act eliminated our primary federal regulator, the Office of Thrift Supervision, as of July 21, 2011, and required Cheviot Savings Bank to be supervised and examined by the Federal Deposit Insurance Corporation, the primary federal regulator for state-chartered banks and savings banks that are not members of the Federal Reserve system. The authority to implement federal rules for state savings institutions was transferred to the Office of the Comptroller of the Currency, which regulates national banks and, as a result of the Dodd-Frank Act, federal savings associations. Authority over savings and loan holding companies, such as New Cheviot, was transferred to the Federal Reserve Board, which is the agency that regulates bank holding companies.

The Dodd-Frank Act also created a new Consumer Financial Protection Bureau with expansive powers to supervise and enforce consumer protection laws. The Consumer Financial Protection Bureau has broad rule-making authority for a wide range of consumer protection laws that apply to all banks and savings institutions, including the authority to prohibit "unfair, deceptive or abusive" acts and practices. The Consumer Financial Protection Bureau has examination and enforcement authority over all banks and savings institutions with more than $10 billion in assets. Banks and savings institutions with $10 billion or less in assets will be examined by their applicable federal bank regulators. The legislation gives state attorneys general the ability to enforce applicable federal consumer protection laws.

The Dodd-Frank Act also broadened the base for Federal Deposit Insurance Corporation assessments for deposit insurance, permanently increased the maximum amount of deposit insurance to $250,000 per depositor and provided non-interest bearing transaction accounts with unlimited deposit insurance through December 31, 2012. The legislation also, among other things, requires originators of certain securitized loans to retain a portion of the credit risk, stipulates regulatory rate-setting for certain debit card interchange fees, repeals restrictions on the payment of interest on commercial demand deposits and contains a number of reforms related to mortgage originations. The Dodd-Frank Act increased shareholder influence over boards of directors by requiring companies to give shareholders a non-binding vote on executive compensation and so-called "golden parachute" payments. The legislation also directs the Federal Reserve Board to promulgate rules prohibiting excessive compensation paid to company executives,

regardless of whether the company is publicly traded or not.

Many of the provisions of the Dodd-Frank Act are subject to delayed effective dates and/or require the issuance of implementing regulations. Their impact on operations cannot yet fully be assessed. However, there is a

significant possibility that the Dodd-Frank Act will, in the long run, increase regulatory burden, compliance costs and interest expense for Cheviot Savings Bank and New Cheviot.

Ohio Savings and Loan Law

The Ohio Division of Financial Institutions is responsible for the regulation and supervision of Ohio savings institutions in accordance with the laws of the State of Ohio. Ohio law prescribes, subject to applicable federal laws and regulations, the permissible investments and activities of Ohio savings and loan associations, including the types of lending that such institutions may engage in and the investments that such institutions may make.

The Ohio Division of Financial Institutions also has authority to grant necessary approvals for the payment of dividends and any mergers involving or acquisitions of control of Ohio savings institutions. The Ohio Division of Financial Institutions may initiate certain supervisory measures or formal enforcement actions against Ohio savings institutions. Ultimately, if the grounds provided by law exist, the Ohio Division of Financial Institutions may place an Ohio association in conservatorship or receivership.

The Ohio Division of Financial Institutions conducts periodic regular examinations of Cheviot Savings Bank. Such examinations are typically conducted jointly with the federal regulator. The Ohio Division of Financial Institutions imposes assessments on Ohio savings institutions based on their asset size to cover the cost of supervision and examination.

Loans-to-One-Borrower

Pursuant to federal law, we generally may not make a loan or extend credit to a single or related group of borrowers in excess of 15% of our unimpaired capital and unimpaired surplus. An additional amount may be lent, equal to 10% of unimpaired capital and unimpaired surplus, if the loan is secured by readily marketable collateral, which is defined to include certain financial instruments and bullion, but generally does not include real estate. As of June 30, 2011, we were in compliance with our loans-to-one-borrower limitations.

Qualified Thrift Lender Test

We are required by federal law to satisfy a qualified thrift lender ("QTL") test under which we either must qualify as a "domestic building and loan" association as defined by the Internal Revenue Code or maintain at least 65% of our "portfolio assets" in "qualified thrift investments." "Qualified thrift investments" consist primarily of residential mortgages and related investments, including mortgage-backed and related securities. "Portfolio assets" generally means total assets less specified liquid assets up to 20% of total assets, goodwill and other intangible assets and the value of property used to conduct business. A savings institution that fails the qualified thrift lender test must operate under specified restrictions. The Dodd-Frank Act made noncompliance with the QTL test also subject to agency enforcement action for a violation of law. As of June 30, 2011, we maintained 84.2% of our portfolio assets in qualified thrift investments and, therefore, we met the qualified thrift lender test.

Standards for Safety and Soundness

Federal law requires each federal banking agency to prescribe for insured depository institutions under its jurisdiction standards relating to, among other things, internal controls, information systems and internal audit systems, loan documentation, credit underwriting, interest rate risk exposure, asset growth, employee compensation, and other operational and managerial standards as the agency deems appropriate. The federal banking agencies adopted Interagency Guidelines Prescribing Standards for Safety and Soundness to implement the safety and soundness standards required under federal law. The guidelines set forth the safety and soundness standards that the federal

banking agencies use to identify and address problems at insured depository institutions before capital becomes impaired. If the Federal Deposit Insurance Corporation determines that a state savings institution fails to meet any standard prescribed by the guidelines, the agency may require the institution to submit to the agency an

acceptable plan to achieve compliance with the standard. If an institution fails to submit or implement an acceptable plan, the appropriate federal banking agency may issue an enforceable order requiring correction of the deficiencies.

Investment Activities

Federal law generally limits all state-chartered savings institutions in their activities as principal and direct equity investments to those permitted for federal savings associations, notwithstanding state law. The law allows for certain exceptions such as (i) directly engaging in activities as principal not permissible for federal savings associations if approved upon application to the Federal Deposit Insurance Corporation and (ii) investments in service corporations in an amount greater than permitted for federal savings associations or in service corporations engaged in activities not permitted for corporations of federal savings associations if approved upon application to the Federal Deposit Insurance Corporation.

Capital Requirements

Federal regulations require savings institutions to meet three minimum capital standards: a 1.5% tangible capital ratio, a 4% leverage ratio (3% for institutions receiving the highest rating on the CAMELS rating system) and an 8% risk-based capital ratio. In addition, the prompt corrective action standards discussed below also establish, in effect, a minimum 2% tangible capital standard, a 4% leverage ratio (3% for institutions receiving the highest rating on the CAMELS financial institution rating system) and, together with the risk-based capital standard itself, a 4% Tier 1 risk-based capital standard. Federal regulations also require that in meeting the tangible, leverage and risk-based capital standards, institutions must generally deduct investments in and loans to subsidiaries engaged in activities as principal that are not permissible for a national bank.

The risk-based capital standard for savings institutions requires the maintenance of Tier 1 (core) and total capital (which is defined as core capital and supplementary capital) to risk-weighted assets of at least 4% and 8%, respectively. In determining the amount of risk-weighted assets, all assets, including certain off-balance sheet assets, are multiplied by a risk-weight factor of 0% to 100%, assigned by capital regulations based on the risks believed inherent in the type of asset. Core capital is defined as common shareholders' equity (including retained earnings), certain noncumulative perpetual preferred stock and related surplus and minority interests in equity accounts of consolidated subsidiaries, less intangibles other than certain mortgage servicing rights and credit card relationships. The components of supplementary capital currently include cumulative preferred stock, long-term perpetual preferred stock, mandatory convertible securities, subordinated debt and intermediate preferred stock, the allowance for loan and lease losses limited to a maximum of 1.25% of risk-weighted assets, and up to 45% of unrealized gains on available-for-sale equity securities with readily determinable fair market values. Overall, the amount of supplementary capital included as part of total capital cannot exceed 100% of core capital.

At June 30, 2011, Cheviot Savings Bank met each of its capital requirements.

Prompt Corrective Regulatory Action

Under federal Prompt Corrective Action statute, the Federal Deposit Insurance Corporation is required to take supervisory actions against undercapitalized savings institutions under its jurisdiction, the severity of which depends upon the institution's level of capital. State savings institutions that have total risk-based capital of less than 8.0% or a leverage ratio or a Tier 1 risk-based capital ratio that is less than 4.0% is considered to be undercapitalized. A savings institution that has total risk-based capital less than 6.0%, a Tier 1 core risk-based capital ratio of less than 3.0% or a leverage ratio that is less than 3.0% is considered to be "significantly undercapitalized." A savings institution that has a tangible capital to assets ratio equal to or less than 2.0% is deemed to be "critically undercapitalized."

A capital restoration plan must be filed with and approved by the Federal Deposit Insurance Corporation after an institution becomes “undercapitalized,” “significantly undercapitalized” or “critically undercapitalized.” Compliance with the capital restoration plan must be guaranteed by any controlling holding company in an amount of lesser of 5% of the institution’s total assets at the time it became undercapitalized or the amount necessary to

bring the institution into compliance with capital standards at the time the institution falls out of compliance with the capital restoration plan. In addition, numerous mandatory supervisory actions become immediately applicable to an undercapitalized institution including, but not limited to, restrictions on growth, capital distributions and geographic and product expansion. The Federal Deposit Insurance Corporation may also take any one of a number of discretionary supervisory actions against undercapitalized institutions, including the issuance of a capital directive, the replacement of senior executive officers and directors and restrictions on affiliate transactions. Generally, the banking regulator is required to appoint a receiver or conservator for an institution that is "critically undercapitalized," within specified time frames.

Capital Distributions

Federal regulations restrict capital distributions by savings institutions, which include cash dividends, stock repurchases and other transactions charged to the capital account of a savings institution. A savings institution must file an application with the Federal Deposit Insurance Corporation for approval of the capital distribution if (i) the total capital distributions for the applicable calendar year exceeds the sum of the institution's net income for that year to date plus the institution's retained net income for the preceding two years that is still available for dividend, (ii) the institution would not be at least adequately capitalized following the distribution, (iii) the distribution would violate any applicable statute, regulation, agreement or written regulatory condition, or (iv) the institution is not eligible for expedited review of its filings (i.e., generally, institutions that do not have safety and soundness, compliance and Community Reinvestment Act ratings in the top two categories or fail a capital requirement). If an application is not required to be filed, savings institutions that are a subsidiary of a holding company, which is the case with Cheviot Savings Bank, must file a notice with the Federal Deposit Insurance Corporation and the Federal Reserve Board at least 30 days before the board of directors declares a dividend or approves a capital distribution.

In the event that a savings institution's capital falls below its regulatory requirements or it is notified by the regulator that it is in need of more than normal supervision, its ability to make capital distributions would be restricted. In addition, any proposed capital distribution could be prohibited if the regulator determines that the distribution would constitute an unsafe or unsound practice.

Transactions with Related Parties

A savings institution's authority to engage in transactions with related parties or "affiliates" is limited by Sections 23A and 23B of the Federal Reserve Act and its implementing regulation, Federal Reserve Board Regulation W. The term "affiliate" generally means any company that controls or is under common control with an institution, including New Cheviot and its non-savings institution subsidiaries. Applicable law limits the aggregate amount of "covered" transactions with any individual affiliate, including loans to the affiliate, to 10% of the capital and surplus of the savings institution. The aggregate amount of covered transactions with all affiliates is limited to 20% of the savings institution's capital and surplus. Certain covered transactions with affiliates, such as loans to or guarantees issued on behalf of affiliates, are required to be secured by specified amounts of collateral. Purchasing low quality assets from affiliates is generally prohibited. Regulation W also provides that transactions with affiliates, including covered transactions, must be on terms and under circumstances, including credit standards, that are substantially the same or at least as favorable to the institution as those prevailing at the time for comparable transactions with non-affiliated companies. In addition, savings institutions are prohibited by law from lending to any affiliate that is engaged in activities that are not permissible for bank holding companies and no savings institution may purchase the securities of any affiliate other than a subsidiary.

Our authority to extend credit to executive officers, directors and 10% or greater shareholders ("insiders"), as well as entities controlled by these persons, is governed by Sections 22(g) and 22(h) of the Federal Reserve Act and its implementing regulation, Federal Reserve Board Regulation O. Among other things, loans to insiders must be made

on terms substantially the same as those offered to unaffiliated individuals and not involve more than the normal risk of repayment. There is an exception for bank-wide lending programs that do not discriminate in favor of insiders. Regulation O also places individual and aggregate limits on the amount of loans that may be made to insiders based, in part, on the institution's capital position, and requires that certain prior board approval procedures

be followed. Extensions of credit to executive officers are subject to additional restrictions on the types and amounts of loans that may be made. At June 30, 2011, we were in compliance with these regulations.

Enforcement

The Federal Deposit Insurance Corporation has federal enforcement responsibility over state-chartered savings institutions, including the authority to bring enforcement action against "institution-related parties," including officers, directors, certain shareholders, and attorneys, appraisers and accountants who knowingly or recklessly participate in wrongful action likely to have an adverse effect on an insured institution. Formal enforcement action may range from the issuance of a capital directive or cease and desist order to removal of officers and/or directors of the institution, receivership, conservatorship or the termination of deposit insurance. Civil penalties cover a wide range of violations and actions, and range up to $25,000 per day, unless a finding of reckless disregard is made, in which case penalties may be as high as $1.0 million per day.

Deposit Insurance

Cheviot Savings Bank is a member of the Deposit Insurance Fund, which is administered by the Federal Deposit Insurance Corporation. Deposit accounts in Cheviot Savings Bank are insured up to a maximum of $250,000 for each separately insured depositor. In addition, certain non-interest-bearing transaction accounts are fully insured, regardless of the dollar amount, until December 31, 2012.

The Federal Deposit Insurance Corporation imposes an assessment for deposit insurance on all depository institutions. Under the Federal Deposit Insurance Corporation's risk-based assessment system, insured institutions are assigned to risk categories based on supervisory evaluations, regulatory capital levels and certain other factors. An institution's assessment rate depends upon the category to which it is assigned and certain adjustments specified by Federal Deposit Insurance Corporation regulations, with less risky institutions paying lower rates. Assessment rates (inclusive of possible adjustments) currently range from 2 ½ to 45 basis points of each institution's total assets less tangible capital. The Federal Deposit Insurance Corporation may increase or decrease the scale uniformly, except that no adjustment can deviate more than two basis points from the base scale without notice and comment rulemaking. The Federal Deposit Insurance Corporation's current system represents a change, required by the Dodd-Frank Act, from its prior practice of basing the assessment on an institution's volume of deposits.

In 2009, the Federal Deposit Insurance Corporation, in response to pressures on the Deposit Insurance Fund caused by bank and savings institution failures, required all insured depository institutions to prepay their estimated assessments for the fourth quarter of 2009, and for all of 2010, 2011 and 2012. The estimated assessments were based on assumptions established by the Federal Deposit Insurance Corporation, including an assumed 5% annual growth rate and certain assumed assessment rate increases. That pre-payment, which was due on December 30, 2009, amounted to $968,000 for Cheviot Savings Bank. The pre-payment was recorded as a prepaid expense at December 31, 2009 and is being amortized to expense over three years.

In addition to the Federal Deposit Insurance Corporation assessments, the Financing Corporation is authorized to impose and collect, through the Federal Deposit Insurance Corporation, assessments for anticipated payments, issuance costs and custodial fees on bonds issued by the Financing Corporation in the 1980s to recapitalize the former Federal Savings and Loan Insurance Corporation. The bonds issued by the Financing Corporation are due to mature in 2017 through 2019. For the quarter ended June 30, 2010, the annualized Financing Corporation assessment was equal to one basis point of assessable deposits.

The Dodd-Frank Act increased the minimum target Deposit Insurance Fund ratio from 1.15% of estimated insured deposits to 1.35% of estimated insured deposits. The Federal Deposit Insurance Corporation must seek to achieve the

1.35% ratio by September 30, 2020. Insured institutions with assets of $10 billion or more are supposed to fund the increase. The Dodd-Frank Act eliminated the 1.5% maximum fund ratio, instead leaving it to the discretion of the Federal Deposit Insurance Corporation and the Federal Deposit Insurance Corporation has exercised that discretion by establishing a long term fund ratio of 2%.

The Federal Deposit Insurance Corporation has authority to increase insurance assessments. Any significant increases would have an adverse effect on the operating expenses and results of operations of Cheviot Savings Bank. Management cannot predict what assessment rates will be in the future.

Insurance of deposits may be terminated by the Federal Deposit Insurance Corporation upon a finding that an institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. Management of Cheviot Savings Bank does not know of any practice, condition or violation that may lead to termination of our deposit insurance.

Federal Home Loan Bank System

Cheviot Savings Bank is a member of the Federal Home Loan Bank System, which consists of 12 regional Federal Home Loan Banks. The Federal Home Loan Bank System provides a central credit facility primarily for member institutions. As a member of the Federal Home Loan Bank of Cincinnati, we are required to acquire and hold a specified amount of shares of capital stock in Federal Home Loan Bank.

Community Reinvestment Act and Fair Lending Laws

Savings institutions have a responsibility under the Community Reinvestment Act and related regulations to help meet the credit needs of their communities, including low- and moderate-income neighborhoods. An institution’s failure to comply with the provisions of the Community Reinvestment Act could, at a minimum, result in regulatory restrictions on certain activities such as branching and acquisitions. Cheviot Savings Bank received a “Satisfactory” Community Reinvestment Act rating in its most recent examination.

Other Regulations

Interest and other charges collected or contracted for by Cheviot Savings Bank are subject to state usury laws and federal laws concerning interest rates. Cheviot Savings Bank’s operations are also subject to federal laws applicable to credit transactions, such as the:

Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers;

Home Mortgage Disclosure Act, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;

Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;

Fair Credit Reporting Act, governing the use and provision of information to credit reporting agencies;

Fair Debt Collection Act, governing the manner in which consumer debts may be collected by collection agencies;

Truth in Savings Act; and

Rules and regulations of the various federal agencies charged with the responsibility of implementing such federal laws.

The operations of Cheviot Savings Bank also are subject to the:

Right to Financial Privacy Act, which imposes a duty to maintain confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records;

Electronic Funds Transfer Act, which governs automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services;

Check Clearing for the 21st Century Act (also known as "Check 21"), which gives "substitute checks," such as digital check images and copies made from that image, the same legal standing as the original paper check;

The USA PATRIOT Act, which requires banks and savings institutions to, among other things, establish broadened anti-money laundering compliance programs and due diligence policies and controls to ensure the detection and reporting of money laundering. Such required compliance programs are intended to supplement pre-existing compliance requirements that apply to financial institutions under the Bank Secrecy Act and the Office of Foreign Assets Control regulations; and

The Gramm-Leach-Bliley Act, which places limitations on the sharing of consumer financial information by financial institutions with unaffiliated third parties and requires all financial institutions offering products or services to retail customers to provide such customers with the financial institution's privacy policy and allow such customers the opportunity to "opt out" of the sharing of certain personal financial information with unaffiliated third parties.

Holding Company Regulation

New Cheviot will be a unitary savings and loan holding company subject to regulation and supervision by the Federal Reserve Board, which replaced the Office of Thrift Supervision in that capacity due to the Dodd-Frank Act regulatory restructuring. The Federal Reserve Board will have enforcement authority over New Cheviot and its non-savings institution subsidiaries. Among other things, that authority permits the Federal Reserve Board to restrict or prohibit activities that are determined to be a risk to Cheviot Savings Bank.

As a savings and loan holding company, New Cheviot's activities will be limited to those activities permissible by law for financial holding companies or multiple savings and loan holding companies. A financial holding company may engage in activities that are financial in nature, incidental to financial activities or complementary to a financial activity. Such activities include lending activities, insurance and underwriting equity securities. A multiple savings and loan holding company is generally limited to activities permissible for bank holding companies under Section 4(c)(8) of the Bank Holding Company Act, and certain additional activities authorized by federal regulation.

Federal law prohibits a savings and loan holding company, directly or indirectly, or through one or more subsidiaries, from acquiring more than 5% of another savings institution or savings and loan holding company without prior written approval of the Federal Reserve Board and from acquiring or retaining control of any depository not insured by the Federal Deposit Insurance Corporation. In evaluating applications by holding companies to acquire savings institutions, the Federal Reserve Board must consider such things as the financial and managerial resources and future prospects of the company and institution involved, the effect of the acquisition on the risk to the federal deposit insurance fund, the convenience and needs of the community and competitive factors. An acquisition by a savings and loan holding company of a savings institution in another state to be held as a separate subsidiary may not be approved unless it is a supervisory acquisition under Section 13(k) of the Federal Deposit Insurance Act or the law of the state in which the target is located authorizes such acquisitions by out-of-state companies.

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Savings and loan holding companies have not historically been subjected to consolidated regulatory capital requirements. However, the Dodd-Frank Act requires the Federal Reserve Board to set for all depository institution holding companies minimum consolidated capital levels that are as stringent as those required for the insured depository subsidiaries. The components of Tier 1 capital would be restricted to capital instruments that are currently considered to be Tier 1 capital for insured depository institutions, which would exclude instruments such as trust preferred securities and cumulative preferred stock. Instruments issued before May 19, 2010 are grandfathered for companies of consolidated assets of $15 billion or less. Bank holding companies with assets of less than $500 million are exempt from the consolidated capital requirements. Holding companies that were not regulated by the Federal Reserve Board as of May 19, 2010 receive a five year phase-in from the July 21, 2010 date of enactment of the Dodd-Frank Act.

The Dodd-Frank Act extends the "source of strength" doctrine to savings and loan holding companies. The regulatory agencies must promulgate regulations implementing the "source of strength" policy that requires holding companies act as a source of strength to their subsidiary depository institutions by providing capital, liquidity and other support in times of financial stress.

Federal Securities Laws

New Cheviot common stock will be registered with the Securities and Exchange Commission after the conversion and stock offering. New Cheviot will be subject to the information, proxy solicitation, insider trading restrictions and other requirements under the Securities Exchange Act of 1934.

The registration under the Securities Act of 1933 of shares of common stock issued in New Cheviot's public offering does not cover the resale of those shares. Shares of common stock purchased by persons who are not affiliates of New Cheviot may be resold without registration. Shares purchased by an affiliate of New Cheviot will be subject to the resale restrictions of Rule 144 under the Securities Act of 1933. If New Cheviot meets the current public information requirements of Rule 144 under the Securities Act of 1933, each affiliate of New Cheviot that complies with the other conditions of Rule 144, including those that require the affiliate's sale to be aggregated with those of other persons, would be able to sell in the public market, without registration, a number of shares not to exceed, in any three-month period, the greater of 1% of the outstanding shares of New Cheviot, or the average weekly volume of trading in the shares during the preceding four calendar weeks. In the future, New Cheviot may permit affiliates to have their shares registered for sale under the Securities Act of 1933.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. As directed by the Sarbanes-Oxley Act, our Chief Executive Officer and Chief Financial Officer will be required to certify that our quarterly and annual reports do not contain any untrue statement of a material fact. The rules adopted by the Securities and Exchange Commission under the Sarbanes-Oxley Act have several requirements, including having these officers certify that: they are responsible for establishing, maintaining and regularly evaluating the effectiveness of our internal control over financial reporting; they have made certain disclosures to our auditors and the audit committee of the board of directors about our internal control over financial reporting; and they have included information in our quarterly and annual reports about their evaluation and whether there have been changes in our internal control over financial reporting or in other factors that could materially affect internal control over financial reporting. We have existing policies, procedures and systems designed to comply with these regulations, and we are further enhancing and documenting such policies, procedures and systems to ensure continued compliance with these regulations.

Change in Control Regulations

Under the Change in Bank Control Act, no person may acquire control of a savings and loan holding company such as New Cheviot unless the Federal Reserve Board has been given 60 days' prior written notice and

has not issued a notice disapproving the proposed acquisition, taking into consideration certain factors, including the financial and managerial resources of the acquirer and the competitive effects of the acquisition.

In addition, federal regulations provide that no company may acquire control of a savings and loan holding company without the prior approval of the Federal Reserve Board. Any company that acquires such control becomes a "savings and loan holding company" subject to registration, examination and regulation by the Federal Reserve Board. Control, as defined under federal law, means ownership, control of or holding irrevocable proxies representing more than 25% of any class of voting stock, control in any manner of the election of a majority of the institution's directors, or a determination by the regulator that the acquiror has the power to direct, or directly or indirectly to exercise a controlling influence over, the management or policies of the institution. Acquisition of more than 10% of any class of a savings and loan holding company's voting stock constitutes a rebuttable determination of control under the regulations under certain circumstances including where, as will be the case with New Cheviot, the issuer has registered securities under Section 12 of the Securities Exchange Act of 1934.

TAXATION

Cheviot-Federal and Cheviot Savings Bank are, and New Cheviot will be, subject to income taxation in the same general manner as other corporations, with some exceptions discussed below. The following discussion of federal taxation is intended only to summarize certain pertinent federal income tax matters and is not a comprehensive description of the tax rules applicable to Cheviot-Federal, New Cheviot or Cheviot Savings Bank.

Federal Taxation

For federal income tax purposes, Cheviot-Federal and Cheviot Savings Bank file a consolidated federal income tax return on a calendar year basis using the accrual method of accounting.

As a result of the enactment of the Small Business Job Protection Act of 1996, all savings banks and savings associations may convert to a commercial bank charter, diversify their lending, or merge into a commercial bank without having to recapture any of their pre-1988 tax bad debt reserve accumulations. However, transactions which would require recapture of the pre-1988 tax bad debt reserve include redemption of Cheviot Savings Bank's stock, payment of dividends or distributions in excess of earnings and profits, or failure by the institution to qualify as a bank for federal income tax purposes. At June 30, 2011, Cheviot Savings Bank had pre-1988 bad debt reserves totaling approximately $3.0 million. A deferred tax liability has not been provided on this amount as management does not intend to make distributions, redeem stock or fail certain bank tests that would result in recapture of the reserve.

Deferred income taxes arise from the recognition of items of income and expense for tax purposes in years different from those in which they are recognized in the consolidated financial statements. Cheviot-Federal will account for deferred income taxes by the asset and liability method, applying the enacted statutory rates in effect at the balance sheet date to differences between the book basis and the tax basis of assets and liabilities. The resulting deferred tax liabilities and assets will be adjusted to reflect changes in the tax laws.

Cheviot-Federal is subject to the corporate alternative minimum tax to the extent it exceeds Cheviot-Federal's regular income tax for the year. The alternative minimum tax will be imposed at the rate of 20% of a specially computed tax base. Included in this base are a number of preference items, including interest on certain tax-exempt bonds issued after August 7, 1986, and an "adjusted current earnings" computation which is similar to a tax earnings and profits computation. In addition, for purposes of the alternative minimum tax, the amount of alternative minimum taxable income that may be offset by net operating losses is limited to 90% of alternative minimum taxable income.

Cheviot Savings Bank's federal income tax return for the year ended December 31, 2009 is currently under audit by the Internal Revenue Service, and Franklin Financial Corporation's federal income tax returns for the years ended December 31, 2009 and 2008 are currently under audit by the Internal Revenue Service.

State Taxation

Cheviot-Federal and Cheviot Savings Bank are subject to Ohio taxation in the same general manner as other corporations. In particular, Cheviot-Federal and Cheviot Savings Bank are subject to the Ohio corporation franchise tax, which is an excise tax imposed on corporations for the privilege of doing business in Ohio, owning capital or property in Ohio, holding a charter or certificate of compliance authorizing the corporation to do business in Ohio, or otherwise having nexus with Ohio during a calendar year. The franchise tax is imposed on the value of a corporation's issued and outstanding shares of stock. Financial institutions determine the value of their issued and outstanding shares based upon the net worth of the shares. For Ohio franchise tax purposes, savings institutions are currently taxed at a rate equal to 1.3% of taxable net worth.

As a Maryland business corporation, New Cheviot will be required to file an annual report with and pay franchise taxes to the state of Maryland.

Cheviot Savings Bank is currently under audit with respect to its 2005 Ohio franchise tax return.

MANAGEMENT

Shared Management Structure

The directors of New Cheviot are the same persons who are the directors of Cheviot Savings Bank. In addition, each executive officer of New Cheviot is also an executive officer of Cheviot Savings Bank. We expect that New Cheviot and Cheviot Savings Bank will continue to have common executive officers and directors until there is a business reason to establish separate management structures.

Executive Officers of New Cheviot and Cheviot Savings Bank

The following table sets forth information regarding the executive officers of New Cheviot and Cheviot Savings Bank. Age information is as of December 31, 2010. The executive officers of New Cheviot and Cheviot Savings Bank are elected annually.

Name	Age	Position
Thomas J. Linneman	57	President and Chief Executive Officer
Jeffrey J. Lenzer	49	Vice President of Operations
Kevin M. Kappa	53	Vice President of Compliance
Scott T. Smith	41	Chief Financial Officer and Treasurer
Deborah A. Fischer	57	Vice President of Lending

Directors of New Cheviot and Cheviot Savings Bank

New Cheviot has six directors. Directors serve three-year staggered terms so that approximately one-third of the directors are elected at each annual meeting. Directors of Cheviot Savings Bank will be elected by New Cheviot as its sole shareholder. The following table states our directors' names, their ages as of December 31, 2010, the years when they began serving as directors of Cheviot Savings Bank and when their current term expires.

Name (1)	Position(s) Held With Cheviot-Federal	Age	Director Since	Current Term Expires
Thomas J. Linneman	President and Chief Executive Officer	57	1998	2012
Edward L. Kleemeier	Director	76	1978	2013
Steven R. Hausfeld	Director	53	2005	2012
John T. Smith	Director	66	1995	2014
Robert L. Thomas	Director	68	1989	2014
James E. Williamson	Director and Executive Secretary	66	1997	2013

(1) The mailing address for each person listed is 3723 Glenmore Avenue, Cheviot, Ohio 45211. Each of the persons listed as a director is also a director of Cheviot Mutual Holding Company.

The Business Background of Our Directors and Executive Officers

The business experience for the past five years of each of our directors and executive officers is set forth below. With respect to directors, the biographies also contain information regarding the person's experience, qualifications, attributes or skills that caused the Nominating Committee and the board of directors to determine that the person should serve as a director. Each director is also a director of Cheviot Savings Bank. Unless otherwise indicated, directors and executive officers have held their positions for the past five years.

Directors

Thomas J. Linneman has served as our President and Chief Executive Officer and of Cheviot Mutual Holding Company since our reorganization into the mutual holding company structure in 2004 and of Cheviot Savings Bank since 1998. Mr. Linneman has served as a director of Cheviot Savings Bank since 1998. Mr. Linneman has lived in the local community his entire life. As a result he understands the people Cheviot Savings Bank serves. His experience at Cheviot Savings Bank includes all facets of the bank including lending and information technology. He has held positions of Chief Financial Officer, Vice President of Operations, and President and Chief Executive Officer.

Edward L. Kleemeier is a retired District Fire Chief for the City of Cincinnati, Ohio. Mr. Kleemeier has served as a director of Cheviot Savings Bank since 1978. Mr. Kleemeier has lived in the local community his entire life. His experience as a District Fire Chief provides a unique knowledge of the businesses and neighborhoods in Cheviot Savings Bank's lending area.

Steven R. Hausfeld is a Certified Public Accountant who owns a local accounting practice. Mr. Hausfeld previously served as a school board member for the Oak Hills Local School District through December, 2005. Mr. Hausfeld has served as a director of Cheviot Savings Bank since July 2005. Mr. Hausfeld has lived in the local community much of his life. As a result he understands the people Cheviot Savings Bank serves. His experience as a Certified Public Accountant allows him to serve as the financial expert on the Audit Committee.

John T. Smith is the Secretary/Treasurer of Hawkstone Associates, Inc. dba Triumph Energy Corp., a gasoline wholesaler and retailer. Mr. Smith is the father of Scott T. Smith, our Chief Financial Officer and Chief Financial Officer of Cheviot Mutual Holding Company and Cheviot Savings Bank. Mr. Smith has served as a director of Cheviot Savings Bank since 1995, and has lived in the local community much of his life. His experience as Secretary/Treasurer of Hawkstone Associates provides a business knowledge of the local economy, and dealing with

people as customers and employees.

Robert L. Thomas is the owner/operator of R&R Quality Meats & Catering in Cheviot, Ohio. Mr. Thomas has served as a director of Cheviot Savings Bank since 1989, and has lived in the local community much of his life. As owner/operator of R&R Quality Meats and Catering in Cheviot, Mr. Thomas knows and understands management and customer service.

James E. Williamson was the District Administrator (Director) of Oak Hills Local School District in Cincinnati, Ohio from 2000 until his retirement in 2005. Mr. Williamson was Oak Hills High School principal in Cincinnati, Ohio from 1989 to 2000. Mr. Williamson also serves as the Executive Secretary of Cheviot Mutual Holding Company and Cheviot Financial Corp. Mr. Williamson has served as a director of Cheviot Savings Bank since 1997. Mr. Williamson has lived in the local community most of his life. As a district administrator he has experience working with budgets, financial planning and oversight.

Executive Officers

Jeffrey J. Lenzer has been our Vice President of Operations since 2005. Prior to that, he served as the Vice President of Lending.

Kevin M. Kappa has been our Vice President of Compliance since 1993.

Scott T. Smith has been our Chief Financial Officer and Treasurer since 1999. Mr. Smith is the son of Director John T. Smith.

Deborah A. Fischer has been our Vice President of Lending since 2006. Prior to that, she served as the Assistant Vice President of Lending.

Board Independence

The board of directors affirmatively determines the independence of each director in accordance with Nasdaq Stock Market rules, which include all elements of independence as set forth in the listing requirements for Nasdaq securities. The board of directors has determined that each of the following non-employee Directors is independent of Cheviot-Federal:

Steven R. Hausfeld	Robert L. Thomas
Edward L. Kleemeier	James E. Williamson

In determining the independence of our directors, we considered the following transaction, which is not required to be disclosed under "—Transactions With Certain Related Persons." Director James E. Williamson has a home equity loan with Cheviot Savings Bank.

Transactions With Certain Related Persons

Cheviot Savings Bank's current policy is that no loans are to be extended to directors or executive officers of Cheviot Savings Bank without the approval of Cheviot Savings Bank's board of directors. Current directors, officers and employees are eligible for any type of credit offered by Cheviot Savings Bank. Federal regulations permit executive officers and directors to participate in loan programs that are available to other employees, as long as the director or executive officer is not given preferential treatment compared to other participating employees. In accordance with banking regulations, such loans to directors are made on substantially the same terms as those available to Cheviot Savings Bank's employees. Such loans provide for a discount as to interest rate, consistent with the requirements of the Federal Reserve Board's Regulation O. Loans made to directors or executive officers, including any modification of such loans, must be approved by a majority of disinterested members of the board of directors. As of December 31, 2010, there were a total of eight lending relationships with directors/officers of Cheviot Savings Bank with a total balance of approximately $1.2 million. The loans made to directors and executive officers were made in the ordinary course of business and did not involve more than a normal risk of collectibility. Any future loans made to any directors, executive officers, officers or employees of Cheviot Savings Bank will be made under the same terms and

conditions. Set forth below is information regarding loans made to directors and executive officers where the principal balance exceeded $120,000 during each of the last two fiscal years and where the loans provided for an interest rate discount pursuant to the program described above.

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Name	Position	Nature of Transaction	2010 Largest Aggregate Balance from 1/1/10 to 12/31/10	Interest Rate	Principal Balance at 12/31/10	Principal Paid 1/1/10 to 12/31/10	Interest Paid 1/1/10 to 12/31/10
Robert L. Thomas	Director	Mortgage Loan	$ 150,666	3.875%	$ 140,947	$ 11,180	$ 6,100
		Home Equity Loan	$ 45,567	3.500%	$ 39,817	$ 10,592	$ 1,078
Jeffrey J. Lenzer	Vice President of Operations	Mortgage Loan	$ 270,399	2.250%	$ 261,859	$ 9,275	$ 6,425
Deborah A. Fischer	Vice President of Lending	Mortgage Loan	$ 84,999	3.875%	$ 74,700	$ 11,359	$ 3,366
		Home Equity Loan	$ 26,100	3.500%	$ 19,500	$ 7,100	$ 811
Thomas J. Linneman	President	Mortgage Loan	$ 427,590	3.875%	$ 403,978	$ 24,227	$ 19,113
Scott T. Smith	Chief Financial Officer	Mortgage Loan	$ 162,079	3.875%	$ 144,393	$ 19,405	$ 6,445
		Home Equity Loan	$ 16,128	3.500%	$ 14,708	$ 3,778	$ 529

Name	Position	Nature of Transaction	2009 Largest Aggregate Balance from 1/1/09 to 12/31/09	Interest Rate	Principal Balance at 12/31/09	Principal Paid 1/1/09 to 12/31/09	Interest Paid 1/1/09 to 12/31/09
Robert L. Thomas	Director	Mortgage Loan	$ 163,993	3.875%	$ 152,127	$ 13,675	$ 7,064
		Home Equity Loan	$ 29,198	3.500%	$ 21,030	$ 12,690	$ 546
Jeffrey J. Lenzer	Vice President of Operations	Mortgage Loan	$ 278,850	2.250%	$ 271,134	$ 8,194	$ 8,406
Deborah A. Fischer	Vice President of Lending	Mortgage Loan	$ 95,150	3.875%	$ 86,059	$ 9,866	$ 4,010
		Home Equity Loan	$ 31,754	3.500%	$ 26,600	$ 5,676	$ 1,056
Thomas J. Linneman	President	Mortgage Loan	$ 434,684	3.875%	$ 428,205	$ 6,992	$ 21,247
Edward L. Kleemeier	Director	Mortgage Loan	$ 197,588	4.250%	$ 70,534	$ 127,563	$ 5,773
			$ 182,230	3.875%	$ 163,799	$ 19,947	$ 7,653

Scott T. Smith	Chief Financial Officer	Mortgage Loan					
		Home Equity Loan	$ 89,367	3.500%	$ 16,478	$ 110,013	$ 1,960

All transactions involving related parties require the approval of the full board of directors with the director recusing himself where appropriate.

Section 402 of the Sarbanes-Oxley Act of 2002 generally prohibits a company from extending credit, arranging for the extension of credit or renewing an extension of credit in the form of a personal loan to an officer or director of the company. There are several exceptions to this general prohibition, including loans made by a Federal Deposit Insurance Corporation insured depository institution that is subject to the insider lending restrictions of the Federal Reserve Act. All loans to our directors and officers comply with the Federal Reserve Act and the Federal Reserve Board's Regulation O and, therefore, are excepted from the prohibitions of Section 402.

Executive Compensation

Summary Compensation Table. The following table shows for the years ended December 31, 2010 and 2009 certain information as to the total remuneration paid to Mr. Linneman, who serves as our President and Chief Executive Officer, and our two most highly compensated executive officers other than Mr. Linneman ("Named Executive Officers").

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Non-equity incentive plan compensation ($)	Stock awards (1)($)	Option awards (1)($)	All other compensation (2)($)	Total ($)
Thomas J. Linneman, President and Chief	2010	212,814	31,922	—	—	61,033	305,769
Executive Officer	2009	209,270	7,324	—	—	59,164	275,758
Kevin M. Kappa, Vice	2010	122,777	18,417	—	—	27,300	168,494
President--Compliance	2009	120,695	4,224	—	—	25,344	150,263
Jeffrey J. Lenzer, Vice	2010	137,619	20,643	—	—	30,398	188,660
President--Operations	2009	135,299	4,735	—	—	28,370	168,404

(1) No stock awards or option awards were awarded in 2010 or 2009.

(2) For 2010 includes: (i) employer contributions of $14,067, $9,828, and $11,210 allocated to the accounts of Messrs. Linneman, Kappa, and Lenzer, respectively, under the Cheviot Savings Bank 401(k) Retirement Savings Plan; (ii) the fair market value at December 31, 2010 of the shares of common stock allocated pursuant to the Cheviot Financial Corp. Employee Stock Ownership Plan in 2010, representing $24,092, $13,899, and $15,579 for each of Messrs. Linneman, Kappa, and Lenzer, respectively; (iii) dividends on stock awards in the amount of $3,659, $2,194, and $2,194 for Messrs. Linneman, Kappa, and Lenzer, respectively; (iv) life insurance premiums in the amount of $1,415, $1,379, and $1,415 paid on behalf of Messrs. Linneman, Kappa, and Lenzer, respectively. Also includes board fees in the amount of $17,800 that were earned by Mr. Linneman in 2010.

Employment and Change-in-Control Agreements

Employment Agreement with Mr. Linneman. Cheviot Savings Bank has entered into an employment agreement with Mr. Linneman which provides for the employment and retention of Mr. Linneman for a three-year term. Commencing on the first anniversary date of the employment agreement and continuing on each anniversary thereafter, the disinterested members of the board of directors of Cheviot Savings Bank may extend the employment agreement an additional year such that the remaining term of the agreement shall be 36 months, unless the Board elects not to extend the term by giving written notice to Mr. Linneman. The employment agreement provides that Mr. Linneman's base salary will be reviewed annually and may be increased but not decreased. The base salary that was effective for such employment agreement for 2010 was $207,189. Mr. Linneman is entitled to participate in such life insurance, medical, dental, 401(k), profit-sharing and stock-based compensation plans and other programs and arrangements as may be approved from time to time by Cheviot Savings Bank for the benefit of its employees. In addition, Cheviot Savings Bank provides Mr. Linneman with a supplemental life insurance policy with a death benefit of not less than

$200,000.

Under the employment agreement, if Mr. Linneman dies, retires or is terminated “for cause” (as defined in the employment agreement) or if he voluntarily terminates his employment without “good reason” (as defined in the employment agreement), Mr. Linneman (or his estate) shall be entitled to receive the compensation due him through the last day of the calendar month in which his death, retirement or termination occurred. In the event of Mr. Linneman’s disability, Cheviot Savings Bank will pay him, as disability pay, pursuant to the long-term disability policy then in effect. Such payments shall be reduced by the amount of any short- or long-term disability benefits payable to him under any other disability programs sponsored by Cheviot Savings Bank. In addition, during any period of his disability, he and his dependents shall, to the greatest extent possible, continue to be covered under all non-taxable medical, dental and life insurance plans of Cheviot Savings Bank on the same terms as if he were actively employed by Cheviot Savings Bank.

Under the employment agreement, if the employment of Mr. Linneman is terminated by Cheviot Savings Bank without "cause" or Mr. Linneman terminates his employment with "good reason," Mr. Linneman would be entitled to a severance payment equal to the base salary (determined by reference to his base salary in effect on the termination date) and bonuses (determined by reference to his average bonus over the three years preceding his termination date) that would otherwise have been payable over the remaining term of the agreement. Such amounts shall be paid in one lump sum within ten calendar days of such termination. In addition, Mr. Linneman will be paid in a single cash lump sum distribution within ten calendar days, the present value of the cash equivalent of the amount of benefits Mr. Linneman would have received under any retirement program (whether tax-qualified or non-qualified) if he was employed for the remaining term of the employment agreement, and will continue to participate in any benefit plans of Cheviot Savings Bank that provide non-taxable health (including medical and dental), life, or similar coverage for the remaining term of the employment agreement upon terms no less favorable than the most favorable terms provided to senior executives of Cheviot Savings Bank during such period. In the event Cheviot Savings Bank is unable to provide such continued coverage, it will provide Mr. Linneman with a cash lump sum benefit of the value of such coverage, payable within ten calendar days following Mr. Linneman's termination.

If, within the period ending two years after a change in control of either Cheviot Savings Bank or Cheviot-Federal, Cheviot Savings Bank terminates Mr. Linneman's employment without "cause" or Mr. Linneman terminates his employment with "good reason," Cheviot Savings Bank shall, within ten calendar days of termination of his employment, make a lump sum cash payment to him equal to 2.99 times Mr. Linneman's average annual compensation over the five most recently completed calendar years ending with the year immediately preceding the effective date of the change in control. In addition, Mr. Linneman will be paid in a single cash lump sum distribution, within ten calendar days, equal to the present value of the cash equivalent of the amount of benefits Mr. Linneman would have received if he was employed for 36 months following his termination of employment, and shall continue to participate in any benefit plans that provide non-taxable health (including medical and dental), life or similar coverage for 36 months upon terms no less favorable than the most favorable terms provided to senior executives during such period. In the event payments made to Mr. Linneman include an "excess parachute payment" as defined in Section 280G of the Internal Revenue Code, such payments will be cutback by the minimum dollar amount necessary to avoid this result.

Upon termination of Mr. Linneman for any reason, he must adhere to a two-year non-competition covenant.

All reasonable costs and legal fees paid or incurred by Mr. Linneman in any dispute or question of interpretation relating to the employment agreement will be paid by Cheviot Savings Bank, if Mr. Linneman is successful on the merits in a legal judgment, arbitration or settlement. The employment agreement also provides that Cheviot Savings Bank will indemnify the executive for certain liabilities and expenses as provided therein.

Change-in-Control Severance Agreements with Messrs. Kappa and Lenzer. Cheviot Savings Bank has entered into change in control severance agreements with each of Messrs. Lenzer and Kappa to provide benefits to each of them upon a change in control of either Cheviot Savings Bank or Cheviot-Federal. Each severance agreement provides for a three-year term. Additionally, on or before each anniversary date of the effective date of the severance agreement, the term of the agreement may be extended for an additional one-year period beyond the then effective expiration date upon a determination and resolution of the board of directors that the performance of the employee has met the requirements and standards of the board and that the term of the agreement should be extended. Under the severance agreement, if a change in control of Cheviot Savings Bank or Cheviot-Federal occurs, Messrs. Lenzer and Kappa, if terminated or if each terminates his employment for "good reason" (as defined in the severance agreements) within 12 months after any change in control, will be entitled to receive a single cash lump sum distribution equal to two times the prior calendar year's cash compensation paid to such executive by Cheviot Savings Bank. Such sum will be paid within 30 days following Messrs. Lenzer's and Kappa's date of termination. In the event payments made to Messrs. Lenzer and Kappa include an "excess parachute payment" as defined in Section 280G of the Internal Revenue Code,

such payments will be cutback by the minimum dollar amount necessary to avoid this result.

Cash Bonus Plan

Cheviot Savings Bank maintains the a cash bonus plan. The purpose of offering cash incentives is to provide structured annual bonuses to key management personnel for their contributions to the achievement of strategic organizational objectives of Cheviot Savings Bank. The participants' bonuses are determined based on Cheviot Savings Bank's return on assets and non-financial goals. The amount of the bonus for Messrs. Linneman, Kappa and Lenzer is the sum of the bank-wide performance measurement and non-financial goals, which is expressed as a percentage of base salary. For the year ended December 31, 2010, such percentage could not exceed 50% of base salary. At the end of each year, the compensation committee calculates the amount of the award. Bonuses, if any, are paid in a single cash lump sum distribution within 75 days of the close of the year or as soon as the performance data is available to compute the amount of the awards.

For the fiscal year ended December 31, 2010, Messrs. Linneman, Kappa and Lenzer's incentive payments, maximum award opportunities, and actual incentives awarded as a percentage of base salary, were:

Name	2010 incentive amount paid ($)	Maximum award opportunity ($)	Actual award as a percent of base salary
Thomas J. Linneman	31,922	106,407	15.00 %
Kevin M. Kappa	18,417	61,389	15.00 %
Jeffrey J. Lenzer	20,643	68,810	15.00 %

Awards made to Messrs. Linneman, Kappa and Lenzer for performance in 2010 and 2009 were also reflected in the "Non-equity incentive plan compensation" column of the Summary Compensation Table.

401(k) Plan

Cheviot Savings Bank maintains the Cheviot Savings Bank 401(k) Retirement Savings Plan which is a qualified, tax-exempt profit sharing plan with a salary deferral feature under Section 401(k) of the Internal Revenue Code. Employees who have attained age 21 and have completed one year of employment are eligible to participate. Employees are entitled to enter the 401(k) Plan on the first January 1 or July 1 occurring after the employee becomes eligible to participate in the 401(k) Plan.

Each plan year (a calendar year), Cheviot Savings Bank will contribute to the 401(k) Plan the following amounts: (a) the total amount of the salary reduction a participant elected to defer; (b) in the discretion of Cheviot Savings Bank, a matching contribution equal to a percentage of the amount of the salary reduction a participant elected to defer; and (c) an amount equal to 3% of a participant's plan compensation (generally the sum of a participant's Form W-2 wages and other compensation for the year plus a participant's before-tax contributions to the 401(k) Plan and any other benefit plans of Cheviot Savings Bank, up to a legal limit (which was $245,000 for 2010)) for the year plus 3% of a participant's plan compensation for the year in excess of 50% of the Social Security Taxable Wage Base for old-age retirement benefits for the year ($53,400 for 2010) plus any additional amount that does not match a participant's salary reduction and that is determined by Cheviot Savings Bank in its discretion.

The 401(k) Plan permits employees to direct the investment of his or her own accounts into various investments, including the opportunity to invest in Cheviot-Federal common stock through the "Cheviot Financial Corp. Stock Fund." Each participant who directs the trustee to invest all or part of his or her account in the Cheviot Financial Corp. Stock Fund will have assets in his or her account applied to the purchase of shares of common stock. A participant will be entitled to direct the trustee as to how to vote his or her allocable shares of common stock.

Plan benefits will be paid to each participant in the form of a single cash payment at normal retirement age unless earlier payment is selected. If a participant dies prior to receipt of the entire value of his or her 401(k) Plan accounts, payment will generally be made to the beneficiary in a single cash payment as soon as possible following the participant's death. Payment will be deferred if the participant had previously elected a later payment date. If the

beneficiary is not the participant's spouse, payment will be made within one year of the date of death. If the spouse is the designated beneficiary, payment will be made no later than the date the participant would have attained age 70 1/2. Normal retirement age under the 401(k) Plan is age 65. Early retirement age is age 55.

Employee Stock Ownership Plan

In January 2004, we implemented the Cheviot Financial Corp. Employee Stock Ownership Plan in connection with our reorganization and initial stock offering. Employees who are at least 21 years old, who have at least one year of employment with Cheviot Savings Bank or an affiliated corporation and who have completed at least 1,000 hours of service, are eligible to participate. As part of the reorganization and initial stock offering, the employee stock ownership plan borrowed funds from us and used those funds to purchase 357,075 shares of common stock. Collateral for the loan is the common stock purchased by the employee stock ownership plan. The loan is being repaid principally from the participating employers' discretionary contributions to the employee stock ownership plan over a period of up to 10 years. The loan bears interest at an annual percentage rate fixed at 4.0%. Shares purchased by the employee stock ownership plan are held in a suspense account for allocation among participants as the loan is repaid.

Contributions to the employee stock ownership plan and shares released from the suspense account in an amount proportional to the repayment of the employee stock ownership plan loan are allocated among employee stock ownership plan participants on the basis of compensation in the year of allocation. Benefits under the plan are 100% vested upon completion of five years of credited service. A participant's interest in his or her account under the plan also fully vest in the event of termination of service due to a participant's early or normal retirement, death, disability, or upon a change in control (as defined in the plan). Vested benefits are payable in the form of common stock and/or cash. Contributions to the employee stock ownership plan are discretionary, subject to the loan terms and tax law limits. Therefore, benefits payable under the employee stock ownership plan cannot be estimated. Under generally accepted accounting principles, a participating employer will be required to record compensation expense each year in an amount equal to the fair market value of the shares released from the suspense account for the year.

In the event of a change in control, the employee stock ownership plan will terminate and participants will become fully vested in their account balances, which will be paid to them.

In connection with the conversion, the trustee for our existing employee stock ownership plan is expected to purchase, on behalf of the employee stock ownership plan, 4% of the shares of common stock sold in the offering. We anticipate that the employee stock ownership plan will fund its stock purchase with a loan from New Cheviot equal to the aggregate purchase price of the common stock. The loan will have a 20-year term and be repaid principally through Cheviot Savings Bank contribution to the employee stock ownership plan and dividends payable on common stock held by the employee stock ownership plan over the term of the loan. The interest rate for the employee stock ownership plan loan is expected to be the prime rate of interest, determined as of the date of origination of the loan. See "Pro Forma Data."

The trustee will hold the shares purchased by the employee stock ownership plan in an unallocated suspense account, and shares will be released from the suspense account on a pro-rata basis as we repay the loan. The trustee will allocate the shares released among participants on the basis of each participant's proportional share of eligible plan compensation relative to all participants.

We reserve the right, subject to approval from the Board of Governors of the Federal Reserve System, to purchase shares of common stock in the open market following the offering in order to fund all or a portion of the employee stock ownership plan. We also reserve the right to have the employee stock ownership plan purchase more than 4% of the shares of common stock sold in the offering if necessary to complete the offering at the minimum of the offering

range.

Outstanding Equity Awards at Year End

The following table sets forth information with respect to our outstanding equity awards as of December 31, 2010 for our Named Executive Officers.

Outstanding Equity Awards at Fiscal Year-End (1)

	Option awards					Stock awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: number of securities underlying unexercised earned options (#)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested ($)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentiv plan awar market payout va of unearn shares, ur or othe rights th have no vested (
Thomas J. Linneman, President and Chief Executive Officer	100,000	—	—	11.15	5/5/2015	—	—	—	—
Kevin M. Kappa, Vice President--Compliance	58,000	—	—	11.15	5/5/2015	—	—	—	—
Jeffrey J. Lenzer, Vice President--Operations	60,500	—	—	11.15	5/5/2015	—	—	—	—

(1) All equity awards noted in this table were granted pursuant to the Cheviot Financial Corp. 2005 Stock-Based Incentive Plan, and represent all awards held at December 31, 2010 by Named Executive Officers. All equity awards noted on this table are fully vested.

There were no grants of plan-based awards for our named executive officers in 2010.

The 2005 Cheviot-Federal Stock-Based Incentive Plan (“Incentive Plan”) provides officers, employees and directors of Cheviot-Federal or Cheviot Savings Bank with additional incentives to share in our growth and performance.

The Incentive Plan authorizes the issuance of up to 680,426 shares of our common stock pursuant to grants of incentive and non-statutory stock options, reload options or restricted stock awards, provided that no more than 194,408 shares may be issued as restricted stock awards, and no more than 486,018 shares may be issued pursuant to exercise of stock options.

Employees and outside directors are eligible to receive awards under the Incentive Plan.

The Compensation Committee may determine the type and terms and conditions of awards under the Incentive Plan. Awards may be granted in a combination of incentive and non-statutory stock options, reload options or restricted stock awards. Awards may include the following:

Stock Options. A stock option gives the recipient or “optionee” the right to purchase shares of common stock at a specified price for a specified period of time. The exercise price shall not be less than the fair market value of the underlying common stock on the date the stock option is granted. Fair market value for purposes of the Incentive Plan means the average of the closing high bid and low asked price of the common stock as reported on the Nasdaq Stock Market on the day the option is granted or, if the common stock is not traded on the date of grant, the fair market value shall be determined by the Compensation Committee in good faith on an appropriate basis.

Stock options are either “incentive” stock options or “non-qualified” stock options. Incentive stock options have certain tax advantages and must comply with the requirements of Section 422 of the Internal Revenue Code. Only employees are eligible to receive incentive stock options. Shares of common stock purchased upon the exercise of a stock option must be paid for in full at the time of exercise (i) either in cash, check payable to Cheviot-Federal or electronic funds transfer; or (ii) with stock of Cheviot-Federal which was owned by the participant for at least six months prior to delivery; or (iii) by reduction in the number of shares deliverable pursuant to the stock option, or (iv) subject to a “cashless exercise” through a third party. Cash may be paid in lieu of any fractional shares under the Incentive Plan and generally no fewer than 100 shares may be purchased on exercise of an award unless the total number of shares available for purchase or exercise pursuant to an award is less than 100 shares. Stock options are subject to vesting conditions and restrictions as determined by the Compensation Committee.

Reload Options. Reload options entitle the holder, who has delivered shares that he or she owns as payment of the exercise price for option stock, to a new option to acquire additional shares equal in amount to the shares he or she has traded. Reload options may also be granted to replace option shares retained by the employer for payment of the option holder’s withholding tax. The option price at which additional shares of stock can be purchased by the option holder through the exercise of a reload option is equal to the market value of the shares on the date the original option is exercised. The option period during which the reload option may be exercised expires at the same time as that of the original option that the holder has exercised. Reload options issued on the exercise of incentive stock options may be incentive stock options or non-statutory stock options.

Stock Awards. Stock awards under the Incentive Plan will be granted only in whole shares of common stock. Stock awards will be subject to conditions established by the Compensation Committee which are set forth in the award agreements. Any stock award granted under the 2005 Stock-Based Incentive Plan will be subject to vesting as determined by the Compensation Committee. Awards will be evidenced by agreements approved by the Compensation Committee which set forth the terms and conditions of each award.

Transferability of Awards. Generally, all awards, except non-statutory stock options, granted under the Incentive Plan will be nontransferable except by will or in accordance with the laws of intestate succession. Stock awards may be transferable pursuant to a qualified domestic relations order. At the Compensation Committee’s sole discretion, non-statutory stock options may be transferred for valid estate planning purposes that are permitted by the Internal Revenue Code and the Securities Exchange Act of 1934, as amended. During the life of the participant, awards can only be earned by him or her. The Compensation Committee may permit a participant to designate a beneficiary to exercise or receive any rights that may exist under the Incentive Plan upon the participant’s death.

Change in Control. Upon the occurrence of an event constituting a change in control of Cheviot-Federal, as defined in the Incentive Plan, all stock options will become fully vested, and all stock awards then outstanding shall vest free of restrictions. A conversion of Cheviot Mutual Holding Company from mutual to stock form will not be considered as a change of control.

Effect of Termination of Service. Unless the Compensation Committee specifies otherwise at the time an award is granted, upon the occurrence of the participant’s termination of service due to death or disability, all unvested stock options and stock awards made to the participant will become fully vested. Subject to federal regulations and policy (or the receipt of any required waivers), and unless the Compensation Committee specifies otherwise at the time an award is granted, in the event of a normal retirement of a participant any unvested award of stock options and/or restricted stock shall become fully vested in the participant. Unless the Compensation Committee specifies otherwise, a person who is a member of the board of directors shall not be deemed to have retired until service as a director or director emeritus has ceased.

Director Compensation

Directors' Summary Compensation Table. Set forth below is summary compensation for each of our non-employee directors for the year ended December 31, 2010. Compensation paid to directors who also are named executive officers is reflected above in "Executive Compensation – Summary Compensation Table."

Director Compensation Table for Year Ended December 31, 2010 (3)

Name	Fees earned or paid in cash ($)	Stock awards (1) ($)	Option awards (1) ($)	Non-equity incentive plan compensation ($)	Non-qualified deferred compensation earnings ($)	All other compensation (2) ($)	Total ($)
Steven R. Hausfeld	23,300	11,500	21,542	—	—	1,636	57,978
Edward L. Kleemeier	20,800	—	—	—	2,838	12,132	35,770
John T. Smith	20,800	—	—	—	3,905	5,244	29,949
Robert L. Thomas	23,300	—					