



Colonial American Bank

1,001,079 Shares of Common Stock, par value \$1.00/share

Offering Price: \$5.00 per share

Minimum Purchase: Rights Offering 250 Shares (\$1,250)

Public Offering 500 Shares (\$2,500)

<p>EXECUTIVE SUMMARY</p>

THIS EXECUTIVE SUMMARY DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY ANY SECURITY. THE OFFER CAN BE MADE ONLY BY THE OFFERING MEMORANDUM AND ONLY IN STATES IN WHICH THE OFFERING SECURITIES ARE REGISTERED OR IS EXEMPT FROM REGISTRATION AND OFFICERS OF THE COMPANY AUTHORIZED TO DO SO. THE USE OF THIS MATERIAL IS AUTHORIZED ONLY WHEN PRECEDED OR ACCOMPANIED BY A CURRENT MEMORANDUM. THIS SUMMARY CONTAINS CERTAIN EXCERPTS FROM THE MEMORANDUM AND SHOULD BE READ IN CONJUNCTION WITH THE MEMORANDUM PRIOR TO MAKING ANY INVESTMENT DECISION.

THE PURCHASE OF THE SHARES ENTAILS A HIGH DEGREE OF RISK. NO INVESTMENT SHOULD BE MADE BY ANY PERSON WHO IS NOT IN A POSITION TO LOSE THE ENTIRE AMOUNT OF THE INVESTMENT. SEE RISK FACTORS DETAILED IN THE MEMORANDUM.

The Effective Date of this Executive Summary is June 9, 2008.

The Bank

The Bank was established as a financial institution with local loan officers that have individual lending authority supported by a responsive loan processing system. Our loan committee is utilized to provide additional input and insight on large credit requests. We offer deposit services to the communities in which our branches are located and provide services through both physical locations and the Internet. We have two branch offices: one located in Horsham, Pennsylvania in the highly traveled Route 611 corridor and one in West Conshohocken, Pennsylvania. In addition to physical branches, we use an interactive voice response unit as well as an Internet website to give customers access to their bank account information 24 hours a day, 7 days a week.

Montgomery County is Pennsylvania's third largest county with approximately 775,000 residents, approximately 16,900 of whom live in the Horsham market area and approximately 15,600 of whom live in the West Conshohocken market area. As measured by median household income, Montgomery County is the second most affluent county in Pennsylvania, with a median household income in 2005 of \$75,725. The estimated median household income (2005) in the Horsham market area is \$62,554, and \$71,056 in the West Conshohocken market area. Although our primary market areas' income is slightly lower than Montgomery County's, both are substantially higher than Pennsylvania's median-household income of \$48,534. Montgomery County's annual population growth from 2000-2005 was 0.67%, surpassing Pennsylvania's annual population growth rate of 0.33%. The Horsham market area's annual population growth over the same time period was 0.37% and 0.43% in the West Conshohocken market area. Looking ahead, the population is projected to grow by 2.40% for the Horsham area and 2.02% for West Conshohocken area from 2005 to 2010, substantially faster than Pennsylvania (1.71%) and in line with Montgomery County's 2.96% projected growth.

The business economy in Montgomery County is diverse, with the top ten employers representing the manufacturing, distribution, financial and healthcare industries. The top three employers, Merck & Company, Inc., Jefferson Health Systems and Prudential Insurance, represent 51.4% of the workforce from the top ten employers. The top ten employers not only consist of various industries, but also contain well-known, respected corporations. These types of companies generally offer job stability and are commonly linked with economic growth.

We take advantage of a strategic relationship we have established with Colonial Mortgage Service Company of America ("Colonial Mortgage"), a Pennsylvania mortgage banking entity, affiliated with our Chairman and Chief Executive Officer, to garner prudently underwritten, one-to four-family, conforming residential loans and commercial real estate loans. We believe that this relationship provides us with a ready source of quality loans that can be acquired by us. Additionally, we believe that this relationship with Colonial Mortgage provides us with a source of quality loans on an on-going basis and serves as a source of strength for our loan operations. We also use local loan officers who generate commercial, commercial real estate, construction and consumer loans primarily in the Greater Delaware Valley area. Loan growth is funded primarily by core deposits generated at the branches and may be supplemented with wholesale borrowings and brokered deposits as needed or if more cost effective.

Our focus is on establishing and retaining client relationships by offering a broad range of specialized financial services and products, competitively-priced and delivered in a responsive manner to residents of our market area and to small-to medium-size businesses in our market area. We provide client service that is highly personalized, efficient, and responsive to their needs. To better serve our clients and expand our market reach, we provide for the delivery of certain of our financial products and services to our local clients and to a broader market through the use of mail, telephone, electronic and Internet banking. We deliver these products and services with the care and professionalism expected of a bank and with a special dedication to personalized client service.

Objectives

Our specific objectives are:

- to provide a superior rate of return to shareholders on capital invested;
- to attract deposits and loans by offering innovative products and services with competitive pricing; and

- to attract, train and retain a highly motivated, well trained team oriented group of banking professionals dedicated to providing outstanding customer service.

We use correspondent relationships with other banks and third-party providers to provide additional products and services to our customers where it is cost-effective for us to do so. Our recognition of and commitment to the needs of the local community, combined with highly personalized customer service, differentiates us from our competitors.

Lending

General. We have qualified lenders on staff to generate both commercial and residential loans. We also use our relationship with Colonial Mortgage and other local mortgage originators to garner prudently underwritten, one-to four-family, conforming, credit quality residential loans, and commercial real estate loans. We provide customized credit facilities for a variety of commercial and business purposes. Commercial lending includes loans provided for acquisition of real estate and to a lesser extent equipment, as well as for operating lines of credit.

Consumer lending includes installment loans for personal, family, and household purposes, residential mortgages, home equity closed end loans, home equity lines of credit, and overdraft protection lines. Residential mortgages originated may be sold if the rate sensitivity position dictates. These products are offered at each of our branches and through a web based application.

Loan growth is driven by customer demand, which in turn is influenced by, among other things, individual and business indebtedness and consumer demand for goods. The risk involved in each loan must be carefully evaluated before the loan is made. The interest rate at which the loan is made and any related fees will reflect the risk factors involved, including the term of the loan, the value of collateral, if any, the reliability of the projected source of repayment, and the amount of the loan requested. Credit quality is the most important factor in evaluating loan applications.

Mortgage Loans. We target individuals in our local market area. We believe that lending to individuals, using real estate as collateral, is the best way to attract and maintain a customer relationship. We use competitive pricing and our business networks to gather local mortgage loan business. As of March 31, 2008, we had residential mortgages totaling \$10.2 million.

Business Loans. We target lending to small-to medium-sized businesses. We believe that larger institutions ignore these customers and these businesses have been adversely affected by the high volume of bank consolidations in our market area. We offer responsiveness, flexibility, and local decision-making for loan applications of business owners, thereby eliminating delays caused by non-local management. In the future, we may participate in Small Business Administration (“SBA”) programs, as well as programs offered through local, state, and federal programs if qualified personnel to originate and administer these loans can be attracted to the Bank.

Commercial Mortgage Loans/Construction Loans. We offer various types of loans secured by real estate, including construction loans. The loan officers work closely with property owners, contractors, individual builders, and attorneys to offer construction loan services to the residential real estate market as well as to owner-occupied commercial properties and investment properties. As of March 31, 2008, we had commercial real estate loans totaling \$2.9 million.

Deposits

Consumer deposit growth is driven by a variety of factors: population growth, bank and non-bank competition, increases in household income, interest rates, accessibility of location, and the sales efforts of bank personnel. Time deposits can be attracted or increased by paying an interest rate higher than that offered by competitors, but these deposits are the most costly and least stable type of deposit. Our deposit services are comprised of demand deposits, savings deposits, time deposits, and Individual Retirement Accounts. As of March 31, 2008, we had deposits totaling \$22.8 million.

In order to attract and retain stable deposit relationships, we offer cash management services to help businesses manage their cash flow. The expertise and experience of our management coupled with the latest technology enables us to maximize the growth of business-related deposits.

Other Services

To further attract and retain customer relationships, we provide the standard array of financial services expected of a traditional bank, including the following:

STAR 24 Hour Account Access	Access to Other ATM Networks
Direct Deposit	Telephone Transfer of Funds
Bank-by-Mail	Internet and Online Banking
Safe Deposit Boxes	Automatic Transfer of Funds
Merchant Services for MasterCard and VISA	MasterCard and VISA Cardholder Services
Business Escrow Accounts	Debit Cards

Cash Management Services

These services provides businesses the opportunity to access their accounts online, to review balance information and reconcile accounts, pay bills, transfer funds between accounts, disburse funds via ACH, initiate wire transfers and stop payments and view images of checks online.

Bank Premises and Market Area

We operate two branches, one located in Horsham, Pennsylvania and one in West Conshohocken, Pennsylvania. We plan to continue to expand our branch network along the Route 611 and Route 309 corridors in the growth areas of Bucks and Montgomery Counties.

Competition

The banking business is highly competitive. We face substantial immediate competition and potential future competition both in attracting deposits and in originating loans. We compete with local, regional, and national commercial banks, savings banks, and savings and loan associations, all of which have assets, capital, and lending limits larger than us. Other competitors include money market funds, mutual funds, mortgage bankers, insurance companies, stock brokerage firms, regulated small loan companies, credit unions, and issuers of commercial paper and other securities.

The Bank seeks to compete for business principally based on high quality, personal service to customers, customer access to Bank decision-makers, and competitive interest rates and fees. Our larger competitors have a much larger branch network, greater name recognition, and greater financial resources than the Bank has and can finance wide-ranging advertising campaigns.

Directors and Executive Officers

The members of our Board of Directors and our executive officers are as follows:

<u>Name</u>	<u>Age</u>	<u>Position/Background</u>
Joseph A. Splendido	44	Director/Chairman of the Board/CEO – Colonial American Bank
Mario L. Incollingo	69	Director/President – Colonial American Bank
Daniel J. Machon, Jr.	44	CFO/COO – Colonial American Bank
Thomas Samph	63	Director – Chairman, President & CEO of Post Education, Inc.; CEO and Trustee of Post University
Kirk V. Wiedemer	60	Director – Attorney and Principal of Law Offices of Kirk V. Wiedemer and Asia America Law Group
Richard W. Sutliff	48	Director – Executive Vice President & CFO, Commcor, Inc.
David R. Cornelison	51	Director – Vice President of Sales and Marketing, M&C Specialties Co.
Jeffrey V. Kohler	51	Director - Owner/Principal of Jeff Kohler & Associates, executive recruiting firm
Peter A. Roman	42	President – Enrico Roman, Inc.
Mark A. Robinson	47	President/Owner – Seaboard Development, Inc.

Set forth below are brief summaries of the background and business experience of our executive officers and directors.

Joseph A. Splendido **Chairman of the Board and Chief Executive Officer**

Joseph A. Splendido, our Chairman of the Board and Chief Executive Officer, is also President and Chief Executive Officer of Colonial Mortgage, a full service mortgage banker in Pennsylvania and New Jersey founded in 1992. Mr. Splendido oversees all aspects of the business of Colonial Mortgage. Mr. Splendido is also President and Owner of Colonial Search and Abstract, a licensed title insurance and settlement service provider in Pennsylvania. He is a licensed title agent.

A graduate of Villanova University with a Bachelor of Science degree in Accountancy, Mr. Splendido is a member of the Board of Governors of the Mortgage Bankers Association of America, past president of the Mortgage Bankers Association of Greater Philadelphia, and Director of the Pennsylvania Mortgage Bankers Association. Mr. Splendido currently serves as Secretary and a director of Cedarbrook Country Club.

Mario L. Incollingo **President and Director**

Mr. Incollingo, our President and one of our directors, began his career in the financial services industry in 1963 as a loan manager with the Commercial Credit Corporation. In 1965, Mr. Incollingo founded the Marconi Financial Corporation/Marconi Consumer Discount Company. In 1971, he became Executive Vice President of Glenside Savings and rose to the rank of president and director. In 1985, Mr. Incollingo engineered the merger of Glenside Savings and Loan with Pennsylvania Savings Bank and the sale of Marconi Financial Corporation/Marconi Consumer Discount Company and became Executive Vice-President of Pennsylvania Savings Bank, now First Penn Bank.

In 1988 Mr. Incollingo joined the IGA Federal Credit Union as President, CEO, and Director eventually executing the first credit union conversion to a bank and public stock company. IGA was acquired by First Penn Bank and Mr. Incollingo took on the role of COO and Director at First Penn Bank in charge of bank operations at 12 branch locations. Mr. Incollingo attended LaSalle University, where he majored in business administration, and accounting and attended Temple University.

Daniel J. Machon, Jr.
Chief Financial Officer and Chief Operating Officer

Mr. Machon, our Chief Financial Officer and Chief Operating Officer, began his banking career in 1985 as a teller for Keystone Savings & Loan Association in Germantown, Pennsylvania. By 1987, Mr. Machon had advanced to the role of Controller. From 1989 to 1996, Mr. Machon served as the Chief Financial Officer. In 1997, Mr. Machon was named the acting President of Keystone Savings & Loan Association and successfully completed a merger transaction with St. Edmond's Federal Savings Bank.

Mr. Machon continued with St. Edmond's Federal Savings Bank until 1998 when he took the position of Controller at USABancShares, Inc., a publicly-held bank holding company. Within two years, he was named the Chief Financial Officer. While at USABancShares, Mr. Machon was responsible for forecasting, profitability measurement, budgeting, corporate tax reporting, and financial systems support in addition to financial reporting to the board of directors, the shareholders, the SEC, the FDIC, and the Pennsylvania Department of Banking.

In October 2002, USABancShares, Inc. was purchased by NOVA Financial Holdings, Inc., a privately-held bank holding company. Mr. Machon remained as chief financial officer of NOVA Financial Holdings, Inc. While at NOVA, Mr. Machon was responsible for financial reporting to the board of directors, the shareholders, the FDIC, and the Pennsylvania Department of Banking. Additionally, he was responsible for corporate-wide internal accounting controls and disclosure as required. Mr. Machon is a 1985 graduate of LaSalle University where he earned his Bachelor of Science degree in Accounting with a Computer Science minor.

Thomas Samph, Ph. D.
Director

Mr. Samph has been actively involved in the application of technology, training, and communications business for more than 30 years. After receiving his doctorate degree from University of Michigan, he became a professor at Syracuse University.

In 1982, Mr. Samph founded Assessment System, Inc. ("ASI"), which is a service provider to national professional associations and state regulatory agencies. ASI was responsible for the certification and licensure of occupational and professional personnel. Under Mr. Samph's leadership, ASI grew to more than \$80 million in annual revenue. Since selling ASI in 1995, Mr. Samph has been a consultant to manufacturers and suppliers of software products for the corporate and public education markets. He has been on the boards of several start-up and early stage companies, where he was active in setting and implementing financial, marketing, and operational strategy. In addition, Mr. Samph has worked closely with the senior management of several ventures to resolve organizational, staffing and development issues.

In 2004, Mr. Samph took the position of Chairman, President and CEO of Post Education, Inc. and CEO and trustee of Post University, and is currently responsible for building Post University into a brand name institution for high quality career oriented education. Mr. Samph currently serves on several secondary school committees and is a trustee at The Pennsylvania School for the Deaf.

Kirk V. Wiedemer
Director

In 2000, Mr. Wiedemer founded the Law Offices of Kirk V. Wiedemer, Esq., P.C., and Asia America Law Group. Located in the Chinatown Section of Philadelphia, the firm concentrates on immigration, commercial and administrative law cases in service to the Chinese community in the tri-state area. He is General Counsel to the Greater Philadelphia United Chinese American Chamber of Commerce. Mr. Wiedemer is of counsel to a law firm in Guangzhou, China and frequently travels to China to handle legal and business matters. He has made numerous presentations to the Guangdong Bar Association and to law school students in Guangzhou.

Mr. Wiedemer is former Chief Deputy Attorney General, Pennsylvania Attorney Generals Office and former chief Assistant District Attorney, Special Unit, Philadelphia District Attorneys Office. He received his Juris Doctor degree from Suffolk University School of Law, Boston, Massachusetts (1976) and his BA from St. John Fisher College, Rochester, New York (1969).

Richard W. Sutliff
Director

Mr. Sutliff is the Executive Vice President of Finance and Operations and the Chief Financial Officer for Commcor, Inc., in Horsham Pennsylvania and is responsible for operations, finance, and the Information Technology departments of the parent company of a five-company marketing communications group. Also, Mr. Sutliff directs two revenue divisions of this group. Mr. Sutliff was integral in negotiating four acquisitions over the last several years.

From August 1992 to December 2002, Mr. Sutliff was the Chief Financial Officer for The Dudnyk Company/Commcor, Inc. where he was responsible for all finances and operations at a corporate level for a their company marketing communications conglomerate, as well as liaison from all companies to chairman. His position reported directly to the Chairman/Owner and he managed all accounting, operations, and personnel staff. He also coordinated all computer functions throughout the companies.

From May 1990 to August 1992, Mr. Sutliff was the Controller for The Dudnyk Company/Commcor, Inc. where he oversaw accounting functions for two marketing communications companies. He also managed all accounting personnel and implemented computer software programs with company personnel to enhance the financial billing structure. Mr. Sutliff facilitated financial and company growth by recommending and implementing company-wide cut backs.

Mr. Sutliff is a 1981 graduate of Temple University in Philadelphia, Pennsylvania where he majored in Accounting. Mr. Sutliff then attended LaSalle University in Philadelphia, Pennsylvania where he earned his MBA in Finance in 1987.

David R. Cornelison
Director

Mr. Cornelison graduated from Temple University in 1979 with a Bachelors Degree in Business Administration, majoring in Business Management and Industrial Relations Organizational Behavior.

Mr. Cornelison started his career with 3M Company, in St. Paul, Minnesota as an Industrial Sales Representative for the Industrial Tape Division positioned in the Philadelphia, Pennsylvania region. Mr. Cornelison has received numerous sales awards and merits during his time with 3M.

In 1984, Mr. Cornelison joined M&C Specialties Co., as a Regional Sales Representative. He was promoted to Marketing Manager in 1989, moving into the home office in Southampton, Pennsylvania. He was promoted to National Sales Manager in 1990. His primary responsibility was to manage the national sales budget and the North American Sales force.

In 1995, Mr. Cornelison was promoted to Director of Sales and Marketing and currently holds that position with M&C Specialties Co. His primary responsibility is to manage a \$35 million sales budget and global Sales and Marketing plan. Mr. Cornelison is a member of 3M's Converter Advisory Board and Tesa NA's Converter steering committee and advisory board. He is a Board Member of Cedarbrook Country Club currently holding the position of Treasurer.

Jeffrey V. Kohler
Director

Mr. Kohler has 13 years of senior management experience in the executive search industry, where he specializes in the recruitment of publishing and media executives.

Beginning his career at the *Chicago Tribune*, a series of promotions positioned him to be recruited by the *Philadelphia Inquirer* as the Circulation Director, and then promoted to Vice President of Circulation. His role was subsequently expanded to Senior Vice President/Circulation for the *Philadelphia Inquirer & Daily News* in 1991, where he led sales, marketing, customer service, promotion, alternate deliveries, and distribution for Philadelphia Newspapers, Inc ("PNI"). At PNI, Mr. Kohler was responsible for nearly 800 employees, revenues exceeding \$135M and expenses of over \$80M. At its peak, combined circulations for the newspapers exceeded 700,000 daily and 1 million Sunday copies.

As an Executive Recruiting consultant leading his own name-firm, Mr. Kohler's publishing and media practice serves a range of blue-chip clients operating weekly and daily newspapers, business and legal journals, magazines, and specialty niche and alternative products.

With a strong commitment to community involvement, Mr. Kohler has served as the Chairman of *Please Touch Museum*; on the Executive Board of Directors of the Boy Scouts; as Vice President of the *Richie Ashburn Celebrity Golf Classic* to benefit physically and mentally challenged Boy Scouts, was an active member of the Police Athletic League and served on the Board of the Philadelphia *Eagles Youth Partnership*.

Mr. Kohler is a native of the Chicago suburbs and graduated with a Bachelor of Arts degree from the University of Notre Dame in 1979.

Peter A. Roman
Director

Mr. Roman is President of Enrico Roman, Inc., a family owned and operated general contracting business, headquartered in Oreland, PA, that has served the Greater Philadelphia Region for three generations. The company provides construction services for commercial, industrial, and residential clients.

Prior to joining the family business in 1990, Mr. Roman worked for Hansen Properties of Springhouse, PA. While at Hansen, he was in charge of golf course development, office building construction, and tenant fit out projects.

Mr. Roman is a 1998 graduate of Temple University, Philadelphia, PA, where he received a degree in Civil Engineering and Building Construction.

Mark A. Robinson
Director

Mr. Robinson is the founder and owner of Seaboard Development, a resort/residential real estate development located in Somers Point, New Jersey. Seaboard has been responsible for the construction and development of numerous other projects in Atlantic and Cape May, counties in New Jersey.

ALL INVESTMENTS INVOLVE RISKS. THE SECURITIES OFFERED BY THE OFFERING MEMORANDUM ARE NOT SAVINGS ACCOUNTS OR SAVINGS DEPOSITS AND WILL NOT BE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (“FDIC”) OR ANY OTHER GOVERNMENT AGENCY. THESE SECURITIES ARE SUBJECT TO INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL. THE RISKS OF THIS INVESTMENT ARE DESCRIBED UNDER THE HEADING “RISK FACTORS” BEGINNING ON PAGE 7 OF THE OFFERING MEMORANDUM.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, THE PENNSYLVANIA DEPARTMENT OF BANKING, THE FDIC NOR ANY OTHER FEDERAL OR STATE SECURITIES COMMISSION OR BANK REGULATORY AGENCY HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THE OFFERING MEMORANDUM IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE BANK IS NOT MAKING AN OFFER TO SELL THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

The Offering

Issuer.....	Colonial American Bank, a Pennsylvania state chartered banking corporation headquartered in West Conshohocken, Pennsylvania
Securities Offered	Up to a maximum of 1,001,079 shares of our Common Stock, of which 751,079 are being offered in the Rights Offering to our shareholders of record on March 31, 2008, on the basis of one share for every one share owned on that date, and any remaining shares not purchased in the Rights Offering, plus an additional 250,000 shares are being offered in the Public Offering. While a minimum of 250 shares must be purchased for the Rights Offering and 500 shares must be purchased for the Public Offering, there is no aggregate minimum number of shares that are required to be sold for there to be a closing of the Rights Offering or the Public Offering.
Price per Share	\$5.00 per share
Offering	In the event that not all 751,079 shares in the Rights Offering are initially subscribed for, the remaining shares will be available for purchase by the shareholders who are already participating in the Rights Offering, and who will then be able to subscribe for more shares than would otherwise be their pro rata participation in the Rights Offering. Any remaining shares, together with an additional 250,000 shares, will be offered to the public in the Public Offering. Subject to our right to reject a subscription for any reason, any shares subscribed for by any purchaser will be sold to such purchaser.
Use of Proceeds	<p>We expect to use the net proceeds of the offering to:</p> <ul style="list-style-type: none">• increase our commercial lending staff;• increase our ability to make larger loans; and• working capital. <p>For additional information, see “Use of Proceeds” and “Risk Factors” in the Offering Memorandum.</p>
Shares Outstanding as of March 31, 2008.....	751,079 shares. ⁽¹⁾
Shares Outstanding as of March 31, 2008, as Adjusted.....	1,752,158 shares (assuming 1,001,079 shares are sold by us pursuant to the offering).
Placement Procedure	<p>If you are eligible to subscribe for shares of Common Stock in the Rights Offering and wish to do so, you must complete and sign the subscription agreement that accompanies the Offering Memorandum and forward it to us along with payment for the number of shares of Common Stock for which you wish to subscribe. You should also indicate how many additional shares you would like to subscribe for above your pro rata share in the event the Rights Offering is not fully subscribed for in the first instance.</p> <p>If you are a member of the public who is interested in investing in our Common Stock, you will also be asked to execute subscription agreements with us, indicating the amount of shares you wish to purchase.</p> <p>The closing for the sale of shares under all subscription agreements will occur within three (3) business days following execution of the subscription agreements,</p>

unless otherwise agreed to by you and us.

Minimum Subscription Each purchaser must subscribe for a minimum of 250 shares in order to participate in the Rights Offering and a minimum of 500 shares in order to participate in the Public Offering.

Subscription Limitations..... In accordance with the Pennsylvania Banking Code, we will not accept any subscription if acceptance of the subscription would result in the person owning 10% or more of our Common Stock unless we receive from the purchaser the requisite approval from the Pennsylvania Department of Banking.

We reserve the right to accept or reject any offer to subscribe, in whole or in part, for any reason and in our sole discretion. In determining which subscriptions to accept or reject, we may take into consideration, among other things, the order in which the subscriptions are received, whether the subscription(s) would cause the number of our holders of record to exceed 450 (for purposes of not becoming subject to the registration requirements of the FDIC and or the periodic reporting and other requirements of Section 12(g) of the Securities Exchange Act of 1934, as amended), or any other considerations we deem relevant in our sole discretion.

Risk Factors

Purchasing our Common Stock involves significant risks. You should review the risks described in the Offering Memorandum entitled "Risk Factors" beginning on page 7.

