

Dear Colonial American Bank,

The undersigned subscribes for and agrees to purchase shares of Common Stock of the Bank in the Rights Offering, upon the terms and conditions set forth in this agreement and in the Bank's Offering Memorandum, dated June 9, 2008, and any supplements thereto (the "Offering Memorandum") as follows:

<u>Number of Shares You Owned as of April 30, 2008</u>		<u>Number of Shares You are Eligible to Purchase in the Rights Offering</u>	<u>Number of Shares You Wish to Purchase (minimum 250 shares)</u>	<u>Price Per Share</u>	<u>Payment Amount</u>	
_____	X 1	= _____	_____	X \$5.00	= \$ _____	(A)
		Additional Shares Desired in the Event of Over-subscription:	_____	X \$5.00	= _____	(B)
				Purchase Price:	\$ _____	(A + B)

In the event the Rights Offering is fully subscribed for and over-subscription is not permitted in full or in part, a check will be issued to me/us for the price paid for the portion of the over-subscription disallowed. If I/we subscribe for less than the minimum 250 shares, I/we understand that our subscription will not be accepted and the check will be returned to me/us.

Enclosed is my/our check or money order made payable to "Colonial American Bank" in the amount of the Total Purchase Price (A + B) for shares I/we wish to purchase in the Rights Offering **assuming that oversubscription is permitted.**

Stock certificates for shares purchased will be registered in my/our name only and in the same manner as the shares are currently registered as a holder of record, and will be delivered to me/us as soon as practicable after the closing of the Offering. The shares will be delivered to me/us at the address set forth below. I/we have given my/our Social Security or Tax Identification number and current telephone numbers below.

_____			_____		
Street Address			Social Security or Tax Identification number		
_____			Daytime Phone: (____) _____		
_____	_____	_____	Evening Phone: (____) _____		
City	State	Zip Code			

FOR ASSISTANCE CALL (610) 941-1266 AND ASK TO SPEAK TO DANIEL J. MACHON, JR. ABOUT THE COLONIAL AMERICAN BANK RIGHTS OFFERING.

I/we have received the Offering Memorandum. No information or representation has been given to me/us by representatives of the Bank or anyone else other than those contained in the Offering Memorandum.

(CONTINUED AND TO BE SIGNED ON THE NEXT PAGE)

This Subscription Agreement cannot be revoked by me/us and it shall become an agreement binding on the Bank only upon its acceptance and execution by the Bank. After acceptance by the Bank, this Subscription Agreement shall also be binding on my/our heirs, estate, legal representatives, assigns and successors, and shall survive my/our death, disability or dissolution.

I/we understand that I/we may not sell, transfer or assign this Subscription Agreement, or any interest or rights herein.

If this Subscription Agreement is executed on behalf of a corporation, partnership, trust or other entity, the undersigned has/have been duly authorized to execute this Subscription Agreement and all other instruments in connection with the purchase of the Common Stock, and the signature(s) of the undersigned is/are binding upon such corporation, partnership, trust or other entity. The Bank retains the right to request the production of an appropriate certification of such authorization.

The provisions of this Subscription Agreement shall be construed and enforced according to the laws of Pennsylvania. In the event there is any conflict between this Subscription Agreement and the Offering Memorandum, the terms set forth in the Offering Memorandum shall be controlling. The Bank reserves the right, in its sole discretion, to require completion or correction of any Subscription Agreement. The Bank is not obligated to notify any subscriber of any defect in any Subscription Agreement and may accept or reject any Subscription Agreement in whole or in part for any reason.

This Subscription Agreement constitutes the entire agreement between the parties hereto with respect to the purchase of shares of Common Stock in the Rights Offering and may be amended only in writing by the parties to be bound thereby.

SUBSTITUTE W-9	
[]	Check this box if the following statement is true: I/we am/are not subject to back-up withholding either (1) because I/we am/are exempt from back-up withholding, (2) I/we have not been notified that I/we am/are subject to back-up withholding as a result of a failure to report all interest or dividends, or (3) the Internal Revenue Service has notified me/us that I/we am/are no longer subject to back-up withholding. Under the penalties of perjury, I/we certify that the information contained herein, including the Social Security number or taxpayer identification number given above, is true, correct and complete.

ACKNOWLEDGMENT			
THIS SUBSCRIPTION AGREEMENT IS NOT VALID UNLESS SIGNED.			
Signature of Subscriber	Date	Signature of Subscriber	Date
Title			
(If subscribing as custodian, trustee, corporate officer, etc.)			

These securities are not deposits and are not insured by the Federal Deposit Insurance Corporation.

