



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 05, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Colonial Bank, FSB
Charter Number: 704983

2745 S. Delsea Drive
Vineland, NJ 08360-0000

Office of the Comptroller of the Currency

Philadelphia Field Office
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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Outstanding

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors supporting this rating include:

The bank's quarterly average loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance;

A substantial majority of the bank's loans were originated inside the bank's assessment area;

The bank's distribution of loans represents a reasonable penetration among individuals of different income levels;

The bank's distribution of loans represents an excellent dispersion throughout census tracts of different income levels;

Colonial Bank, FSB has not received any CRA complaints during this evaluation period;

Colonial Bank, FSB's responsiveness to community development needs and opportunities in its assessment area is outstanding in light of its capacity and area opportunities.

Scope of Examination

Colonial Bank, FSB ("Colonial") was evaluated under the Intermediate Small Bank (ISB) examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services.

The evaluation period under the lending test covers the bank's performance from January 1, 2009 through December 31, 2011, as this is representative of its lending strategy since the last CRA examination. The evaluation period for the community development test is from December 31, 2008 through March 1, 2012.

Colonial's primary loan product is home mortgage loans. Colonial reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). Prior to this evaluation, we tested the accuracy of Colonial's HMDA data. We utilized the HMDA data from January 1, 2009 through December 31, 2011 for this evaluation. Community Development (CD) loans, investments, and services submitted by management were also verified to ensure that they met the regulatory definition for community development.

Description of Institution

Colonial is a thrift chartered, stock-owned institution headquartered in Vineland, Cumberland County, New Jersey. Colonial Financial Services, Inc. was organized in March 2010 to serve as the stock holding company of Colonial Bank, FSB.

Colonial operates nine full service branches in Cumberland and Gloucester counties with total assets of \$602 million as of December 31, 2011. All nine offices have on-site automated teller machines (ATMs) and offer drive-in banking. During the evaluation period one office was opened in Cedarville. All branches offer extended Friday hours and Saturday morning hours. The main office also opens on Sunday afternoons for five hours.

Colonial is a full-service community bank offering a standard range of retail banking and commercial banking services. Its retail services include checking accounts, savings programs, money-market accounts, certificates of deposit, individual retirement accounts, Christmas and Vacation Clubs, consumer loan programs, and residential mortgages. Its commercial services include business checking accounts, commercial mortgages, lines or letters of credit, and community development loans.

As of December 31, 2011, Colonial Bank reported net loans and leases of \$290 million or 48% of total assets. The loan portfolio is comprised as follows:

Loan Portfolio Summary by Loan Product December 31, 2011		
Loan Category	Amount (\$000)	Percent of Total Loans
Residential Mortgage	170,365	58.6%
Nonresidential Mortgage	94,831	32.6%
Commercial Nonmortgage	23,790	8.2%
Consumer	1,489	0.6%
Total	290,475	100%

Competition is above average and includes mostly larger regional or national banks. Colonial's main competitors are Bank of America, N.A., Wells Fargo Bank, N.A. and TD Bank, N.A.

There are no financial or legal impediments to hinder Colonial's ability to help meet the credit needs of the community it services.

Colonial's last Public Evaluation, dated December 30, 2008, was rated Satisfactory.

Description of Assessment Area(S)

The Vineland-Millville-Bridgeton, NJ MSA #47220 AA

Colonial's first assessment area is the Vineland-Millville-Bridgeton, NJ MSA #47220 AA.

Demographic Information for Full Scope Area: Vineland-Millville-Bridgeton, NJ MSA #47220 AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	34	5.88	20.59	44.12	20.59	8.82
Population by Geography	146,438	5.07	17.50	54.11	23.32	0.00
Owner-Occupied Housing by Geography	33,392	1.56	10.01	59.09	29.35	0.00
Business by Geography	0	0.00	0.00	0.00	0.00	0.00
Farms by Geography	0	0.00	0.00	0.00	0.00	0.00
Family Distribution by Income Level	35,373	21.78	17.56	20.35	40.31	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,915	5.12	23.84	55.33	15.70	0.00
Median Family Income		45,377	Median Housing Value		87,791	
HUD Adjusted Median Family Income for 2009		59,900	Unemployment Rate (Bureau of Labor and Statistics)		12.7%	
Households Below Poverty Level		14%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2011 HUD updated MFI and The U.S. Bureau of Labor Statistics December, 2011.

The Vineland-Millville-Bridgeton, NJ MSA #47220 AA is comprised of Cumberland County. Colonial designated all 34 census tracts in Cumberland County as its AA. This AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Of the 34 census tracts, 2 or 5.88% are low-income geographies, 7 or 20.59% are moderate-income geographies, 15 or 44.12% are middle-income geographies, 7 or 20.59% are upper-income geographies, and 3 or 8.82% are N/A.

The 2000 U.S. Census reported the total population of the AA at 146,438. Within the AA, there are 35,373 families and 49,096 households. There are 52,863 housing units, of which 33,392 are owner-occupied, 15,751 are rental-occupied, and 3,720 are vacant housing units. Approximately 1.56% of owner-occupied housing is located in the low-income geography, 10.01% is located in the moderate-income geographies, 59.09% is located in middle-income geographies, and 29.35% is located in upper-income geographies. The median housing cost is \$87,791.

The 2000 median family income was \$45,377, and the HUD updated median family income for 2011 is \$60,000. Approximately 21.78% of the families are low-income, 17.56% are moderate-income, 20.35% are middle-income, and 40.31% are upper income. Approximately 13.71% are below the poverty level.

There are seven full service branches located within this AA. All branches offer a full line of traditional banking products and services have extended hours on Friday evening, Saturday morning hours, and the main branch offers Sunday afternoon hours. Each branch has automated teller machines and drive-in teller facilities. According to the June 30, 2011 FDIC Summary of Deposit Market Share report, Colonial Bank, FSB's deposit market share within Cumberland County is 15.96%, ranking Colonial 2nd out of 12 institutions in the AA. Colonial's primary competitors are Sun National Bank (5 offices, 22.76% market share), Susquehanna Bank (6 offices, 13.60% market share),

and TD Bank NA (5 offices, 12.62%).

The economy is characterized as distressed with a high unemployment rate. The major industries in Cumberland County are Health Care, Construction, Hospitality/Tourism, and Advanced Manufacturing. The major employers are Gerresheimer Glass Inc., Southwoods State Prison, and Vineland Development Center. According to the December 2011 Bureau of Labor Statistics data, the unemployment rate for Cumberland County is 12.7%. The New Jersey state unemployment rate was 9.1%, and the national unemployment rate was 8.3%.

During the examination, we contacted two community organizations whose primary purpose was economic development. We determined through these community contacts and through our internal research that opportunities exist for community development lending. The area was described as quite distressed and many affordable housing opportunities are available. According to the community contacts the primary needs of the area are affordable housing opportunities for low- income individuals. The community contacts indicated that local financial institutions as a whole have been doing a generally good job meeting these needs. The contacts did specify that the smaller community banks, in general, do a much better job in community development. One of the contacts singled out Colonial Bank, FSB, as one of the best in the area from a community development standpoint.

The Camden, NJ Metropolitan Division (MD) #15804

Colonial's second assessment area is the Camden, NJ Metropolitan Division (MD) #15804.

Demographic Information for Full Scope Area: Camden, NJ Metropolitan Division (MD) #15804 AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	46	0.00	13.04	71.74	15.22	0.00
Population by Geography	195,554	0.00	12.78	69.25	17.97	0.00
Owner-Occupied Housing by Geography	54,690	0.00	10.71	70.46	18.83	0.00
Business by Geography	12,948	0.00	0.00	0.00	0.00	0.00
Farms by Geography	338	0.00	0.00	0.00	0.00	0.00
Family Distribution by Income Level	51,444	17.00	18.17	25.54	39.28	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	18,095	0.00	20.30	68.67	11.04	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		62,032 82,800 7%	Median Housing Value Unemployment Rate (Bureau of Labor and Statistics)		123,479 9.3%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2011 HUD updated MFI and The U.S. Bureau of Labor Statistics December, 2011.

The Camden, NJ MD #15804 is comprised of Gloucester County. Colonial designated 46 census tracts in Gloucester County as its AA. The 13 census tracts not designated as part of the bank's AA are in the southern part of the county and cannot be reasonably serviced by the bank's nearest branch location. All of those census tracts

are middle or upper-income tracts. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Of the 46 census tracts 6 or 13.04% are moderate-income geographies, 33 or 71.74% are middle-income geographies, and 7 or 15.22% are upper-income geographies. There are no low-income geographies in the assessment area.

The 2000 U.S. Census reported the total population of the AA at 195,554. Within the AA, there are 51,444 families and 69,875 households. There are 73,048 housing units, of which 54,690 are owner-occupied, 15,158 are rental-occupied, and 3,200 are vacant housing units. Approximately 10.71% of owner-occupied housing is located in the moderate-income geographies, 70.46% is located in middle-income geographies, and 18.83% is located in upper-income geographies. The median housing cost is \$123,479.

The 2000 median family income was \$62,032, and the HUD updated median family income for 2011 is \$82,800. Approximately 17.00% of the families are low-income, 18.17% are moderate-income, 25.54% are middle-income, and 39.28% are upper income. Approximately 6.72% are below the poverty level.

There are two full service branches located within this AA. All branches offer a full line of traditional banking products and services and have extended hours on Friday evening and Saturday morning. Each branch has automated teller machines and drive-in teller facilities.

According to the June 30, 2011 FDIC Summary of Deposit Market Share report, Colonial Bank FSB's deposit market share within this county is 2.23%, ranking Colonial 12th out of 23 institutions in the AA. Colonial's primary competitors are TD Bank NA (11 offices, 28.61% market share), The Bank (11 offices, 11.31% market share), and Wells Fargo Bank NA (7 offices, 10.04% market share).

The economy is characterized as stable. The major industries in Gloucester County are agriculture, manufacturing, and heavy industry. Major employers are Underwood Memorial Hospital, Rowan University, and Kennedy Memorial Hospital. According to the December 2011 Bureau of Labor Statistics data, the unemployment rate for Gloucester County is 9.3%. The New Jersey state unemployment rate was 9.1%, and the national unemployment rate was 8.3%.

Conclusions with Respect to Performance Tests

LENDING TEST

Colonial's performance under the Lending Test is Satisfactory. Colonial's quarterly average net loan-to-deposit ratio is reasonable. A substantial majority of Colonial's home mortgage loans were made within the bank's assessment area. Colonial was found to have reasonable penetration among borrowers of different income levels. Colonial was found to have excellent dispersion throughout census tracts of different income levels. Colonial has not received any CRA complaints during this evaluation period.

Loan-to-Deposit Ratio

Colonial's quarterly average net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of the AA. Colonial's loan-to-deposit ratio meets the standards for satisfactory performance. The bank's quarterly average net loan-to-deposit ratio over the thirteen quarters since the last CRA examination was 62.85%. During this time period, the ratio ranged from a quarterly low of 57.22% to a quarterly high of 66.36%. Colonial's quarterly average net loan-to-deposit ratio compares reasonably with other New Jersey financial institutions of similar size. The quarterly average net loan-to-deposit ratio for New Jersey financial institutions of similar size was 71.33% over the same thirteen quarters. The ratios ranged from a quarterly low of 69.31% to a quarterly high of 76.58% during that time period. External factors beyond the control of management (condition of local economy, lack of loan demand, etc.) factored into the bank's LTD ratio being lower than the New Jersey peer bank average.

Lending in Assessment Area

A substantial majority of Colonial's home mortgage loans were made within the bank's assessment area, and this exceeds the standard for satisfactory performance. During the evaluation period, 80.94% of home mortgage loans were made within the bank's assessment area. The following table details the bank's lending within the AA by number and dollar amount of loans.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	90	67.67	43	32.33	133	11,020	56.04	8,643	43.96	19,663
Home Improvement	114	88.37	15	11.63	129	6,032	84.60	1,098	15.40	7,130
Home Refinance	348	82.86	72	17.14	420	44,635	72.51	16,925	27.49	61,560
Totals	552	80.94	130	19.06	682	61,687	69.82	26,666	30.18	88,353

Source: Colonial's HMDA data 1/1/2009 - 12/31/2011

Lending to Borrowers of Different Incomes

The distribution of loans reflects reasonable penetration among individuals of different income levels. Colonial's record of lending to borrowers of different incomes meets the standard for satisfactory performance, when compared to the performance from aggregate HMDA-reporting lenders.

The Vineland-Millville-Bridgeton, NJ MSA #47220 AA

The distribution of loans among individuals of different income levels reflects reasonable penetration. Colonial's record of lending to borrowers of different incomes meets the

standard for satisfactory performance, when compared to the performance from aggregate HMDA-reporting lenders.

The bank's percentage of home purchase loans made to low-income borrowers is significantly lower than the percentage of loans made to low-income borrowers by the aggregate peer lenders in 2010. The bank's percentage of home purchase loans made to moderate-income borrowers is significantly lower than the percentage of loans made to moderate-income borrowers in 2010 by the aggregate peer lenders. Overall, the bank's percentage of home purchase loans to low- and moderate-income borrowers reflects poor penetration when compared to the performance from aggregate HMDA-reporting lenders.

The bank's percentage of home improvement loans made to low-income borrowers exceeds the percentage of loans made to low-income borrowers by the aggregate peer lenders in 2010. The percentage of home improvement loans made to moderate-income borrowers is near the percentage of loans made in 2010 by the aggregate peer lenders. Overall, the bank's percentage of home improvement loans to low- and moderate-income borrowers is reasonable when compared to the performance from aggregate HMDA-reporting lenders.

The bank's percentage of home refinance loans made to low-income borrowers exceeds the percentage of loans made to low-income borrowers by the aggregate peer lenders in 2010. The percentage of home refinance loans made to moderate-income borrowers is near the percentage of loans made in 2010 by the aggregate peer lenders. Overall, the bank's percentage of home refinance loans to low- and moderate-income borrowers is reasonable when compared to the performance from aggregate HMDA-reporting lenders.

The following table details the bank's performance for the period of January 1, 2009 through December 31, 2011 as compared to 2010 aggregate HMDA-reporting lenders.

Table 2 - Borrower Distribution of Residential Real Estate Loans: The Vineland-Millville-Bridgeton, NJ MSA #47220 AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	2010 Peer Aggregate	Bank % of Number of Loans	2010 Peer Aggregate	Bank % of Number of Loans	2010 Peer Aggregate	Bank % of Number of Loans	2010 Peer Aggregate	Bank % of Number of Loans
Purchase Loans	5.25	3.64	27.95	12.73	36.46	30.91	30.33	52.73
Home Improvement Loans	5.95	6.60	15.99	15.09	25.65	25.47	52.42	52.83
Refinance Loans	3.31	4.14	17.76	15.52	28.55	25.17	50.38	55.17

Source: Colonial's HMDA data 1/1/2009 - 12/31/2011; 2010 Peer Mortgage Data (USPR)

The Camden, NJ Metropolitan Division (MD) #15804

The distribution of loans reflects reasonable penetration among individuals of different

income levels. Colonial's record of lending to borrowers of different incomes meets the standard for satisfactory performance, when compared to the performance from aggregate HMDA-reporting lenders.

The bank's percentage of home purchase loans made to low-income borrowers is significantly lower than the percentage of home purchase loans made to low-income borrowers by the aggregate peer lenders in 2010. The bank's percentage of home purchase loans made to moderate-income borrowers exceeds the percentage of home purchase loans made to moderate-income borrowers by the aggregate peer lenders in 2010. Overall, the bank's percentage of home purchase loans to low- and moderate-income borrowers is reasonable, when compared to the performance from aggregate HMDA-reporting lenders.

The bank's percentage of home improvement loans made to low-income borrowers exceeds the percentage of home improvement loans made to low-income borrowers by the aggregate peer lenders in 2010. The percentage of home improvement loans made to moderate-income borrowers is near the percentage of home improvement loans made in 2010 by the aggregate peer lenders. Overall, the bank's percentage of home improvement loans to low- and moderate-income borrowers is reasonable, when compared to the performance from aggregate HMDA-reporting lenders.

The bank's percentage of home refinance loans made to both low- and moderate-income borrowers is significantly lower than the percentage of home refinance loans made to low- and moderate-income borrowers by the aggregate peer lenders in 2010. Overall, the bank's percentage of home refinance loans to low- and moderate-income borrowers reflects poor penetration, when compared to the performance from aggregate HMDA-reporting lenders.

The following table details the bank's performance for the period of January 1, 2009 through December 31, 2011 as compared to 2010 aggregate HMDA-reporting lenders.

Table 2 - Borrower Distribution of Residential Real Estate Loans: The Camden, NJ Metropolitan Division (MD) #15804								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	2010 Peer Aggregate	Bank % of Number of Loans	2010 Peer Aggregate	Bank % of Number of Loans	2010 Peer Aggregate	Bank % of Number of Loans	2010 Peer Aggregate	Bank % of Number of Loans
Purchase Loans	10.05	0.00	33.66	42.86	28.47	14.29	27.82	42.86
Home Improvement Loans	7.76	20.00	22.45	20.00	29.59	20.00	40.20	40.00
Refinance Loans	6.50	0.00	20.92	17.65	30.29	32.35	42.29	50.00

Source: Colonial's HMDA data 1/1/2009 - 12/31/2011; 2010 Peer Mortgage Data (USPR)

Geographic Distribution of Loans

The geographic distribution of loans reflects excellent dispersion throughout census tracts of different income levels, when compared to the performance from aggregate HMDA-reporting lenders. Colonial's performance exceeds the standard for satisfactory performance. There were no conspicuous gaps identified within Colonial's AA.

The Vineland-Millville-Bridgeton, NJ MSA #47220 AA

The geographic distribution of loans reflects excellent dispersion throughout census tracts of different income levels, when compared to the performance from aggregate HMDA-reporting lenders. Colonial's performance exceeds the standard for satisfactory performance.

The bank's percentage of home purchase loans made in low- and moderate-income geographies exceeds the percentage of home purchase loans made in low- and moderate-income geographies by the aggregate peer lenders in 2010. The bank's percentage of home-improvement loans made in low-income geographies exceeds the percentage of home improvement loans made in low-income geographies by the aggregate peer lenders in 2010. The bank's percentage of home improvement loans made in moderate-income geographies is near the percentage of home improvement loans made in moderate-income geographies by the aggregate peer lenders in 2010. The bank's percentage of home refinance loans made in low- and moderate-income geographies exceeds the percentage of home refinance loans made in low- and moderate-income geographies by the aggregate peer lenders in 2010.

The following table details the bank's performance for the period of January 1, 2009 through December 31, 2011 as compared to 2010 aggregate HMDA-reporting lenders.

Table 3 - Geographic Distribution of Residential Real Estate Loans: The Vineland-Millville-Bridgeton, NJ MSA #47220 AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	2010 Peer Aggregate	Bank % of Number of Loans						
Home Purchase	0.54	2.90	9.90	14.49	54.65	59.42	34.92	23.19
Home Improvement	1.44	3.67	8.63	7.34	55.40	54.13	34.53	34.86
Home Refinance	0.51	1.60	6.15	6.39	55.79	53.35	37.56	38.66

Source: Colonial's HMDA data 1/1/2009 - 12/31/2011; 2010 Peer Mortgage Data (USPR)

The Camden, NJ Metropolitan Division (MD) #15804

The geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels, when compared to the performance from aggregate HMDA-reporting lenders. Colonial's performance meets the standard for satisfactory performance.

There are no low-income geographies in the AA; therefore, an analysis of lending in

low-income geographies would not be meaningful and was not performed.

The percentage of home purchase and home improvement loans made in moderate-income geographies exceeds the percentage of home purchase and home improvement loans made in moderate-income geographies by the aggregate peer lenders in 2010. The percentage of home refinance loans made in moderate-income geographies is significantly lower than the percentage of home refinance loans made in moderate-income geographies by the aggregate peer lenders in 2010.

The following table details the bank's performance for the period of January 1, 2009 through December 31, 2011 as compared to 2010 aggregate HMDA-reporting lenders.

Table 3 - Geographic Distribution of Residential Real Estate Loans: The Camden, NJ Metropolitan Division (MD) #15804								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	2010 Peer Aggregate	Bank % of Number of Loans						
Home Purchase	0.00	0.00	9.53	63.16	63.41	21.05	27.06	15.79
Home Improvement	0.00	0.00	8.27	20.00	63.31	80.00	28.43	0.00
Home Refinance	0.00	0.00	5.19	0.00	64.46	65.71	30.35	34.29

Source: Colonial's HMDA data 1/1/2009 - 12/31/2011; 2010 Peer Mortgage Data (USPR)

Responses to Complaints

Colonial has not received any CRA complaints during this evaluation period.

COMMUNITY DEVELOPMENT TEST

The Community Development test is rated Outstanding. Colonial's community development activities demonstrate excellent responsiveness to the Community Development needs of its AA, when considering the bank's capacity, its performance context, and the availability of community development opportunities in the bank's AA.

The Vineland-Millville-Bridgeton, NJ MSA #47220 AA

Number and Amount of Community Development Loans

During 2009, Colonial financed a \$260 thousand mortgage loan to finance investment properties. The six properties are located in a distressed area with the primary purpose of providing affordable housing to low- and moderate-income individuals.

During 2009, Colonial financed an \$800 thousand loan for the purpose of acquiring foreclosed and abandoned properties to be rehabbed and provide affordable housing to low- and moderate-income individuals.

During 2009, Colonial financed a \$900 thousand mortgage for the purpose of funding an apartment complex in a distressed area for the purpose of providing affordable housing to low- and moderate-income individuals.

During 2010, Colonial financed a \$275 thousand mortgage loan to a small business with gross annual revenues less than \$1 million for the purpose of promoting economic development. The business is located in a low-moderate income neighborhood.

During 2009, Colonial financed a \$700 thousand mortgage loan to a mobile home site operation for the purpose of providing affordable housing to low- and moderate-income individuals and families.

Colonial is an active participant in the Cumberland County Neighborhood Stabilization Program (NSP). During the evaluation period, Colonial originated 5 loans for a total of \$254,700 under the NSP in Cumberland County. The program is administered by the U.S. Department of Housing and Urban Development (HUD) and is meant to support the stabilization of communities affected by high foreclosure levels.

As a result of the impact of significant floods throughout Cumberland County during the month of August 2011, the bank paired up with other local banks to offer a Flood Loan Program. This included offering unsecured loans for up to \$10,000 for the repairs and rehabilitation of properties damaged by the flood.

Number and Amount of Qualified Investments

Colonial purchased \$9.9 million in municipal bonds with the primary purpose to finance community development. The bonds were issued by municipalities in low- and moderate-income tracts in this assessment area.

Extent to Which the Bank Provides Community Development Services

Colonial's CRA Officer is a member of the Cumberland County Board of Chosen Freeholders, who are elected at-large by the registered voters of the municipalities to govern the county. The CRA Officer is also a member of the following:

Cumberland County Health Board;
Cumberland County Health and Wellness Alliance;
Cumberland County Economic Development Board;
South Jersey Economic Development District;
South Jersey Transportation Planning Organization;
Cumberland County Empowerment Zone Board;
NJBA Affordable Housing and Mortgage Committee;
Cumberland County Homeland Security Committee.

In addition to the CRA Officer, other bank officers serve in the roles listed below:

Four officers provide financial or technical expertise by serving on local health boards in moderate-income geographies.

One officer provided financial or technical expertise by serving on the advisory board for

a local youth development program in a moderate-income geography.

Two officers provide financial or technical expertise by serving on the economic development and planning boards for moderate-income geographies.

Responsiveness to Community Development Needs

Colonial's community development activities, as a whole, demonstrate excellent responsiveness to the community development needs of its Vineland-Millville-Bridgeton, NJ MSA #47220 AA, when considering the bank's capacity, its performance context, and the availability of community development opportunities in the bank's AA.

The Camden, NJ Metropolitan Division (MD) #15804

Number and Amount of Community Development Loans

During 2009, Colonial participated in a \$10.1 million TICIC construction loan to fund an affordable housing project. Colonial's share of the participation was \$1.8 million. The primary purpose of the project was to provide affordable housing to low- and moderate-income individuals and families.

Colonial is an active participant in the Gloucester County Neighborhood Stabilization Program (NSP). During the evaluation period, Colonial originated twelve loans for a total of \$700,475 under the NSP in Gloucester County. The program is administered by the U.S. Department of Housing and Urban Development (HUD) and is meant to support the stabilization of communities affected by high foreclosure levels.

Number and Amount of Qualified Investments

Colonial purchased \$18.3 million in municipal bonds with the primary purpose to finance community development. The bonds were issued by municipalities in low- and moderate-income tracts in this assessment area.

Extent to Which the Bank Provides Community Development Services

Two officers provide financial or technical expertise by serving on the economic development committee for a moderate-income geography.

One officer provides community service as a member of a Boys and Girls Club for underserved youth.

Responsiveness to Community Development Needs

Colonial's community development activities, as a whole, demonstrate excellent responsiveness to the community development needs of its Camden, NJ Metropolitan Division (MD) #15804 AA, when considering the bank's capacity, its performance context, and the availability of community development opportunities in the bank's AA.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with

helping to meet community credit needs.