

# 1st Colonial Bancorp, Inc.

April 4, 2019

Dear Fellow Shareholder:

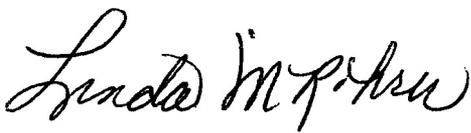
1st Colonial Bancorp, Inc. will hold its 2019 Annual Meeting of Stockholders on May 7, 2019, at Woodcrest Country Club, 300 East Evesham Road, Cherry Hill, New Jersey. The Annual Meeting will commence at 5:00 p.m. The purpose of this meeting will be to elect directors and ratify our selection of our auditors for the 2019 fiscal year.

**We invite you to join us at the annual meeting to discuss 2018 and hear our plans for 2019. Shareholder participation at our annual meetings is very important to us, as you have all played a part in our success.**

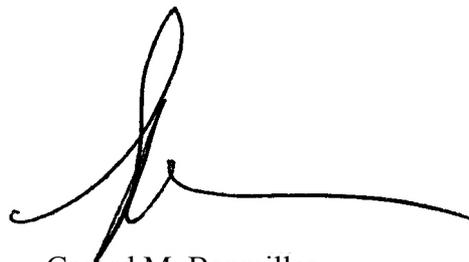
Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the meeting, we urge you to complete, sign, date and return the enclosed proxy card in the enclosed envelope, or you may vote by Internet as described on the proxy card. This will not prevent you from voting in person at the meeting but will assure that your vote is counted if you are unable to attend.

We look forward to seeing you at the Meeting. Thank you very much for your continued support.

Sincerely,



Linda M. Rohrer  
Chairman of the Board



Gerard M. Banmiller  
President and Chief Executive Officer

# 1st COLONIAL BANCORP, INC.

210 Lake Drive East  
Suite 300  
Cherry Hill, New Jersey 08002

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## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

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We will hold the annual meeting of shareholders of 1st Colonial Bancorp, Inc. (“1st Colonial Bancorp”) on May 7, 2019 at 5:00 p.m. at Woodcrest Country Club, 300 East Evesham Road, Cherry Hill, New Jersey. The annual meeting is for the following purposes, which are more completely described in the accompanying proxy statement:

- (a) To elect four Class 3 directors of 1st Colonial Bancorp, each to serve for a term of three years and until their successors are elected and have qualified;
- (b) To ratify the appointment of KPMG LLP as 1st Colonial Bancorp’s independent auditors for the fiscal year ending December 31, 2019; and
- (c) To transact such other business as may properly be presented at the meeting.

Shareholders of record at the close of business on March 15, 2019, are entitled to notice of, and to vote at, the annual meeting.

By Order of the Board of Directors,



Mary Kay Shea  
Secretary

Cherry Hill, New Jersey  
April 4, 2019

**You are cordially invited to attend the annual meeting. It is important that your shares be represented regardless of the number you own. Even if you plan to be present, you are urged to complete, sign, date and return the enclosed proxy promptly in the envelope provided, or vote by Internet by following the instructions on the proxy card. If you attend the meeting, you may vote either in person or by your proxy. Your proxy may be revoked by you in writing or in person at any time prior to the exercise of the proxy.**

**1ST COLONIAL BANCORP, INC.**  
**210 Lake Drive East**  
**Suite 300**  
**Cherry Hill, New Jersey 08002**

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**PROXY STATEMENT**

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**GENERAL INFORMATION**

This proxy statement is being furnished in connection with the solicitation of your proxy by the Board of Directors of 1st Colonial Bancorp, Inc. (“1st Colonial Bancorp”) for use at our annual meeting of shareholders to be held on May 7, 2019.

**Purpose of Meeting**

The specific proposals to be considered and acted upon at our 2019 annual meeting are summarized below:

- (a) To elect four Class 3 directors of 1st Colonial Bancorp, each to serve for a term of three years and until their successors are elected and have qualified;
- (b) To ratify the appointment of KPMG LLP as 1st Colonial Bancorp’s independent auditors for the fiscal year ending December 31, 2019; and
- (c) To transact such other business as may properly be presented at the meeting.

**Record Date and Voting**

All holders of record of 1st Colonial Bancorp common stock at the close of business on March 15, 2019 are entitled to notice of and to vote at the meeting or any adjournment thereof. At March 15, 2019, there were 4,441,223 shares of 1st Colonial Bancorp common stock outstanding.

The holders of a majority of the outstanding shares of our common stock must be present at the annual meeting, either in person or by proxy, in order to transact business at the meeting. Abstentions and broker “non-votes” are counted as present and entitled to vote for purposes of determining whether such a quorum is present. A broker “non-vote” occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

If a quorum is present at the annual meeting, the four nominees for director receiving the highest number of votes cast at the meeting will be elected as directors, and the other matter proposed in this proxy statement will be approved upon the affirmative vote of the majority of the votes cast, either by proxy or in person, by all shareholders entitled to vote on the matter. The vote required to approve any other matter that may be properly brought before the annual meeting will be determined in accordance with the Pennsylvania Business Corporation Law.

**Solicitation of Proxies**

This proxy statement and the accompanying proxy are first being mailed to our shareholders on or about April 9, 2019. We will pay the expense of soliciting proxies. We expect that the solicitation of proxies

will be primarily by mail. Our directors, officers and employees may also solicit proxies personally, by telephone, by e-mail, by text message and by fax.

### **Voting and Revocation of Proxies**

You may vote by proxy or in person at the annual meeting. To vote by proxy, you may use one of the following methods if you are a registered holder (that is, you hold your stock in your own name):

- **Internet voting**, by accessing the Internet at the web address stated on the enclosed proxy card and following the instructions; or
- **Mail**, by completing and returning the enclosed proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Your signing and returning the enclosed proxy card will not affect your right to attend the annual meeting and vote in person. Any shareholder giving a proxy may revoke it at any time before it is exercised by: (1) filing with the Secretary of 1st Colonial Bancorp written notice of such revocation; (2) voting again on the Internet, or submitting a duly executed proxy bearing a later date; or (3) appearing at the annual meeting and giving the Secretary notice of your intention to vote in person.

Except as described below, each share of common stock outstanding on March 15, 2019, the record date for the annual meeting, will be entitled to one vote on each matter submitted to a vote at the meeting. Shareholders are not entitled to cumulative voting rights in the election of directors. Our Articles of Incorporation impose limitations upon the ability of certain shareholders and groups of shareholders to acquire or vote shares of our stock. The Articles of Incorporation prohibit any person (whether an individual, a company or another legal entity), or any group of persons acting in concert, from acquiring "voting control." Voting control is generally defined as the beneficial ownership at any time of shares with more than 10% of the total voting power of our outstanding capital stock. Under this provision, shares of common stock, if any, owned in excess of 10% will be treated as "excess shares." In general, all shares of common stock deemed to be "excess shares" will not be entitled to vote on any matter at the annual meeting or take other shareholder action. As of the date of this proxy statement, we are not aware of any "excess shares."

If you appropriately mark, sign and return the enclosed proxy card in time to be voted at the meeting, the shares represented by the proxy card will be voted in accordance with your instructions marked on the proxy card. Signed proxy cards not marked to the contrary will be voted: "FOR" the election, as directors, of the Board of Directors' nominees, and "FOR" the ratification of the appointment of KPMG LLP as the independent auditors of 1st Colonial Bancorp for the fiscal year ending December 31, 2019.

### **Shares Held in "Street Name" by Broker or Bank**

If your shares are held in "street name" by a bank or brokerage firm, your bank or brokerage firm, as the record holder of your shares, may vote such shares as directed by you, or if not so directed, in their own discretion if permitted by the stock exchange or other organization of which they are members. You should check the voting form used by that broker or nominee to determine whether you may vote on-line, by telephone or by another method.

If a proposal is routine, a broker holding common shares for a beneficial owner in street name may vote on the proposal without receiving instructions from the beneficial owner. If a proposal is non-routine, the broker may vote on the proposal only if the beneficial owner has provided voting instructions. The rules of the stock exchange or association with which the broker or nominee is registered determine whether proposals presented at stockholder meetings are routine or non-routine. A broker non-vote occurs when the broker holder of record is unable to vote on a proposal because the proposal is non-routine and the beneficial owner does not provide any instructions.

Under the rules of the New York Stock Exchange, of which most major brokerage firms are members, Matter (2) involving the ratification of auditors is a routine item. **However, Matter (1) involving the election of directors is a non-routine matter. Therefore, the broker may vote on the election of directors only if the beneficial owner has provided voting instructions. Accordingly, it is important that you provide instructions to your broker on this matter.**

### Principal Shareholders

The following table sets forth information regarding each person or group who beneficially owned 5% or more of our outstanding common stock as of March 1, 2019:

<u>Name of Beneficial Owner</u>	<u>Total Beneficial Ownership(1)</u>	<u>Percent of Class(2)</u>
First Manhattan Co. (3) New York, New York	364,599	8.2%
Charles J. Moore (4) Chicago, Illinois	326,975	7.4%
Linda M. Rohrer (5) Haddon Township, New Jersey	231,896	5.2%

- (1) Under applicable regulations, shares are deemed beneficially owned by a person if the person directly or indirectly has or shares the power to vote or dispose of the shares. Unless otherwise indicated, the named beneficial owner has sole voting and dispositive power with respect to the shares. Under applicable regulations, a person is deemed to have beneficial ownership of shares which may be received upon the exercise of outstanding stock options or warrants if the option or warrant is exercisable within 60 days.
- (2) The percentage is calculated on a fully diluted basis (as if such person's vested options were exercised).
- (3) Based on the Form 13F-HR filed by the beneficial owner with the Securities and Exchange Commission on January 30, 2019.
- (4) Based on Amendment No. 1 to the Schedule 13G filed by the beneficial owner's affiliates with the Securities and Exchange Commission on February 13, 2019. According to the Schedule 13G, 178,734 shares are beneficially owned by Banc Fund VIII L.P. ("BF VIII"), an Illinois Limited Partnership; and 141,241 shares are beneficially owned by Banc Fund IX L.P. ("BF IX"), an Illinois Limited Partnership, and 7,000 shares are beneficially owned by Banc Fund X L.P. ("BF X"), an Illinois Limited Partnership. The general partner of BF VIII is MidBanc VIII L.P. ("MidBanc VIII"). The general partner of BF IX is MidBan IX L.P. ("MidBan IX"). The general partner of BF X is MidBan X L.P. ("MidBan IX"). The general partner of MidBanc VIII, MidBan IX and MidBan X is The Banc Funds Company, L.L.C. ("TBFC"), an Illinois limited liability company whose principal equity holder is Charles J. Moore. Mr. Moore has been the manager of BF VIII, BF IX, and BF X since their respective inceptions. As manager, Mr. Moore has voting and dispositive power over the securities of the issuer held by each of those entities. As the controlling member of TBFC, Mr. Moore controls TBFC, and therefore each of the partnership entities directly and indirectly controlled by TBFC.
- (5) Includes 20,434 shares that Ms. Rohrer has the right to acquire upon the exercise of vested stock options.

**MATTER NO. 1**  
**ELECTION OF DIRECTORS**

Our articles of incorporation provide that the Board of Directors of 1st Colonial Bancorp may from time to time fix the total number of directors on the Board of Directors at not less than seven nor more than 25. Presently, the Board of Directors consists of 12 members. The terms of four current directors expire at the annual meeting.

Our bylaws permit nominations for election to the Board of Directors to be made by the Board of Directors or by any shareholder entitled to vote for the election of directors. Nominations for director made by shareholders (other than the members of the Board of Directors) must be made, in writing, and delivered to us not less than 90 days prior to the date of the annual meeting. Each notice of nomination made by a shareholder must set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in the notice, (ii) the principal occupation or employment of each nominee, and (iii) the number of shares of capital stock of 1st Colonial Bancorp that are beneficially owned by each nominee.

Unless waived by the board of directors of 1st Colonial, in order to qualify for election as a director of 1st Colonial, a person must have been a shareholder of record of 1st Colonial for at least three years. Each director must be a natural person of full age. He or she also must own common or preferred stock of 1st Colonial Bancorp with an aggregate par, fair market, or equity value of \$1,000. No director is permitted to be related by blood or marriage to any other director without the consent of two-thirds of the entire board of directors.

We are not required to include nominations made by our shareholders in this proxy statement. However, if any such nomination is properly made, ballots bearing the name of such nominee or nominees will be provided for use by shareholders at the meeting. Any nominations that are not made timely or any votes cast at the meeting for any candidate not duly nominated will be disregarded by the chairman of the meeting. No notice of nomination of any person for election as a director has been received from any shareholder as of the date of this proxy statement.

The Board of Directors has nominated Linda M. Rohrer, Curt Byerley, Harrison Melstein and Stanley H. Molotsky for election to the Board of Directors as Class 3 directors. All of the Board of Directors' nominees are current directors of 1st Colonial Bancorp and its wholly owned subsidiary, 1st Colonial Community Bank (the "Bank").

Shares represented by properly executed proxies in the form accompanying this proxy statement will be voted for the Board of Directors' nominees unless you specify otherwise in your proxy. If you wish to withhold authority from the proxy holders to vote for the election of directors or to withhold authority to vote for any individual nominee, you may do so by marking your proxy card to that effect.

The four nominees for director receiving the highest number of votes cast at the annual meeting will be elected as Class 3 directors. Votes against or votes withheld from a nominee have no legal effect.

If any nominee should become unable to serve, the persons named in the proxy may vote for another nominee. However, we have no reason to believe that any nominee listed below will be unable to serve as a director, if elected.

## Information Concerning Nominees and Continuing Directors

The table set forth below contains information concerning the nominees for election as directors at the annual meeting, and the continuing members of the Board of Directors, including their principal occupations or employment during at least the past five years, their ages, and the year in which they began serving as a director of the Bank (all of the nominees and continuing directors served on the board of the Bank prior to serving on the board of 1st Colonial Bancorp). Each nominee and each continuing director is “independent,” as defined by Rule 5605(a)(2) of The Nasdaq Stock Market listing standards, except for Gerard M. Banmiller, our president and chief executive officer. None of the nominees or continuing directors is a director of any other publicly traded company.

<b>NOMINEES FOR CLASS 3 DIRECTORS TO SERVE UNTIL 2022:</b>	<b><u>AGE</u></b>	<b><u>DIRECTOR SINCE</u></b>
<p>LINDA M. ROHRER</p> <p>Since 1985, Ms. Rohrer has owned and served as the President of Rohrer and Sayers Real Estate, a commercial and residential real estate sales company. Since 1989, Ms. Rohrer has served as a trustee of the William G. Rohrer Charitable Foundation. Ms. Rohrer has also served as a trustee of Rowan University since 2009. Ms. Rohrer served as a director of Community National Bank of New Jersey from October 1988 to May 1996.</p>	71	2000
<p>CURT BYERLEY</p> <p>Mr. Byerley has served as the president of Byerley Holdings, LLC, Global Direct Marketing, LLC and Byerley Family Foundation, Inc. since 2001.</p>	62	2003
<p>HARRISON MELSTEIN</p> <p>Mr. Melstein is retired. From 1985 to 2002, he was a registered pharmacist and owned and operated Ames Drug Store in Collingswood, New Jersey.</p>	76	2002
<p>STANLEY H. MOLOTSKY</p> <p>Mr. Molotsky is a counselor in financial matters. Since 1988, Mr. Molotsky has been the owner and operator of SHM Financial Group, a financial counseling firm.</p>	83	2000

<b>CONTINUING CLASS 2 DIRECTORS TO SERVE UNTIL 2021:</b>	<b><u>AGE</u></b>	<b><u>DIRECTOR SINCE</u></b>
<p>JOHN J. DONNELLY, IV</p> <p>Since March 1, 2010, Mr. Donnelly has served as Vice President of RDM-USA LLC, a provider of commercial construction services. From 2007 through 2009, he served as a Senior Project Manager for Kay Construction. From 1999 to 2006, Mr. Donnelly served as President of J.J. Donnelly Inc., a general contractor in the commercial construction industry. From 1992 to 1998, Mr. Donnelly served as President of John J. Donnelly Inc.</p>	64	2001
<p>EDUARDO F. ENRIQUEZ</p> <p>Since 1994, Dr. Enriquez has been self-employed as a Doctor of Medicine. Since 1997, he has been a member of the Physicians Counsel to the Board of Trustees of Virtua Health Systems.</p>	61	2000
<p>MICHAEL C. HAYDINGER</p> <p>From 1994 to the present, Mr. Haydinger has served as the Controller of First Montgomery Group, a real estate management and construction firm in Marlton, New Jersey.</p>	49	2002
<p>HARVEY JOHNSON</p> <p>Mr. Johnson is a practicing attorney. Since 2009, Mr. Johnson has been a partner with the law firm of Duane Morris LLP. From 2006 to 2009, Mr. Johnson was a partner with the law firm of Wolf Block. Prior to 2006, he was the sole owner of Harvey C. Johnson, P.C.</p>	74	2003

<b>CONTINUING CLASS 1 DIRECTORS TO SERVE UNTIL 2020:</b>	<b><u>AGE</u></b>	<b><u>DIRECTOR SINCE</u></b>
<p>GERARD M. BANMILLER</p> <p>Mr. Banmiller has been President and Chief Executive Officer of the Bank since its opening in 2000, and President and Chief Executive Officer of 1st Colonial Bancorp since its formation in 2002. He served as a Regional President of Hudson United Bank from August 1998 until September 1999. He served as a director and President of Community National Bank of New Jersey from its formation in 1987 until its acquisition by Hudson United Bank in 1998.</p>	71	2000
<p>MARY R. BURKE</p> <p>Since July 2012, Ms. Burke has been the Principal of Catholic Partnership Schools – St. Anthony of Padua School in Camden, New Jersey. Since October 2009, she also has served as an ambassador/commissioner to the Middle States Association of Elementary Schools in Philadelphia, Pennsylvania. Since September 2009, she has served as the President of the Board of Trustees of Vine Community of New Jersey, a nonprofit group home for adults with developmental disabilities. From July 1993 to October 2009, Ms. Burke served as the President and Treasurer of Standardized Test Scoring Co., Inc., an independent test scoring and reporting company, and S-Tests Assessments, Inc., which assesses, develops, tests and evaluates school testing methods.</p>	66	2002
<p>THOMAS A. CLARK, III</p> <p>Mr. Clark is a practicing attorney and is a Shareholder at Capehart Scatchard, P.A. From January 2008 until November 2010, he was the Managing Partner of the law firm of Cureton Clark, P.C., which he co-founded in 1992 and for which he served as a shareholder, officer and director until November 2010.</p>	65	2000
<p>LETITIA G. COLOMBI</p> <p>Ms. Colombi is retired. From 2001 to 2013, Ms. Colombi served as the Mayor of the Borough of Haddonfield, New Jersey. From August 1998 until April 2000, she served as a member of an advisory board at Hudson United Bank. From 1988 to 1998, Ms. Colombi served as a director of Community National Bank of New Jersey.</p>	74	2000

**Recommendation**

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF ITS NOMINEES FOR CLASS 3 DIRECTORS.

## EXECUTIVE OFFICERS

For information about Mr. Banmiller, who serves as our President and Chief Executive Officer, see “Matter 1 – Election of Directors” above. The following table provides information regarding our other executive officers:

<u>Name</u>	<u>Age</u>
FRANK J. MONAGHAN.....	43
<p>Mr. Monaghan has served as Executive Vice President and Chief Operating Officer of 1st Colonial Bancorp and the Bank since July 2016. Prior to that date, he served as Senior Vice President and Chief Operating Officer for such companies, starting in that position on July 1, 2014, and Senior Vice President and Chief Financial Officer of such companies from January 2013 to July 2014.</p>	
JERRY J. SILVI.....	54
<p>Mr. Silvi serves as Executive Vice President and Senior Credit Administrator of the Bank and has held such position since November 2015. From June 2008 until November 2015, Mr. Silvi served as a Senior Vice President of the Bank.</p>	
IRENE H. CLARK.....	65
<p>Ms. Clark serves as Executive Vice President in charge of Deposit Operations of the Bank. She has served in such position since December 2016. From 2005 to December 2016, she served as a Senior Vice President of the Bank. Prior to then she served in various capacities with the Bank since 2002.</p>	
MARY KAY SHEA .....	48
<p>Ms. Shea has served as Senior Vice President and Chief Financial Officer of the Bank and Bancorp since June 27, 2017. From 2013 to June 2017, she served as the Chief Accounting Officer of Royal Bank America. Prior to then she served as the Controller for Royal Bank America from September 2008 through December 2012.</p>	

## SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth certain information concerning the number of shares of 1st Colonial Bancorp common stock held as of March 1, 2019 by each nominee for director of 1st Colonial Bancorp, each continuing director, and the executive officers named in the Summary Compensation Table below.

<u>Name of Beneficial Owner</u>	<u>Total Beneficial Ownership(1)</u>	<u>Percent of Class(2)</u>
Gerard M. Banmiller (3).....	117,731	2.6%
Mary R. Burke (4) .....	27,921	*
Curt Byerley (5).....	104,131	2.3%
Thomas A. Clark III (6).....	15,662	*
Letitia G. Colombi (7) .....	26,031	*
John J. Donnelly IV (8) .....	36,532	*
Eduardo F. Enriquez (9) .....	68,142	1.5%
Michael C. Haydinger (10).....	212,404	4.8%
Harvey Johnson (11).....	30,284	*
Harrison Melstein (12).....	84,404	1.9%
Frank J. Monaghan (13).....	21,740	*
Stanley H. Molotsky (14) .....	103,690	2.3%
Linda M. Rohrer (15).....	231,896	5.2%
Total (16).....	1,080,568	23.2%

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\* Represents less than 1% of the outstanding Common Stock

- (1) Based on information furnished by the respective individuals as of March 1, 2019 and our books and records as of such date. Under applicable regulations, shares are deemed beneficially owned by a person if he or she directly or indirectly has or shares the power to vote or dispose of the shares. Unless otherwise indicated, the named beneficial owner has sole voting and dispositive power with respect to the shares. Under applicable regulations, a person is deemed to have beneficial ownership of shares which may be received upon the exercise of outstanding stock options or warrants if the option or warrant is exercisable within 60 days.
- (2) The percentage is calculated on a fully diluted basis (as if such person's or group's vested options were exercised) based on the shares outstanding as of the record date.
- (3) Includes 34,725 shares that Mr. Banmiller has the right to acquire upon the exercise of vested stock options, 1,849 shares owned by his spouse, and 79,657 shares jointly owned by him with his spouse.
- (4) Includes 8,551 shares that Ms. Burke has the right to acquire upon the exercise of vested stock options.
- (5) Includes 14,870 shares that Mr. Byerley has the right to acquire upon the exercise of vested stock options.

- (6) Includes 13,218 shares that Mr. Clark has the right to acquire upon the exercise of vested stock options.
- (7) Includes 14,076 shares that Ms. Colombi has the right to acquire upon the exercise of vested stock options, and 10,590 shares owned by Ms. Colombi's spouse.
- (8) Includes 10,357 shares that Mr. Donnelly has the right to acquire upon the exercise of vested stock options.
- (9) Includes 11,782 shares that Dr. Enriquez has the right to acquire upon the exercise of vested stock options; 8,841 shares jointly owned by Dr. Enriquez with his spouse; and 5,149 shares owned by the Eduardo F. Enriquez MD LLC Profit Sharing Plan, over which Dr. Enriquez has sole voting and investment control.
- (10) Includes 13,811 shares that Mr. Haydinger has the right to acquire upon the exercise of vested stock options, 86,155 shares owned by First Montgomery Properties NJ Inc., and 91,364 shares owned by Burlington Investment Group LLC. Mr. Haydinger is an executive officer of First Montgomery Properties NJ and Burlington Investment Group (which are affiliated companies) and through his position exercises voting and investment power over these shares.
- (11) Shares listed include 12,823 shares that Mr. Johnson has the right to acquire upon the exercise of vested stock options, and 11,418 shares that Mr. Johnson owns jointly with his spouse.
- (12) Includes 20,169 shares that Mr. Melstein has the right to acquire upon the exercise of vested stock options, and 14,915 shares owned by his spouse.
- (13) Entire amount represents shares that Mr. Monaghan has the right to acquire upon the exercise of vested stock options.
- (14) Includes 20,434 shares that Mr. Molotsky has the right to acquire upon the exercise of vested stock options; 16,443 shares owned by Mr. Molotsky's spouse; 16,235 shares jointly owned by Mr. Molotsky and his spouse, 2,992 shares held in trust for minor grandchildren over which Mr. Molotsky has control, and 2,810 shares held in a Profit Sharing Plan for the employees of SHM Financial Group, a company owned by Mr. Molotsky.
- (15) Includes 20,434 shares that Ms. Rohrer has the right to acquire upon the exercise of vested stock options.
- (16) Includes 216,990 shares that the executive officers named in the Summary Compensation Table below and the directors of 1st Colonial Bancorp, in the aggregate, have the right to acquire upon the exercise of vested stock options.

## CORPORATE GOVERNANCE MATTERS

### Board of Directors Meetings and Committees

*General.* During the year ended December 31, 2018, the Board of Directors of 1st Colonial Bancorp held 10 meetings, and the Board of Directors of the Bank held 10 meetings. Directors are expected to attend meetings of the Board of Directors, meetings of the committees on which they serve and the annual meeting of 1st Colonial Bancorp's shareholders. Except for Letitia G. Colombi and Mary R. Burke, no director of 1st Colonial Bancorp or the Bank attended fewer than 75% of all meetings of the Boards of Directors of 1st Colonial Bancorp and the Bank, and the committees thereof of which he or she was a member, that were held during the year ended December 31, 2018. Except for Michael C. Haydinger and Stanley H. Molotsky, all of the directors of 1st Colonial Bancorp attended the 2018 Annual Meeting of 1st Colonial Bancorp's shareholders.

*Audit Committee.* The Board of Directors of 1st Colonial Bancorp has a standing audit committee. The primary duties and responsibilities of 1st Colonial Bancorp's audit committee are to:

- Oversee that management maintains the reliability and integrity of the accounting policies and financial reporting and disclosure practices of 1st Colonial Bancorp;
- Oversee that management establishes and maintains processes to assure that an adequate system of internal controls is functioning within 1st Colonial Bancorp; and
- Oversee that management establishes and maintains processes to assure compliance by 1st Colonial Bancorp with all applicable laws, regulations and corporate policy.

In connection with these duties, the audit committee is responsible for the appointment, compensation, oversight and termination of our independent auditors. The audit committee is responsible also for, among other things, reporting to the 1st Colonial Bancorp Board of Directors on the results of the annual audit, and reviewing the financial statements and related financial and non-financial disclosures included in our earnings releases and annual reports to shareholders. The audit committee is also responsible for receiving and responding to complaints and concerns relating to accounting and auditing matters.

The audit committee has a charter in place that has been adopted by the Board of Directors. A copy of this charter is attached as Appendix A to this proxy statement. 1st Colonial Bancorp does not have a website and the charter is not posted on the Bank's website.

The Board of Directors of 1st Colonial has determined that none of its members qualifies as an audit committee financial expert under the criteria set forth in Item 407(d)(5) of Regulation S-K promulgated under the Securities Exchange Act of 1934. The Board of Directors believes that all members of its audit committee are financially literate and experienced in business matters, and that one or more members of the audit committee are capable of (i) understanding generally accepted accounting principles (GAAP) and financial statements, (ii) assessing the general application of GAAP principles in connection with our accounting for estimates, accruals and reserves, (iii) analyzing and evaluating our financial statements, (iv) understanding our internal controls and procedures for financial reporting; and (v) understanding audit committee functions, all of which are attributes of an audit committee financial expert. However, the board of directors believes that none of its audit committee members have obtained these attributes through the experience specified in the Securities and Exchange Commission's definition of "audit committee financial expert." Further, like many small companies, it is difficult for us to attract and retain board members who qualify as "audit committee financial experts," and it is an additional expense. The Board believes that its current audit committee is able to fulfill its role under its charter despite not having a designated "audit committee financial expert."

The current members of the audit committee are Michael C. Haydinger (Chairman), Mary R. Burke, Thomas A. Clark III, Letitia G. Colombi and Linda M. Rohrer. Each member is "independent," as defined by

Rule 5605(a)(2) of The Nasdaq Stock Market listing standards. During the year ended December 31, 2018, the 1st Colonial Bancorp audit committee met five times.

*Stock Option Plan Committee.* The Board of Directors of 1st Colonial Bancorp has a stock option plan committee that performs some of the functions typically performed by a compensation committee. The Stock Option Plan Committee serves as the administrator of 1st Colonial Bancorp's stock option plans, as further described in this proxy statement. The current members of this committee are Thomas A. Clark III, Letitia G. Colombi, Stanley H. Molotsky (Chairman), and Linda M. Rohrer. Each member is "independent," as defined by Rule 5605(a)(2) of The Nasdaq Stock Market listing standards. This committee did not meet during the year ended December 31, 2018. This committee does not have a charter, but its powers, authority and duties are set forth in our stock option plans.

*Compensation Committee of the Bank.* The Board of Directors of the Bank has a standing compensation committee. The Bank's compensation committee, which met once during the year ended December 31, 2018, is responsible for the approval of the base salary levels and bonuses of employees, the administration of the Bank's Executive Compensation Program discussed below, and the establishment and modification of the terms of employment of executive officers. This committee may not delegate any authority described above to other persons. However, Gerard M. Banmiller, the Bank's president and chief executive officer, does recommend to the Compensation Committee the annual compensation levels for the other executive officers of the Bank. No compensation consultants have been used by the Bank to determine or recommend the amount or form of executive compensation.

This committee does not have a charter. The current members of the Bank's compensation committee are Thomas A. Clark III (Chairman), Mary R. Burke, Michael C. Haydinger, Harrison Melstein and Linda M. Rohrer. Each member is "independent," as defined by Rule 5605(a)(2) of The Nasdaq Stock Market listing standards.

*Nominating Committee.* The Board of Directors does not have a standing nominating committee. The entire Board of Directors acts as the nominating committee for the selection of nominees for election as directors, and each director has the responsibility to develop and recommend criteria for the selection of director nominees, including, but not limited to diversity, age, skills, experience, and time availability (including consideration of the number of other boards on which the proposed director sits) in the context of the needs of the Board of Directors and 1st Colonial Bancorp and such other criteria as the Board of Directors determines to be relevant at the time. We believe it is appropriate that 1st Colonial Bancorp does not have a separate nominating committee, because 11 out of the 12 directors are "independent," as defined by Rule 5605(a)(2) of The Nasdaq Stock Market listing standards, and we believe that each director should have the maximum ability to have input and make decisions concerning who serves on the Board of Directors.

The Board of Directors has not adopted any specific minimum qualifications other than those set forth in our articles of incorporation and bylaws. In order to qualify for election as a director of 1st Colonial, a person must have been a shareholder of record of 1st Colonial for at least three (3) years (this requirement may be waived by the Board), and must own common stock with either an aggregate par, fair market, or equity value of \$1,000. Each director also shall be a natural person of full age, and must not be related by blood or marriage to any other director. The Board of Directors believes that having directors with relevant experience in business and industry, finance and other areas, and directors with significant business relationships in the local community, is beneficial to 1st Colonial Bancorp, and the Board as a whole. The Board also believes that each of the nominees and current directors has the financial and business expertise and business relationships that meet this objective.

The Board of Directors considers potential candidates for Board membership recommended by its members, management, shareholders, and others. The Board of Directors will consider nominees recommended by shareholders and, in considering such candidates, will apply the same criteria it applies in connection with Board-recommended candidates. Shareholders may nominate persons for election as directors

in accordance with the procedures set forth “Shareholder Proposals and Nominations for 2020 Annual Meeting.”

During the year ended December 31, 2018, the Board of Directors met one time to perform the functions typically performed by a nominating committee.

*Other.* The Bank has other committees composed of directors or officers of the Bank which meet for specific purposes. The Board of Directors of the Bank has authority under the Bank’s bylaws to establish such other committees from time to time as the Board of Directors may deem necessary.

The Board of Directors of 1st Colonial Bancorp exercises its risk oversight role through its committee structure described above. In addition, the Board has access, as needed, to the executive officers and other employees of 1st Colonial Bancorp who help supervise the day-to-day risk management responsibilities of 1st Colonial Bancorp, as well as to legal representation to the extent deemed necessary to assist with their risk oversight responsibilities.

While the Board of Directors does not have a policy regarding the separation of the roles of chief executive officer and Chairman of the Board, the Board has determined that having an independent director serve as Chairman is in the best interest of 1st Colonial Bancorp at this time.

### **Code of Ethics**

We have adopted a Code of Conduct and Ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer or controller. We will furnish, without charge, a copy of our Code of Conduct and Ethics to any person, upon written request made to Mary Kay Shea, Secretary, at our offices located at 210 Lake Drive East, Suite 300, Cherry Hill, NJ 08002.

### **Audit Committee Report**

The audit committee of 1st Colonial Bancorp is composed entirely of non-management directors, each meeting the independence requirements of the Nasdaq Stock Market listing standards. The audit committee has adopted a written charter outlining its practices and responsibilities.

During the year ended December 31, 2018, the audit committee met five times. At each meeting, the audit committee reviewed the results of reviews performed in the areas of internal audit and compliance. The audit committee was apprised of the status of all audit findings and the resolutions instituted by management. In 2018, the audit committee also reviewed and reassessed our internal audit program. Management also updated the audit committee on the status of the independent audit for the year ended December 31, 2017 being performed by KPMG LLP.

The audit committee has reviewed 1st Colonial Bancorp’s audited financial statements for the year ended December 31, 2018, and the related report by KPMG LLP, and has discussed the financial statements and the report with management and with KPMG LLP.

1st Colonial Bancorp’s audit committee appointed KPMG LLP as independent auditors of 1st Colonial Bancorp for the year ended December 31, 2018 and for the year ending December 31, 2019.

The audit committee has discussed with the independent auditors of 1st Colonial Bancorp the matters required to be discussed by AU Section 380, The Auditor’s Communication With Those Charged With Governance. The audit committee has reviewed the materials received from the independent auditors, has discussed with the independent auditors the independence of such auditors, and has satisfied itself as to the auditors independence.

The audit committee acts only in an oversight capacity, and in doing so relies on the work and assurances of 1st Colonial Bancorp’s management and its independent auditors.

Based on the audit committee's review of the financial statements and the independent auditors' report thereon, and the audit committee's discussions with management and the independent auditors, the audit committee has recommended to our Board of Directors that the audited consolidated financial statements of 1st Colonial Bancorp be included in its Annual Report to Shareholders for the year ended December 31, 2018.

THE 1ST COLONIAL BANCORP AUDIT COMMITTEE

Michael C. Haydinger (Chairman)

Mary R. Burke

Thomas A. Clark III

Letitia G. Colombi

Linda M. Rohrer

**COMPENSATION OF DIRECTORS**

The following table sets forth a summary of the total compensation that we paid to each non-employee director of 1st Colonial Bancorp and the Bank in 2018:

**2018 DIRECTOR COMPENSATION**

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$)	Total (\$)
Linda M. Rohrer	15,000	None	15,000
Mary R. Burke	8,750	None	8,750
Curt Byerley	8,500	None	8,500
Thomas A. Clark III	10,500	None	10,500
Letitia G. Colombi	8,000	None	8,000
John J. Donnelly, IV	9,000	None	9,000
Eduardo F. Enriquez	7,750	None	7,750
Michael C. Haydinger	12,000	None	12,000
Harvey Johnson	8,250	None	8,250
Harrison Melstein	8,250	None	8,250
Stanley H. Molotsky	8,250	None	8,250

For 2019, the Chairman of the Board will receive a quarterly retainer of \$1,875 for service on the Board of Directors, and each of the other directors, other than Mr. Banmiller, will receive a quarterly retainer of \$1,250. Each non-employee director will receive an additional \$250 for each board and committee meeting attended.

1st Colonial Bancorp maintains a directors and officers liability insurance policy. The policy covers all directors and officers of 1st Colonial Bancorp and the Bank for certain liability, loss, or damage that they may incur in their capacities as such. To date, no claims have been filed under this insurance policy.

## **2013 Stock Option Plan for Non-Employee Directors**

The Board of Directors believes that 1st Colonial Bancorp's stock compensation plans constitute an important part of its compensation programs and, accordingly, it adopted and maintains the 1st Colonial Bancorp, Inc. 2013 Stock Option Plan for Non-Employee Directors (the "2013 Director Plan"). The 2013 Director Plan is designed to provide non-employee directors of 1st Colonial Bancorp with an opportunity to acquire our common stock, thereby giving them a stake in the continued growth and success of our business.

The 2013 Director Plan authorizes us to award nonqualified stock options (options not qualified for special tax treatment under Code Section 422) to purchase shares of 1st Colonial Bancorp common stock to our non-employee directors.

An aggregate of 211,732 authorized shares of common stock have been reserved for issuance under the 2013 Director Plan. The 2013 Director Plan has an evergreen provision that automatically increases the number of shares available for grant under the 2013 Director Plan by (i) 7.5% of the positive difference, if any, between the number of outstanding shares of common stock, including shares subject to outstanding stock options under the 2013 Director Plan, on the last trading day of the immediately preceding calendar year and the number of outstanding shares of common stock, including shares subject to outstanding Options under the 2013 Director Plan, on the first trading day of such immediately preceding calendar year; or (ii) a lesser amount as the Board determines in its discretion.

In the event of any change in 1st Colonial Bancorp's common stock by reason of any stock dividend, stock split, reverse stock split, recapitalization, combination, or exchange of shares, merger, consolidation, or similar action, appropriate adjustment will be made to (i) the number of shares of common stock authorized to be made subject to options under the 2013 Director Plan, (ii) the number of shares into which outstanding options may be converted upon exercise, (iii) the exercise price of outstanding options, (iv) the maximum number of options that may be granted to any one person within a calendar year, and (v) such other terms as are appropriate under the circumstances. In addition, the Board may make similar changes to outstanding options in other circumstances where such changes are deemed equitable under such circumstances.

Options granted under the 2013 Director Plan are not assignable or transferable other than by will or the laws of descent and distribution and, in general, during the director's lifetime are exercisable only by the director or his or her duly appointed legal representative.

1st Colonial Bancorp also maintains a Stock Option Plan for Non-Employee Directors that expired by its terms on March 18, 2013. All options granted under that plan, unless exercised or terminated by their terms, remain in full force and effect.

## **EXECUTIVE COMPENSATION**

The following table sets forth the compensation paid, during the years ended December 31, 2018 and 2017, by the Bank to our Chief Executive Officer and Chief Operating Officer during the year ended December 31, 2018. These executive officers do not receive any compensation for serving as officers of 1st Colonial Bancorp.

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$) <sup>1</sup>	All Other Compensation (\$)	Total (\$)
Gerard M. Banmiller President and Chief Executive Officer	2018	\$293,398	\$130,000	\$ --	\$65,556 <sup>2</sup>	\$488,954
	2017	\$282,114	\$149,000	\$37,600	\$57,587 <sup>2</sup>	\$526,301
Frank J. Monaghan Executive Vice President and Chief Operating Officer	2018	\$239,320	\$100,000	\$ --	\$38,192 <sup>3</sup>	\$377,512
	2017	\$228,946	\$112,000	\$37,600	\$36,701 <sup>3</sup>	\$415,247

- (1) The amounts reported in this column represent the value at the grant date based on the probable outcome of the performance conditions under the awards. To calculate the fair value of the awards, the Black-Scholes valuation method is used, as disclosed in Footnote 18 to 1st Colonial Bancorp's audited financial statements for the fiscal year ended December 31, 2018 included in its 2018 Annual Report to Shareholders. The dollar amounts listed do not necessarily reflect the dollar amounts of compensation actually realized or that may be realized by our officers.
- (2) Consists of automobile lease payments; life, dental, health, vision, automobile and long-term disability insurance annual premiums; life insurance imputed income, employer 401(k) contributions; and club membership dues.
- (3) Consists of life, dental, vision and health insurance annual premiums; life insurance imputed income; and employer 401(k) contributions.

### **Employment Agreements**

Gerard M. Banmiller, the President, Chief Executive Officer and a director of 1st Colonial Bancorp and the Bank, has an employment agreement with the Bank. The Bank's obligations under this agreement are guaranteed by 1st Colonial Bancorp. This agreement expires on June 29, 2021 but provides for annual one-year extensions on each anniversary of June 29, unless the Bank or Mr. Banmiller gives prior written notice of nonrenewal to the other party. Except for a reduction which is proportionate to a company-wide reduction in executive pay, the annual base salary paid to Mr. Banmiller in any period cannot be less than the annual base salary paid to him in any prior period.

Under his agreement, Mr. Banmiller is entitled to participate in any incentive compensation and employee benefit plans that the Bank maintains. He also is entitled to participate in and enjoy any other plans and arrangements which provide for sick leave, vacation, sabbatical, or personal days, club memberships and dues, education payment or reimbursement, business-related seminars, and similar fringe benefits provided to or for the executive officers of the Bank from time to time. He also is entitled to be reimbursed for amounts he pays as lease or loan payments due with respect to the lease or purchase of his automobile of not less than \$500 per month. The Bank currently reimburses Mr. Banmiller \$1,152 per month for automobile lease payments.

In the event the Bank terminates Mr. Banmiller's employment for "Cause" as defined in his agreement, he will be entitled to receive his accrued but unpaid base salary and an amount for all accumulated but unused vacation time earned through the date of his termination.

In the event the Bank terminates Mr. Banmiller's employment without Cause, he will be entitled to receive, during the remaining term of his agreement, an annual amount equal to the greater of (i) his highest base salary received during one of the two years immediately preceding the year in which he is terminated, or (ii) his base salary in effect immediately prior to his termination. In addition, during the remaining term of his agreement, Mr. Banmiller will annually be entitled to (i) an amount equal to the higher of the aggregate

bonuses paid to him in one of the two years immediately preceding the year in which he is terminated and (ii) an amount equal to the sum of the highest annual contribution made on his behalf (other than his own salary reduction contributions) to any tax qualified and non-qualified defined contribution plans maintained by the Bank in the year in which he is terminated or in one of the two years immediately preceding such year. Mr. Banmiller will also be entitled to certain retirement, health and welfare benefits.

In the event Mr. Banmiller terminates his employment with the Bank for "Good Reason," he will be entitled to receive the same annual amounts and benefits he would be entitled to receive if he was terminated without Cause, but for a period of three years from the date of termination of employment. In the event Mr. Banmiller terminates his employment with the Bank without Good Reason, he will be entitled to receive his accrued but unpaid base salary until the date of termination and an amount for all accumulated but unused vacation time through the date of the termination of his employment. "Good Reason" prior to a change in control of the Bank includes, among other things: (i) his demotion to a lesser position, or any material diminution in his duties or responsibilities; (ii) a reduction in his base compensation; or (iii) a failure to increase his base compensation, consistent with his performance rating, within 24 months since the last increase. "Good Reason" after a change in control of the Bank includes, among other things: (i) a change in his status or position, or any material diminution in his duties or responsibilities; (ii) any increase in his duties inconsistent with his position; (iii) any reduction in his base compensation; (iv) a failure to increase his base compensation, consistent with his performance review, within 12 months of the last increase; or a failure to consider him for an increase within 12 months of his last performance review; (v) a failure to continue in effect any employee benefit plan in which he participates other than as a result of the expiration or equivalent replacement of such plan; (vi) requiring him to be based anywhere other than the county where his principal office was located immediately prior to the change in control; (vii) refusal to allow him to engage in activities in which he was permitted to engage prior to the change in control; or (viii) delivery to him of a notice of non-extension of his employment agreement.

In the event of Mr. Banmiller's death or disability during the term of his employment, he and his eligible dependents or his spouse and her eligible dependents, as the case may be, will be entitled to receive the same annual amounts and benefits Mr. Banmiller would be entitled to receive if he was terminated without Cause, but only for a period of one year from the date of termination of employment. They will also be entitled to certain health and welfare benefits.

In the event that Mr. Banmiller is required to pay any excise tax imposed under Section 4999 of the Internal Revenue Code (or any similar tax imposed under federal, state or local law), as a result of any compensation and benefits received under his agreement in connection with a change in control, the Bank will pay him an additional amount such that the net amount retained by him, after the payment of such excise taxes (and any additional income tax resulting from such payment by the Bank), equals the amount he would have received but for the imposition of such taxes.

The employment agreement further provides that in the event Mr. Banmiller's employment is terminated for any reason or he voluntarily terminates his employment, he may not, for a period of 12 months after the date of termination, without the prior written consent of the Bank's Board of Directors, become an officer, director or a shareholder or equity owner of 4.9% or more of any entity engaged in the banking, lending, asset management, mutual fund, financial planning or investment security business within the New Jersey Counties of Camden, Gloucester, Burlington, Salem, Atlantic, Cape May or Cumberland, or any other county in which the Bank has an office. In addition, during his employment and for a period of 12 months following the termination of his employment, except following a change in control of the Bank, Mr. Banmiller may not solicit, endeavor to entice away from the Bank, its subsidiaries or affiliates, or otherwise interfere with the relationship of the Bank or its subsidiaries or affiliates with, any person who is, or was within the then most recent 12-month period, an employee or associate of the Bank or any of its subsidiaries or affiliates.

On December 21, 2017, the Bank entered into a new employment agreement with Frank J. Monaghan, its Executive Vice President and Chief Operating Officer, replacing his employment agreement that expired on December 31, 2017. This new agreement currently expires on December 31, 2020; however, starting it

provides for annual one-year extensions of the agreement on each anniversary of January 1, unless the Bank or Mr. Monaghan gives prior written notice of nonrenewal to the other party. It provides that the annual base salary paid to Mr. Monaghan cannot be less than \$234,981. Under his agreement, Mr. Monaghan is entitled to participate in any incentive compensation plans and employee benefit plans that the Bank maintains. In addition, the Bank is required to pay the full premium for his family medical and dental coverage. He also is entitled to participate in and enjoy any other plans and arrangements which provide for sick leave, vacation, sabbatical, or personal days, club memberships and dues, education payment or reimbursement, business-related seminars, and similar fringe benefits provided to or for the officers of the Bank from time to time.

Under his agreement, Mr. Monaghan has agreed that if his employment terminates for any reason except a termination by the Bank without cause, then for a period of 24 months after the date of termination, he will not (i) solicit, endeavor to entice away from the Bank or its affiliates or otherwise interfere with their relationship with, any person who is, or was within the then most recent 12 month period, an employee or associate thereof, or (ii) solicit or initiate contact, provide services to or communicate with any customer (depositor, borrower or other) serviced by the Bank or whose name became known to Mr. Monaghan during his employment at the Bank.

In the event the Bank terminates Mr. Monaghan's employment without "Cause" or "Disability," (as all such quoted terms are defined in his employment agreement) or Mr. Monaghan terminates his employment for "Good Reason", he will be entitled to receive (i) his annual salary then in effect, payable for the remaining term of his agreement or for a period of two (2) years from the date of termination, whichever is greater, and (ii) an amount equal to the higher of the bonuses paid to him during either one of the two years immediately preceding the date of termination, which shall be paid to him in cash on the first anniversary of the date of termination. "Good Reason" includes any of the following events: (i) a material negative change in his status or position, or any material diminution in his duties or responsibilities; (ii) a material increase in his duties inconsistent with his position, which results in a material negative change to Employee in the employment relationship; or (iii) a material reduction his base compensation.

In the event the payments and benefits payable to Mr. Monaghan under his agreement in the event of a termination of employment, when added to all other amounts and benefits payable to him, would result in would result in the reduction of tax deductions under IRC Section 280G or the imposition of an excise tax under Section 4999 of the IRC, the amounts and benefits payable to him under the agreement will be reduced to such extent as may be necessary to avoid such imposition.

The Bank's obligations under its employment agreement with Mr. Monaghan are guaranteed by 1st Colonial Bancorp.

### **Executive Compensation Program**

The Bank adopted an Incentive Bonus Program, effective January 1, 2014, to replace its Executive Compensation Program that had been in place since the inception of the Bank. The new Bonus Program provides for a cash bonus pool each year, the size of which is determined based on the level of the Bank's achievement of the Bank's budgeted pre-tax income target that year.

If the Bank achieved less than 80% of its pre-tax income target for 2018, the total base pool would have been \$50,000. If the Bank achieved 80% of its pre-tax income target for 2018 but less than 100% of that target, the total base pool would have been 4.2% of that target; if it achieved 100% of that target but less than 120%, the total base pool would have been 5.7% of the target; and if it achieved 120% of that target or greater, the total base pool would have been 7.2%. For 2018, the Bank achieved 89.3% of its target. The Compensation Committee may modify the base award pool in its discretion based on certain factors, including, but not limited to, non-recurring income and expense items.

A Bonus Program participant's award for a plan year is determined based on the participant's individual performance for that year and the final award pool. The Compensation Committee determines the Award for the Bank's chief executive officer and the chief executive officer determines the awards for the other participants, subject to Compensation Committee final approval. In no event will the aggregate total of the actual award amounts for a plan year exceed the aggregate total of the final award pool as determined under the Bonus Program.

The Compensation Committee will review the Bonus Program each year, and may amend the Bonus Program to make any changes the Committee believes are necessary based on its prior years' experience.

### **2013 Employee Stock Option Plan**

The Board of Directors of 1st Colonial Bancorp adopted the 2013 Key Employee Stock Option Plan (the "2013 Employee Plan") on March 28, 2013. The 2013 Employee Plan authorizes us to award options to purchase shares of 1st Colonial Bancorp common stock to selected key employees of 1st Colonial Bancorp or certain subsidiary companies. These options are either (i) incentive stock options (options qualified under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code")), which we refer to as "ISOs," or (ii) nonqualified stock options (options not qualified under Code Section 422), which we refer to as "NQSOs."

An aggregate of 211,192 authorized shares of common stock have been reserved for issuance under the 2013 Employee Plan. The 2013 Employee Plan has an evergreen provision that automatically increases the number of shares available for grant under the 2013 Employee Plan by (i) 7.5% of the positive difference, if any, between the number of outstanding shares of common stock, including shares subject to outstanding stock options under the 2013 Employee Plan, on the last trading day of the immediately preceding calendar year and the number of outstanding shares of common stock, including shares subject to outstanding Options under the 2013 Employee Plan, on the first trading day of such immediately preceding calendar year; or (ii) a lesser amount as the Board determines in its discretion. No incentive stock options may be granted with respect to this increase. Shares of common stock attributable to options that are forfeited or otherwise terminate may be re-granted under a new option.

Only executive officers and key employees (as determined by the Stock Option Plan Committee) are eligible to receive options under the 2013 Employee Plan. The exercise price for options granted under the 2013 Employee Plan will not be less than 100% of the fair market value of our common stock on the date the option is granted (or 110% in the case of ISOs granted to a 10% or greater shareholder). The fair market value of our common stock will be determined by the Stock Option Plan Committee in accordance with the terms of the 2013 Employee Plan.

Options granted under the 2013 Employee Plan generally may be exercised for up to 10 years after the date of grant (five years in the case of ISOs granted to a 10% or greater shareholder).

The aggregate fair market value (determined at the time the option is granted) of the shares of common stock with respect to which ISOs are exercisable for the first time by an optionee during any calendar year may not exceed \$100,000. No employee may receive option grants in excess of 11,500 shares under the 2013 Employee Plan during any calendar year. Options are not assignable or transferable other than by will or the laws of descent and distribution and during the optionee's lifetime are exercisable only by the holder or his or her duly appointed legal representative.

Under the 2013 Employee Plan, the Stock Option Plan Committee will impose vesting conditions on the exercisability of options. In general, an option will vest and become exercisable on the date or dates set forth in the option agreement; provided, however, that no option can be exercisable until the optionee has completed at least one full year of continuous employment with us following the date of grant, unless a change in control (as defined in the 2013 Employee Plan) occurs. If a change in control occurs, each outstanding option issued under the 2013 Employee Plan will immediately become exercisable. A change in control will

be deemed to have occurred upon, among other events, shareholder approval of the acquisition of 1st Colonial Bancorp (or all or substantially all of its assets).

In the event of any change in our common stock by reason of any stock dividend, stock split, reverse stock split, recapitalization, combination or exchange of shares, merger, consolidation or similar action, appropriate adjustment will be made to (i) the number of shares of common stock authorized to be made subject to options under the 2013 Employee Plan, (ii) the number of shares into which outstanding options may be converted upon exercise, (iii) the exercise price of outstanding options, (iv) the maximum number of options that may be granted to any one person within a calendar year, and (v) such other terms as are appropriate under the circumstances. In addition, the Board may make similar changes to outstanding options in other circumstances where such changes are deemed equitable under such circumstances.

### Option Grants in Last Fiscal Year

During the year ended December 31, 2018, no options to purchase shares of 1<sup>st</sup> Colonial Bancorp common stock were awarded to Gerard M. Banmiller or Frank J. Monaghan.

### Outstanding Stock Option and Other Equity Awards at Fiscal Year End

The following table provides certain information with respect to the executive officers named in the Summary Compensation Table appearing above concerning stock options which were outstanding on December 31, 2018. No other equity awards were outstanding on December 31, 2018.

#### OUTSTANDING EQUITY AWARDS AT 2018 FISCAL YEAR END

Name	Number of Securities Underlying Unexercised Options Exercisable <sup>1</sup> (#)	Number of Securities Underlying Unexercised Options Unexercisable <sup>1</sup> (#)	Option Exercise Price <sup>2</sup> (\$)	Option Expiration Date
Gerard M. Banmiller	12,764	0	\$4.97	September 12, 2023
	11,461	0	\$6.27	December 16, 2025
	10,500	0	\$10.90	October 25, 2027
Frank J. Monaghan	12,764	0	\$4.97	September 12, 2023
	6,876	4,585 <sup>3</sup>	\$6.27	December 16, 2025
	2,100	8,400 <sup>4</sup>	\$10.90	October 25, 2027

(1) Options were adjusted for the 5% stock dividend distributed by 1<sup>st</sup> Colonial Bancorp on April 16, 2018 to holders of record as of April 2, 2018.

(2) Exercise price is equal the fair market value on the date the option was granted, as determined by the Stock Option Plan Committee pursuant to the 2013 Employee Plan, as adjusted to reflect all applicable stock dividends.

(3) These unexercisable options vest and become exercisable in full over a two-year period, becoming exercisable with respect to one-fifth of the total shares covered by the option on each of December 16, 2019 and 2020 (except they become fully vested upon any Change in Control).

(4) These options vest and become exercisable in full over a four-year period, becoming exercisable with respect to one-fifth of the total shares covered by the option on each of October 25, 2019, 2020, 2021 and 2022 (except they become fully vested upon any Change in Control).

## Aggregated Option Exercises in Last Fiscal Year

No options were exercised during the year ended December 31, 2018 by the executive officers named in the Summary Compensation Table appearing above.

## Employee Retirement Plan

The Bank instituted a noncontributory 401(k) for all current employees in August 2005. All eligible employees are 100% vested in any required safe harbor contributions. The Bank made safe harbor contributions in the amount of \$179,000 in 2018 and 177,000 in 2017.

## Equity Plan Compensation Information

The following table provides certain information regarding securities issued or issuable under 1st Colonial Bancorp's equity compensation plans as of December 31, 2018.

<u>Plan Category</u>	<u>Number of shares of common stock to be issued upon exercise of outstanding options, warrants and rights (1)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights (1)</u>	<u>Number of shares of common stock remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)(1)</u>
Equity compensation plans approved by security holders	395,508	\$6.82	121,136
Equity compensation plans not approved by security holders.....	<u>0</u>	<u>0</u>	<u>0</u>
Total.....	395,508	\$6.82	121,136

(1) Amounts and prices reflect adjustment caused by our stock dividends.

## TRANSACTIONS WITH RELATED PERSONS

1st Colonial Bancorp does not make any loans to its officers or directors. The Bank offers various types of loans to its directors, officers, and employees. Under applicable Federal law, any loan made to a director, officer, employee or other affiliate is required to be on substantially the same terms and conditions available to non-related borrowers (in particular as to interest rate and collateral). In addition, the risk of nonpayment must not be greater than the risk of nonpayment on loans to non-related borrowers, and the loan must be approved by a majority of the full Board of Directors, with the loan applicant not voting or influencing the vote.

Certain directors and officers of the Bank are customers of and during the year ended December 31, 2018 had banking transactions with the Bank in the ordinary course of business. Similar transactions may be expected to occur in the future. All loans and commitments to loan were made under substantially the same terms, including interest rates, collateral, and repayment terms, as those prevailing at the time for comparable transactions with other persons and, in our opinion, do not involve more than the normal risk of collection or present other unfavorable features. The aggregate amount of loans to such related parties was \$1.5 million and \$911,000 at December 31, 2018 and 2017, respectively. During 2018 and 2017, new loans and credit line advances to such related parties amounted to \$362,000 and \$40,000, respectively, and repayments amounted to \$79,000 and \$97,000, respectively. The aggregate amount of deposits from related parties was \$ 42.8 million and \$47.6 million at December 31, 2018 and 2017, respectively.

The Bank retained entities that are affiliated with John J. Donnelly IV, a director of the Bank, to perform certain construction loan inspection services. The total amount paid by the Bank for such services amounted to fees of approximately \$27,150 and \$30,000 for the years ended December 31, 2018 and 2017, respectively. In addition, the Bank engages a law firm that is affiliated with Thomas A. Clark III, a director of the Bank, for certain debt collection and other legal services. Total fees for such services amounted to approximately \$0 and \$2,000 for the years ended December 31, 2018 and 2017, respectively. The terms of the services provided in both cases were substantially equivalent to that which would have been obtained from unaffiliated parties.

## MATTER NO. 2

### RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS

The audit committee of the Board of Directors has appointed KPMG LLP as independent auditors of 1st Colonial Bancorp for the year ending December 31, 2019, and has further directed that the appointment of such auditors be submitted for ratification by the shareholders at the annual meeting.

We are seeking shareholder ratification of the audit committee's selection of our independent auditors even though we are not legally required to do so. If our shareholders ratify the audit committee's selection, we may, in our discretion, retain another independent auditing firm at any time during the year if the audit committee feels that such change would be in the best interest of 1st Colonial Bancorp. Alternatively, in the event that this proposal is not approved by our shareholders, the audit committee may re-evaluate its decision.

KPMG LLP served as the independent auditors of 1st Colonial Bancorp for the year ended December 31, 2018. A representative of KPMG LLP will attend the annual meeting, will be extended an opportunity to make a statement, if he or she so desires, and will be available to respond to appropriate questions.

#### Audit and All Other Fees

The following table presents fees for professional services rendered by KPMG LLP for the audit of our annual financial statements for the fiscal years ended December 31, 2018 and 2017, and fees billed for other services rendered by KPMG LLP for fiscal years 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Audit fees (a).....	\$100,000	\$100,000
Audit-related fees (b).....	31,000	36,000
Tax fees (c).....	21,800	20,000
All other fees (d).....	<u>2,925</u>	<u>10,300</u>
Total.....	<u>\$155,725</u>	<u>\$166,300</u>

- (a) Fees for 2018 and 2017 consist of fees for the audit of 1st Colonial Bancorp's annual consolidated financial statements, and services normally provided by KPMG LLP in connection with statutory and regulatory filings or engagements for those fiscal years.
- (b) These fees were for services rendered in connection with audit of the Bank required under the U.S. Department of Housing and Urban Development's (HUD) uniform financial reporting standards.
- (c) These services involved the preparation of the 1st Colonial Bancorp's consolidated tax returns and guidance on tax accruals.
- (d) These fees were for services rendered and expenses incurred in connection with tax consulting services, and certain Internal Revenue Service matters.

No fees were billed by KPMG LLP during 1st Colonial Bancorp's 2018 or 2017 fiscal years for any other services rendered to 1st Colonial Bancorp other than the amounts set forth above.

#### Audit Committee Pre-Approval Policies and Procedures

All auditing services (which may entail providing comfort letters in connection with securities underwritings) and all non-audit services to be provided to 1st Colonial Bancorp by its auditors that are not prohibited by law must be pre-approved by 1st Colonial Bancorp's audit committee pursuant to such processes as are determined to be advisable, before such services can commence. Pre-approval shall include blanket

pre-approval of non-prohibited services for limited dollar amounts which the audit committee, in its business judgment, does not believe possess the potential for abuse or conflict.

This pre-approval requirement is not be applicable with respect to the provision of non-audit services if:

- the aggregate amount of all such non-audit services provided to 1st Colonial Bancorp constitutes not more than five percent of the total amount of revenues paid by 1st Colonial Bancorp to its auditor during the fiscal year in which the non-audit services are provided;
- such services were not recognized by 1st Colonial Bancorp at the time of the engagement to be non-audit services; and
- such services are promptly brought to the attention of the audit committee and approved prior to the completion of the audit by the audit committee or by one or more members of the audit committee to whom authority to grant such approvals has been delegated by the audit committee.

The audit committee may delegate to one or more designated members of that committee the authority to grant required pre-approvals. The decisions of any member to whom authority is delegated under this paragraph to pre-approve an activity under this subsection shall be presented to the full committee at its next scheduled meeting.

All services performed by KPMG LLP in 2018 were pre-approved in accordance with the pre-approval policy. There were no waivers by the Audit Committee of the pre-approval requirement for permissible non-audit services in 2018.

### **Ratification Requirements**

The affirmative vote of a majority of the votes cast at the annual meeting, assuming a quorum is present, is required to ratify the audit committee's appointment of KPMG LLP as independent auditors of 1st Colonial Bancorp for the year ending December 31, 2019. Abstentions, although counted for the purpose of determining whether a quorum is present at the meeting, will not constitute or be counted as "votes" cast, so they will have no effect on the approval of this matter.

### **Recommendation**

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS INDEPENDENT AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2019.

## **ANNUAL REPORT**

Under the Pennsylvania Business Corporation Law, 1st Colonial Bancorp is required to furnish to its shareholders annual financial statements, including at least a balance sheet as of the end of each fiscal year and a statement of income and expenses for the fiscal year. Such financial statements will be audited and are required to be mailed to each shareholder entitled thereto within 120 days after the close of each fiscal year. These financial statements are contained in our annual report for the year ended December 31, 2018, which accompanies this proxy statement. The annual report is furnished to you for your information and as required by law. No part of the annual report is incorporated by reference in this document.

### **SHAREHOLDER PROPOSALS AND NOMINATIONS FOR 2020 ANNUAL MEETING**

1st Colonial Bancorp's year 2020 annual meeting of shareholders will be held on or about May 7, 2020.

Any shareholder of 1st Colonial Bancorp who desires to submit a proposal to be considered for inclusion in 1st Colonial Bancorp's proxy materials relating to its 2020 annual meeting of shareholders must submit such proposal so that we receive it on or before December 11, 2019. In accordance with our bylaws, to be considered for presentation at the 2020 annual meeting of shareholders, but not for inclusion in the proxy statement, proposals must be received at least 90 days prior to the annual meeting. All such proposals must be in writing delivered or mailed by first-class United States mail, postage prepaid, addressed to 1st Colonial Bancorp, Inc. at 210 Lake Drive East, Suite 300, Cherry Hill, NJ 08002 (Attention: Secretary).

Nominations for election to the Board of Directors may be made by any shareholder entitled to vote for the election of directors. Nominations for director made by shareholders (other than the members of the Board of Directors) must be made in writing and delivered to us not less than 90 days prior to the date of the annual meeting. Each notice of nomination made by a shareholder should set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in the notice, (ii) the principal occupation or employment of each nominee, and (iii) the number of shares of capital stock of 1st Colonial Bancorp that are beneficially owned by each nominee. We are not required to include nominations made by our shareholders in our proxy statement. However, if any such nomination is properly made, ballots bearing the name of such nominee or nominees will be provided for use by shareholders at the annual meeting.

Shareholders may also recommend qualified persons for consideration by the Board of Directors to be included in 1st Colonial Bancorp's proxy materials as a nominee of the Board of Directors. Stockholders making a recommendation must submit the same information as that required to be included by 1st Colonial Bancorp in our proxy statement with respect to nominees of the Board of Directors. The shareholder recommendation should be submitted in writing, addressed to 1st Colonial Bancorp at 210 Lake Drive East, Suite 300, Cherry Hill, NJ 08002 (Attention: Secretary), on or before December 1, 2019.

### **SHAREHOLDER COMMUNICATIONS**

Shareholders and other interested parties who desire to communicate directly with 1st Colonial Bancorp's Board of Directors or the independent, non-management directors should submit communications in writing addressed to the Audit Committee Chairman, 1st Colonial Bancorp, Inc. at 210 Lake Drive East, Suite 300, Cherry Hill, NJ 08002.

Shareholders, employees and other interested parties who desire to express a concern relating to accounting or auditing matters should communicate directly with 1st Colonial Bancorp's Board of Directors or the independent, non-management directors should submit communications in writing addressed to the Audit Committee Chair, 1st Colonial Bancorp, Inc. at 210 Lake Drive East, Suite 300, Cherry Hill, NJ 08002.

**OTHER MATTERS**

Management knows of no business that may properly come before the meeting other than those matters described above. Should any other matters arise, the persons named on the enclosed proxy will vote thereon in accordance with their best judgment.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read "Mary Kay Shea", with a long horizontal flourish extending to the right.

Mary Kay Shea, Secretary

## APPENDIX A

### Audit Committee Charter

The Audit Committee (the "Committee") of 1<sup>st</sup> Colonial Community Bank i.e. 1<sup>st</sup> Colonial Bancorp, Inc. (the "Company") is appointed by the Board of Directors (the "Board") annually, or more often as required, and is composed of not less than four (4) Independent Directors who are not Officers or salaried employees of the Company. An Independent Director is free of any relationship that could influence his or her judgment as a Committee member. One of the members of the Committee shall be designated the Chairman. Three members shall constitute a quorum for the transaction of business. A secretary will be appointed to keep minutes of the meetings.

The primary function of the Committee is to provide assistance to the Board in fulfilling its oversight responsibilities by reviewing the financial information that will be provided to regulators and others, the system of internal controls that management and the Board have established, and all audit processes.

#### General Responsibilities

1. The Committee provides open avenues of communication among the internal auditors, the independent accountant and the Board.
2. Minutes of the Committee meetings will be provided at the subsequent Board of Directors' meeting.
3. The Committee has the power to conduct or authorize investigations into matters within the Committee's scope of responsibilities. The Committee is authorized to retain independent counsel, accountants or others it needs to assist in an investigation. Hiring of said professionals is subject to the Board's approval.
4. The Committee will hold at least four regular meetings each year and additional meetings as the Committee Chairman shall require in order to satisfy its duties and responsibilities. The Committee may ask management or others to attend the meeting. The Committee is also authorized to receive all pertinent information as the Committee deems necessary from management.

#### Responsibilities for Engaging the Independent Accountants and Appointing the Internal Auditor

1. The Committee will recommend, after consultation with management, the independent accountant for the Company's audit. The Committee will also review and set any fee paid to the independent accountants. All said actions of the Committee in this paragraph are subject to the Board's approval.
2. The Committee will review and recommend the appointment or replacement of the internal auditors to the Board.
3. The Committee will confirm and assure the independence of the internal auditor and the independent accountant. This assurance shall be provided in writing and disclose all relationships with the Company that in the judgment of the independent accountant or internal auditor may impact objectivity and independence. This shall also include a review of management consulting services provided by the independent accountant or internal auditor and the fees paid for them.
4. The Committee will consider, in consultation with the independent and internal accountants,

the audits' scope and procedural plans made by the internal auditors and the independent accountants.

#### Responsibilities for Reviewing Annual Audits, Internal Audits and the Review of Annual Financial Statements

1. The Committee will ascertain that the independent accountant views the Board as its client, that it will be available to the Board at least annually and that it will provide the Audit Committee with timely analysis of significant financial reporting issues.
2. The Committee will review the following with the internal auditors and independent accountant:
  - a. The adequacy of the Company's internal controls, including computerized information systems and security.
  - b. Any significant findings, risks and exposures, and recommendations made by the independent accountants or internal auditors, and assess management's responses to them.
3. After the annual examination is completed, the Committee will review the following with management and the independent accountants:
  - a. The Company's annual financial statements and related footnotes.
  - b. The independent accountants' audit of and report on the financial statements.
  - c. The independent accountant's qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial disclosures and how aggressive (or conservative) the accounting principles and underlying estimates are.
  - d. Any serious difficulties or disputes with management encountered during the course of the audit.
  - e. Anything else about the audit procedures or findings that Generally Accepted Auditing Standards (GAAS) requires the auditors to discuss with the Committee.
4. The Committee will consider and review with management and the internal auditors:
  - a. Any significant findings during the course of the year and management's responses to them.
  - b. Any difficulties the internal auditor encountered while conducting the audits, including and restrictions on the scope of their work or access to required information.
  - c. Any changes to the planned scope of the internal audit plan that the Committee thinks advisable.
5. The Committee will consider and review compliance reports with management and the Chief Compliance Officer:
  - a. Any significant findings during the course of the reviews or the period covered by the review scope.
  - b. Any areas of increased risk.

- c. The follow-up matrix of items requiring a response or enhancement on the part of management

#### Periodic Responsibilities

1. Review and update the Committee's Charter annually.
2. Review legal and regulatory matters that may have a material effect on the Company's financial statements, compliance policies and programs and reports from regulators.
3. Meet with the independent accountants, internal auditors and management in separate executive sessions to discuss any matters the Committee or these groups deem should be discussed privately with the Committee.