

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Customers Bancorp, Inc.

Form: 8-K

Date Filed: 2012-09-04

Corporate Issuer CIK: 1488813

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported): September 4, 2012

CUSTOMERS BANCORP, INC.

(Exact Name of Registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction
of incorporation)

333-166225
(Commission File Number)

27-2290659
(I.R.S. Employer
Identification No.)

1015 Penn Avenue
Suite 103
Wyomissing PA 19610

Registrant's telephone number, including area code: **(610) 933-2000**

None
(Former name or former address, if changed since last report)

Check the appropriate box below if the form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD

Attached hereto as Exhibit 99.1 and incorporated into this Item 7.01 by reference is an updated slide presentation of Customers Bancorp, Inc. (the "Corporation").

The information in this Current Report on Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under that Section. Furthermore, such information shall not be deemed incorporated by reference into any of the Corporation's reports or filings with the SEC, whether made before or after the date hereof, except as expressly set forth by specific reference in such report or filing. The information in this Current Report on Form 8-K shall not be deemed an admission as to the materiality of any information in this report on Form 8-K that is required to be disclosed solely to satisfy the requirements of Regulation FD.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

| Exhibit | Description |
|----------------|------------------------------------|
| Exhibit 99.1 | Slide Presentation |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

CUSTOMERS BANCORP, INC.

By: /s/ Thomas R. Brugger
Name: Thomas R. Brugger
Title: Executive Vice President
and Chief Financial Officer

Date: September 4, 2012

EXHIBIT INDEX

Exhibit

Description

Exhibit 99.1

[Slide Presentation](#)

Forward-Looking Statements

This presentation as well as other written or oral communications made from time to time by us, may contain certain forward-looking information within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. These statements relate to future events or future predictions, including events or predictions relating to our future financial performance, and are generally identifiable by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “plan,” “intend,” “target,” or “anticipates” or the negative thereof or comparable terminology, or by discussion of strategy or goals that involve risks and uncertainties. These forward-looking statements are only predictions and estimates regarding future events and circumstances and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. This information is based on various assumptions by us that may not prove to be correct.

Important factors to consider and evaluate in such forward-looking statements include:

- changes in the external competitive market factors that might impact our results of operations;
 - changes in laws and regulations, including without limitation changes in capital requirements under the federal prompt corrective action regulations;
 - changes in our business strategy or an inability to execute our strategy due to the occurrence of unanticipated events;
 - our ability to identify potential candidates for, and consummate, acquisition or investment transactions;
 - the timing of acquisition or investment transactions;
 - constraints on our ability to consummate an attractive acquisition or investment transaction because of significant competition for these opportunities;
 - the failure of the Bank to complete any or all of the transactions described herein on the terms currently contemplated;
 - local, regional and national economic conditions and events and the impact they may have on us and our customers;
 - ability to attract deposits and other sources of liquidity;
 - changes in the financial performance and/or condition of our borrowers;
 - changes in the level of non-performing and classified assets and charge-offs;
-

Forward-Looking Statements

- changes in estimates of future loan loss reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;
- the integration of the Bank's recent FDIC-assisted acquisitions may present unforeseen challenges;
- inflation, interest rate, securities market and monetary fluctuations;
- the timely development and acceptance of new banking products and services and perceived overall value of these products and services by users;
- changes in consumer spending, borrowing and saving habits;
- technological changes;
- the ability to increase market share and control expenses;
- continued volatility in the credit and equity markets and its effect on the general economy; and
- the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters;
- the businesses of the Bank and any acquisition targets or merger partners and subsidiaries not integrating successfully or such integration being more difficult, time-consuming or costly than expected;
- material differences in the actual financial results of merger and acquisition activities compared with expectations, such as with respect to the full realization of anticipated cost savings and revenue enhancements within the expected time frame;
- revenues following any merger being lower than expected; and
- deposit attrition, operating costs, customer loss and business disruption following the merger, including, without limitation, difficulties in maintaining relationships with employees being greater than expected.

These forward-looking statements are subject to significant uncertainties and contingencies, many of which are beyond our control. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Accordingly, there can be no assurance that actual results will meet expectations or will not be materially lower than the results contemplated in this presentation. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document or, in the case of documents referred to or incorporated by reference, the dates of those documents. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as may be required under applicable law.

Pro Forma Capitalization

| Capitalization | CUBI 6/30/2012A | Pro Forma CUBI 9/30/2012E (1) | Potential Accretion from Acacia Acquisition (2) | Pro Forma CUBI 9/30/2012E (Including Acacia Acquisition) (3) |
|--|--------------------|--|---|--|
| Ratios | | | | |
| Tier 1 Risk-based Ratio (%) | 9.16% | 13.17% | | |
| Tier 1 Common Capital Ratio (%) | 9.16% | 13.17% | | |
| Total Risk-based Ratio (%) | 10.17% | 14.23% | | |
| Leverage Ratio (%) | 7.45% | 8.79% | | |
| Tangible Common Equity / Tangible Assets (%) | 6.86% | 8.24% | | |
| Per Share Information | | | | |
| Book Value per Share | \$13.99 | \$14.20 | \$0.92 | \$15.12 |
| Tangible Book Value per Share | \$13.79 | \$14.06 | \$0.92 | \$14.98 |

(1) Book value and tangible book value per share estimates based on 6/30/2012 basic shares outstanding of ~11.3 million, plus ~1.1 million shares issued after 6/30/2012 raising a total of ~\$15 million, plus ~3.4 million shares assumed to be issued in this \$50 million private placement at midpoint of offering price range of \$14.50 per share. 9/30/2012E capital ratios include 6/30/2012 capital levels, plus

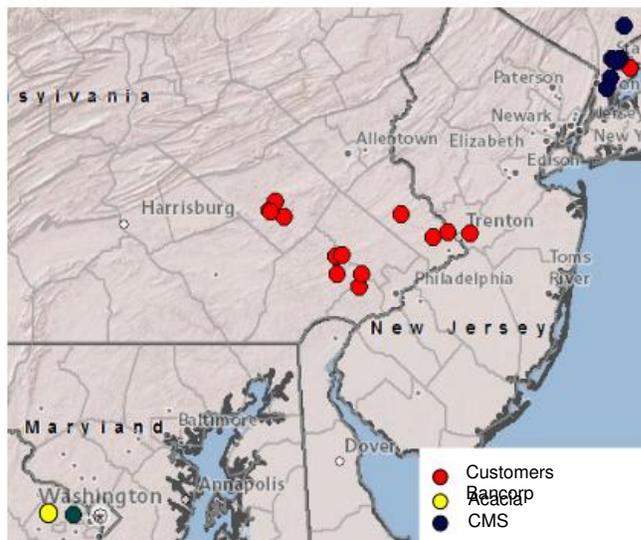
(2) Potential accretion of estimated Q3 2012 earnings per share of \$0.92, the 8-K filed on 8/24/2012 plus ~\$14.9 million in net proceeds raised after 6/30/2012. Estimated proceeds of \$17.5 million from this \$50 million private placement.

(3) Pro forma book value and tangible book value of \$15.12 and \$14.98, respectively, are based on management's preliminary analysis of the Acacia transaction, which is expected to close in Q4 2012.

- § Best returns for shareholders when cycle is turning
 - § Goal is 15%+ average annual returns for shareholders
 - § We needed four elements to execute
 - A bank charter
 - Very experienced and motivated management team
 - Unique and clear strategy
 - Superior execution
-

Company Overview

- § Pro forma \$3bn institution with 21 sales offices⁽¹⁾
- § Average deposits per branch exceeding \$125 million⁽²⁾
- § Operating in key Mid-Atlantic markets
 - Southeastern Pennsylvania (Bucks, Berks, Chester and Delaware counties)
 - New York (Westchester county)
 - New Jersey (Mercer county)
- § Entering Washington DC market⁽³⁾
- § Expanding presence in Westchester county⁽⁴⁾
- § Attractive target market demographics
 - 17.6% higher median household income compared to national average
 - 3.2% higher projected growth compared to national average



| State | # of Branches* | Total Deposits (\$M)* |
|--------------|----------------|-----------------------|
| Pennsylvania | 13 | 1,220 |
| Virginia | 1 | 705 |
| New York | 6 | 361 |
| New Jersey | 1 | 142 |

Source: SNL Financial and Company data

Note: Deposit data representative of 6/30/2011; includes Acacia Federal Savings Bank and CMS Bank deposits

*Source: SNL Financial as of 6/30/2011. Represents deposits pro forma for the acquisition of Acacia Federal Savings Bank (expected to close in Q4 2012) and CMS Bancorp (expected to close in Q2 2013). Actual deposits transferred likely to be lower.

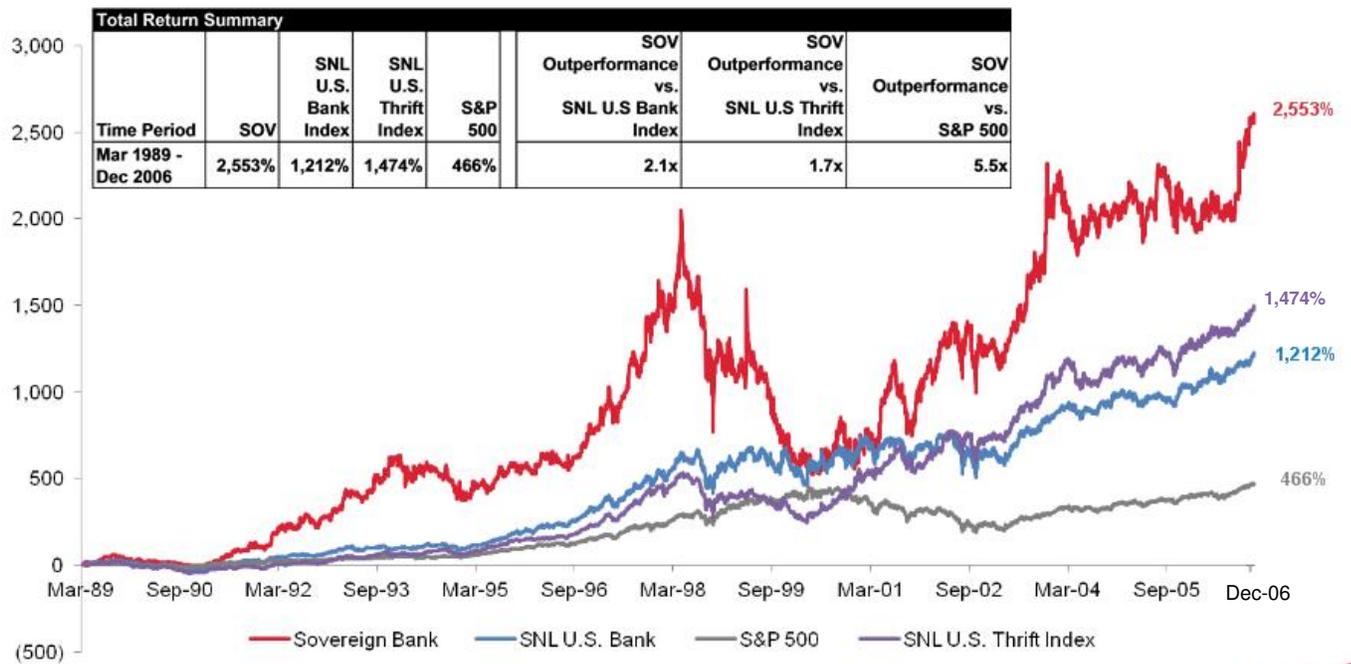
1. Pro forma assets assumes \$2.7 billion of estimated assets for Customers Bancorp as of Q3 2012, plus ~\$490 million of assets expected to be acquired through the Acacia Federal Savings acquisition that is expected to close in Q4 2012, plus ~\$247 million of assets from the CMS Bancorp acquisition expected to close in Q2 2013.

2. As of June 30, 2012.

3. Acacia Federal Savings Bank acquisition expected to close in Q4 2012 (subject to regulatory approval).

4. CMS Bancorp Inc. acquisition expected to close in Q2 2013 (subject to regulatory approval).

Sovereign Cumulative Shareholder Returns with Jay Sidhu as CEO: March 1989 - December 2006



Source: SNL Financial.

Seasoned Management Team

- § Experienced and cohesive management team with an average tenure of 30 years experience
 - 9 out of 14 senior executives previously worked at Sovereign
- § ~20% ownership by management and insiders

| Name | Title | Years of Banking Experience | Background |
|-------------------|--|-----------------------------|--|
| Jay S. Sidhu | Chairman & CEO | 35 | Chairman and CEO of Sovereign Bank & Sovereign Bancorp, Inc. |
| Richard A. Ehst | President & COO | 44 | EVP, Commercial Middle Market, Regional President (Berks County) and Managing Director of Corporate Communications at Sovereign Bank |
| Thomas R. Brugger | EVP, Chief Financial Officer | 21 | EVP, Corporate Treasurer at Sovereign Bank |
| Jim Hogan, CPA | EVP, Enterprise Risk Management | 41 | CFO of Sovereign Bancorp, Inc.; Controller of US Bancorp |
| Thomas Jastrem | EVP, Chief Credit Officer | 33 | Various positions at First Union Bank and First Fidelity Bank |
| Timothy D. Romig | EVP, Chief Lending Officer | 27 | SVP and Regional Executive for Commercial Lending (Berks and Montgomery County), VIST Financial; SVP at Keystone |
| Glenn Hedde | EVP, President Warehouse Lending | 24 | President at Popular Warehouse Lending, LLC; Risk Manager at GE Capital |
| Robert A White | EVP, President Special Assets Group | 24 | President at RBW Financial Consulting; various positions at Citizens Bank and GE Capital |
| James Collins | EVP, Chief Administrative Officer | 20 | Various positions at Sovereign including Director of Small Business Banking |
| Warren Taylor | EVP, President Community Banking | 29 | Division President of Retail Banking in NJ at Sovereign Bank |
| Glenn Yeager | EVP, General Counsel | 34 | Private practice financial services law firm. Senior Counsel Meridian Bancorp, Inc. |
| Mary Lou Scalese | SVP, Deputy Chief Risk Officer | 35 | Director of Internal Audit at Sovereign Bank |
| Ken Keiser | EVP, Director CRE and Multi-Family Housing Lending | 35 | SVP and Market Manager, Mid-Atlantic CRE Lending at Sovereign Bank; SVP & Senior Real Estate Officer, Allfirst Bank |
| John Ricca | SVP, Director of Consumer Lending | 33 | Director of Consumer Lending Sovereign Bank; Division President at Freedom Mortgage Corporation |

High Quality Independent Board of Directors ⁽¹⁾



Customers Bancorp, Inc.

| Name | Position | Background |
|---------------------------|---|---|
| Jack Miller, CPA | Director (Financial Expert) | <ul style="list-style-type: none">• Former Vice Chairman of KPMG• Former Chairman of the US Comptroller General's Governmental Auditing Standards Advisory Council |
| Larry Way, CPA, J.D. | Director (Chairman of the Audit Committee) | <ul style="list-style-type: none">• Former Chairman of ALCO Industries, Inc.• Former President and CEO of ALCO Industries, Inc. |
| Steven J. Zuckerman | Director (Chairman of Compensation Committee) | <ul style="list-style-type: none">• President and CEO of Clipper Magazine (sold to Gannett Corp.)• Partner at Opening Day Partners |
| Daniel K. Rothermel, J.D. | Director (Chairman of Risk Management Committee) | <ul style="list-style-type: none">• President and CEO of Cumru Associates, Inc.• Served over 20 years on the Board of Sovereign Bancorp & Sovereign Bank |
| Jay Sidhu | Chairman and Chief Executive Officer | <ul style="list-style-type: none">• Former Chairman and CEO of Sovereign Bank and Sovereign Bancorp.• Former Chairman and CEO of SIDHU Advisors |
| Bhanu Choudhrie | Nominated Director | <ul style="list-style-type: none">• Executive Director of C&C Group• Private Equity Investor, London, U.K. |

(1) Bhanu Choudhrie's appointment to the Board of Directors is pending regulatory approval.

| Phase I Acquired Bank Platform | Phase II Built Strong Foundation | Phase III Leveraging Infrastructure | |
|--|--|--|---|
| <ul style="list-style-type: none"> § Jay Sidhu joins \$270 million asset Customers Bank (FKA New Century Bank) § Identified existing credit problems, adequately reserved and recapitalized the bank § Actively worked out problem loans § Recruited experienced management team | <ul style="list-style-type: none"> § Enhanced credit and risk management § Developed infrastructure for organic growth § Built out warehouse lending platform and doubled deposit and loan portfolio § Completed acquisitions: <ul style="list-style-type: none"> – ISN Bank (FDIC-assisted) – USA Bank (FDIC-assisted) – Berkshire Bancorp (Whole bank) | <ul style="list-style-type: none"> § Recruited proven lending teams § Built out Consumer and Multi-family lending platforms § De Novo expansion; 4-6 sales offices per year § 10%+ ROE; ~1% ROA § Announced acquisitions: <ul style="list-style-type: none"> – Acacia Federal Savings – CMS Bancorp § Target \$5B institution by 2014 | |
| 2009 Assets: \$350M Equity: \$22M | 2010 Assets: \$1.4B Equity: \$105M | 2011 Assets: \$2.1B Equity: \$148M | 2012⁽¹⁾ Assets: ~\$3.0B Equity: ~\$300M |

(1) Pro forma assets assumes \$2.7 billion of estimated assets for Customers Bancorp as of Q3 2012, plus ~\$490 million of assets expected to be acquired through the Acacia Federal Savings acquisition that is expected to close in Q4 2012, plus ~\$247 million of assets from the CMS Bancorp acquisition expected to close in Q2 2013. Pro forma equity includes Q2 2012 actual equity of \$158 million, plus ~\$14 million of net proceeds raised after Q2 2012, plus assumed net proceeds of \$47.5 million from this private placement, plus shares issued to selling shareholders of Acacia Federal Savings Bank, expected to close in Q4 2012, plus estimated earnings for the second half of 2012 (Q3 2012 earnings per the Company's 8-K filed on 8/24/2012).

- § Superior credit quality
 - § Revenues = 2x Expenses; resulting in 0.90% to 1.00% ROA and double digit ROE
 - § Focus on doing a few things very well
 - § Strong risk management Culture
 - ERM (Enterprise Risk Management) process in place
 - Extensive review of all risks at board and management levels with best practices in corporate governance standards
 - § Solid capital levels to support risk and growth
-

§ Organic deposit growth of 100% over past 3 years

| <u>Concierge Banking</u> | <u>Sales Force</u> | <u>Pricing</u> | <u>Technology</u> |
|--|---|---|---|
| <ul style="list-style-type: none">§ Takes banker to the customer's home or office, 12 hours a day, 7 days a week§ Appointment banking approach§ Customer access to private bankers§ "Virtual Branches" out of sales offices | <ul style="list-style-type: none">§ Experienced bankers who own a portfolio of customers§ Customer acquisition & retention strongly incentivized | <ul style="list-style-type: none">§ Low cost banking model allows for more pricing flexibility§ Significantly lower overhead costs vs. a traditional branch§ Pricing/profitability measured across relationship | <ul style="list-style-type: none">§ Implementation of technology suite allows for unique product offerings:<ul style="list-style-type: none">§ Remote account opening & deposit capture§ Internet/mobile banking§ Free ATM deployment in U.S. |

Goal: All-in cost less than wholesale funding cost over the long-term

| |
|--|
| Cost of Funds Plus: Branch Operating Expense Less: Fees = All-in Cost < Competitors |
|--|

Delivering Organic Growth - Deposits

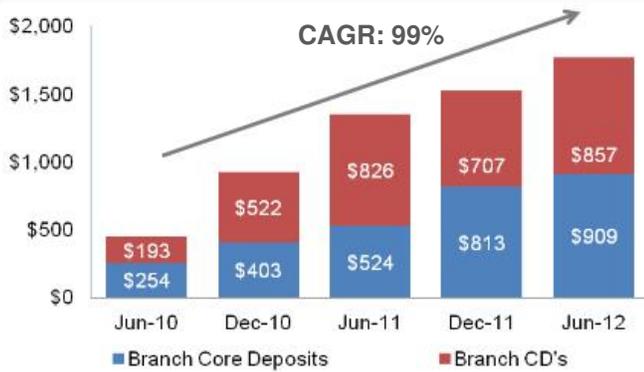
Deposits per Branch



Cost of Deposits



Deposit Growth



DDA Growth



Source: Company documents

Lending Strategy - Local Lending Plus Specialty Niche

Commercial Lending

Small Business

- § Target companies with less than \$5.0 million annual revenue
- § Loans (incl. SBA loans) originated by branch network and specialist small business relationship managers

Business Banking

- § Target companies with up to \$100 million annual revenues
- § Very experienced teams

Multifamily & CRE

- § Focus Markets: New York & Philadelphia MSAs
- § Average Loan Size: \$7.0 million

Consumer Lending

Real Estate Secured Lending

- § Select home equity and residential mortgage
- § Conservative underwriting standards (>700 FICO score)
- § No indirect auto, unsecured loans or credit cards

Specialty Lending

Warehouse Lending

- § Diversify earning assets and revenue stream
- § Lower interest rate and credit risk line of business

Delivering Organic Growth - Loans

(\$ in millions)

Loans HFI (excludes Warehouse Loans)*



Summary

- § Experienced C&I team acquired from local and regional banks
- § Centralized credit committee approval for all loans
- § CRE from C&I customers included in CRE loans
- § Average C&I loan < \$1 million
- § Average loans per relationship manager only \$23 million; full capacity in about \$50 million

Source: Company documents
*Average Balance
(1) Includes held for sale loans
(2) Represents average quarterly balance

Top 10 Warehouse Lending Platform

- § Exit by larger players has created opportunity to provide liquidity at attractive spreads
- § Warehouse segment led by professionals with over 25+ years experience in the sector
- § Low-risk lending business due to high quality collateral and no put back risk to Customers
 - No losses since inception in 2009
- § Steady growth over the past two years; currently have approximately 75 clients
 - Deposit relationship and source of fee income
- § Longer term goal (2-3 years) for warehouse lending to comprise up to 25% or less of total assets
- § No negative operating leverage if mortgage market were to weaken

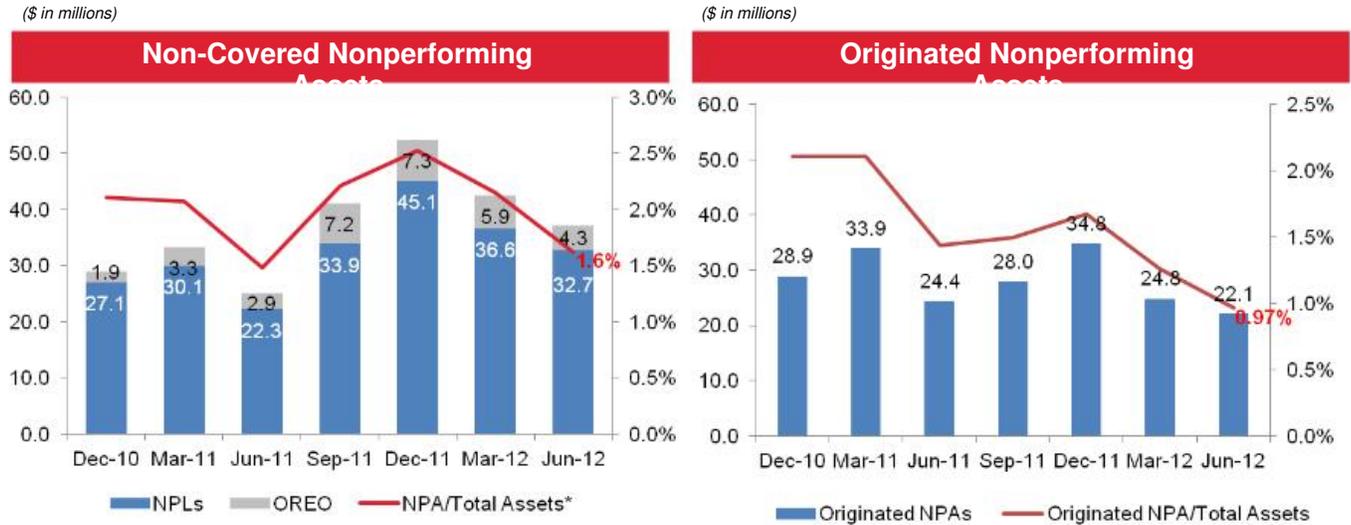
| <i>\$'s in millions</i> | Q1 2011 | Q2 2011 | Q3 2011 | Q4 2011 | Q1 2012 | Q2 2012 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Average Outstandings⁽¹⁾ | 246.5 | 297.2 | 401.4 | 665.7 | 631.4 | 773.4 |
| Yield | 4.44% | 4.42% | 4.13% | 4.02% | 4.06% | 3.95% |
| Fees | 1.1 | 1.3 | 1.4 | 1.8 | 2.1 | 3.4 |
| DDAs | 30.2 | 32.7 | 39.9 | 48.5 | 57.0 | 70.0 |

Source: Company documents
(1) Average outstanding for the respective quarter

Strong Asset Quality

§ Clean bank with strong risk management - less than 1% of NPAs from non-FDIC covered and acquired loans

§ Proactively addressing all credit issues from legacy and acquired portfolios



Source: SNL Financial and Company data
 * Reported nonperforming non-covered by FDIC assets (nonaccrual loans and leases, renegotiated loans and leases, and real estate owned) as a percent of assets

Key Financial Targets

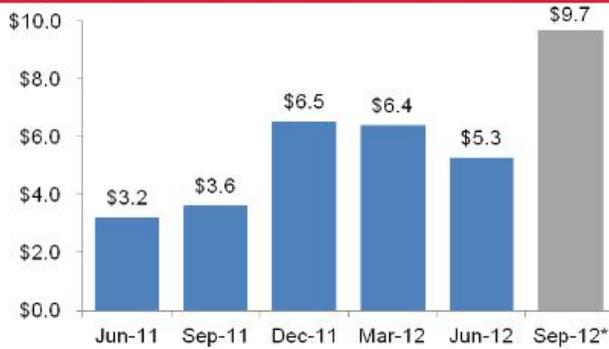
| Criteria | Target | Q3 2012 Pre-Release ⁽¹⁾ | Q4 2012 Target |
|---------------------|----------------|------------------------------------|----------------|
| Return on Equity | 10% or greater | 10% | 10% or greater |
| Return on Assets | .90% to 1.00% | .70% | .90% to 1.00% |
| Net Interest Margin | 3.00% to 3.25% | 3.05% | 3.00% to 3.25% |
| Efficiency Ratio | 50% | 60% | 50% |
| Loan-to-Deposit | 90% to 100% | 100% | 90% to 100% |

Source: Company data

1. Represents mid point of the Company's guidance per Form 8-K filed on 8/24/2012.

Strong Income Growth

Adjusted PTPP Earnings (1)



Revenue Growth (2)



Loan-to-Deposit (%) (3)



Core EPS (4)



Source: SNL Financial, Company data

*Assumes midpoint of estimated range from the Company's Form 8-K filed on 8/24/2012.

(1) Adjusted PTPP earnings is calculated as: Core income + estimated income taxes at 35% + provision expense. PTPP excludes non-recurring income and expense items.

(2) Revenue = Net interest income before provision plus noninterest income.

(3) Represents gross loans held for investment divided by total deposits.

(4) Core income, on a diluted per-share basis. Core income is net income before extraordinary item, less net income attributable to noncontrolling interest, the after-tax portion of income from investment (non-trading) securities and nonrecurring items. The assumed tax rate is 35%.

Increasing Profitability

Net Interest Margin (%)



Adjusted PTPP/Average Assets ⁽¹⁾



Core ROAA (%) ⁽²⁾



Core ROAE (%) ⁽³⁾



Source: SNL Financial, Company data

* Assumes midpoint of estimated range from the Company's Form 8-K filed on 8/24/2012.

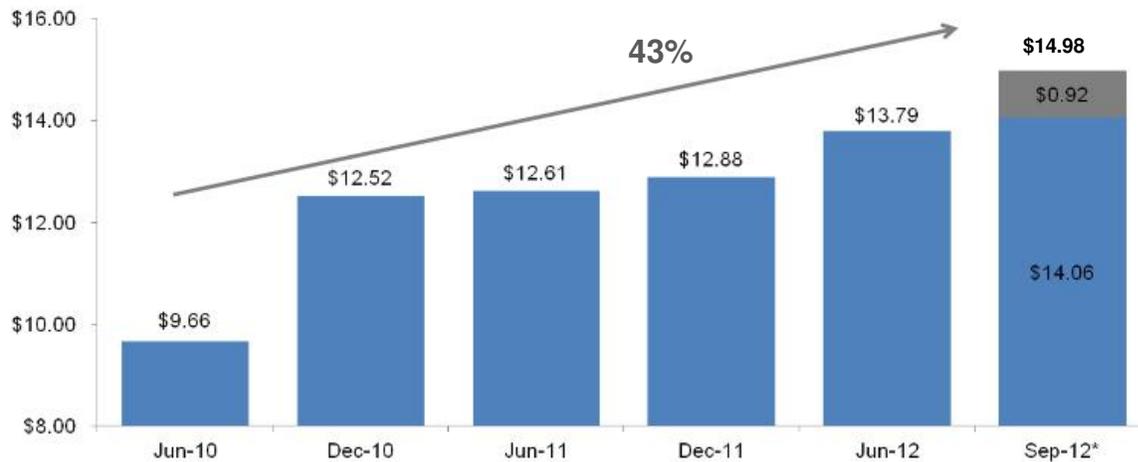
(1) Adjusted PTPP Earnings is calculated as: Core income + estimated income taxes at 35% + provision expense. PTPP excludes non-recurring income and expense items.

(2) Core income is net income before extraordinary item, less net income attributable to noncontrolling interest, the after-tax portion of income from investment (non-trading) securities and nonrecurring items. The assumed tax rate is 35%.

(3) Core income is net income before extraordinary item, less net income attributable to noncontrolling interest, the after-tax portion of income from investment (non-trading) securities and nonrecurring items. The assumed tax rate is 35%.

Enhancing Shareholder Value

- § 43% increase in tangible book value per share in the past 8 quarters
- § Acacia acquisition is expected to grow tangible book value by ~\$0.92 per share⁽¹⁾



| BV/Share | \$9.66 | \$12.52 | \$12.61 | \$13.02 | \$13.99 | \$15.12 |
|----------|--------|---------|---------|---------|---------|---------|
|----------|--------|---------|---------|---------|---------|---------|

Estimated Acacia Acquisition Impact

Source: SNL Financial, Company documents

*Pro-forma \$50mm capital raise at \$14.50 per share (midpoint of proposed price range). Also, includes ~\$15mm additional capital raise at \$13.99 per share in Q3 2012 and Q3 2012 net income of \$4.35M (midpoint of management guidance per Form 8-K filing on 8/24/2012).

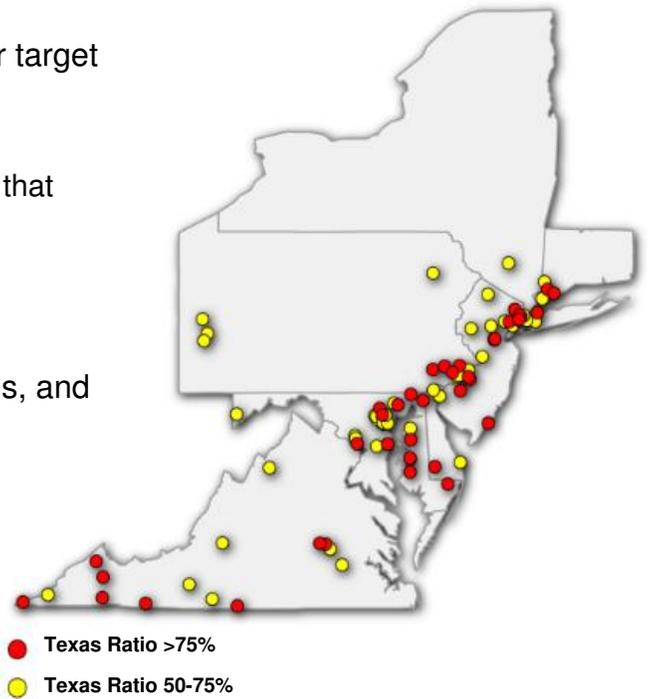
1. Based on preliminary analysis of transaction, management expects to record a bargain purchase gain of ~\$8.0 to ~\$10.0 million. Estimated range also based on the assumption that Customers issues common stock to Acacia shareholders at 1.15x BV in the month end prior to the close, which is expected to be in Q4 2012.

- § Completed two FDIC-assisted acquisitions with total assets of ~\$300 million and pre-tax total bargain purchase gain of ~\$40M
- § Completed one \$135 million asset whole bank deal accretive to earnings and book value within three months
- § Announced two other accretive acquisitions:

| Target | Purchase Price/ BV | Valuation of Customers Shares | Expected Bargain Purchase After-Tax Gain | Notes |
|--|--------------------|-------------------------------|--|--|
| Acacia Federal Savings Bank § Expected close: Q4 2012 § ~\$490M assets acquired | 0.56x | 1.15x BV | \$8-\$10M | No nonperformers/high risk loans acquired No material deal charges Immediately accretive to BV, capital and earnings |
| CMS Bancorp § Expected close: Q2 2013 § ~\$247M asset bank | 0.95x | 1.25x BV | NA | Accretive to capital, earnings, and book value within 6 months |

Acquisition Opportunities

- § 86 stressed banks with ~\$33 billion in assets in our target markets
 - Significantly larger pool of smaller healthy banks that cannot generate double digit ROE
- § Limited competition to acquire these banks
- § Disciplined M&A strategy focused on TBV, earnings, and capital accretion within 12 months of closing



| Total Institutions | | | | |
|--------------------|------------------|--------------|--------------------|--------------|
| State | Texas Ratio >75% | | Texas Ratio 50-75% | |
| | # of Banks | Assets (\$B) | # of Banks | Assets (\$B) |
| MD | 12 | 6.0 | 16 | 4.0 |
| NJ | 9 | 3.5 | 9 | 4.8 |
| VA | 8 | 3.2 | 7 | 1.8 |
| PA | 4 | 1.3 | 6 | 2.0 |
| NY | 3 | 1.3 | 5 | 1.6 |
| CT | 2 | 0.5 | 2 | 2.1 |
| DE | 1 | 0.4 | 2 | 0.9 |
| Total | 39 | 16.1 | 47 | 17.2 |

Source: SNL Financial
 Note: Data for all institutions headquartered in CT, CE, MD, NJ, NY, PA, and VA with assets less than \$2B

Appendix



Asset Quality by Loan Type: 6/30/12

| Loan Type (Dollars in 000's) | Total Loans | Non-Accretable | | Cash | Total Credit | | Reserves | Reserves |
|------------------------------------|----------------|----------------|-------------|------------|--------------|-------------|-------------|--------------|
| | | ALLL | Difference | Reserve | Reserves | NPL | / Loans | / NPL |
| Originated Loans | | | | | | | | |
| Legacy | 120.8 | 4.3 | | | 4.3 | 20.2 | 3.6% | 21.5% |
| Commercial Originated | 266.3 | 2.5 | | | 2.5 | 0.9 | 0.9% | 266.4% |
| MultiFamily | 107.0 | 0.5 | | | 0.5 | | 0.5% | 0.0% |
| Consumer & Mortgage ⁽¹⁾ | 58.4 | 0.4 | | | 0.4 | | 0.7% | 0.0% |
| Total Originated Loans | 552.5 | 7.8 | - | - | 7.8 | 21.2 | 1.4% | 37.0% |
| Acquired Loans | | | | | | | | |
| Berkshire | 87.3 | 0.6 | 2.1 | | 2.8 | 10.1 | 3.2% | 27.5% |
| FDIC | 119.6 | 6.8 | 6.4 | | 13.3 | 48.9 | 11.1% | 27.1% |
| Manufactured Housing | 103.8 | - | 5.8 | 5.0 | 10.8 | 5.7 | 10.4% | 189.3% |
| Total Acquired Loans | 310.7 | 7.5 | 14.3 | 5.0 | 26.9 | 64.7 | 8.6% | 41.5% |
| Total Portfolio | 863.2 | 15.3 | 14.3 | 5.0 | 34.7 | 85.8 | 4.0% | 40.4% |

Source: Company documents
 Note: Held-for-Sale Loan balance is \$284 million as of Q2 2012
 (1) Includes Consumer, Mortgage and Manufactured loan types