

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Customers Bancorp, Inc.

Form: 8-K

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**UNITED STATES
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): July 20, 2016

CUSTOMERS BANCORP, INC.
(Exact Name of Registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction
of incorporation)

001-35542
(Commission File Number)

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

1015 Penn Avenue
Suite 103
Wyomissing PA 19610
(Address of principal executive offices, including zip code)

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

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 2.02 Results of Operations and Financial Condition

On July 20, 2016, Customers Bancorp, Inc. (the "Company") issued a press release announcing unaudited financial information for the quarter ended June 30, 2016, a copy of which is included as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

Item 7.01 Regulation FD Disclosure

The Company has posted to its website a slide presentation which is attached hereto as Exhibit 99.2 and incorporated into this Item 7.01 by reference.

The information in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2 attached hereto and incorporated by reference into Item 2.02 and Item 7.01, respectively, 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, including the exhibits attached hereto, shall not be deemed incorporated by reference into any of the Company'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, including the exhibits attached hereto, 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 No.	Description
99.1	Press Release dated July 20, 2016.
99.2	Slide presentation dated July 2016.

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/ Robert E. Wahlman

Name: Robert E. Wahlman

Title: Executive Vice President and Chief Financial Officer

Date: July 20, 2016

EXHIBIT INDEX

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Wyomissing, PA 19610

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Robert Wahlman, CFO 610-743-8074

CUSTOMERS BANCORP REPORTS RECORD NET INCOME FOR SECOND QUARTER AND FIRST SIX MONTHS OF 2016

- n Record Q2 2016 GAAP Net Income of \$17.4 Million, Up 57.2% Over Q2 2015
- n Record Q2 2016 Fully Diluted Earnings Per Share ("EPS") of \$0.60, Up 53.8% over Q2 2015 Fully Diluted EPS
- n Record Six Months of 2016 Net Income of \$33.8 million, Up 35.1% over First Six Months of 2015 and EPS of \$1.17, Up 33.0% over First Six Months 2015
- n Exceptional Asset Quality with NPLs only 0.17% of Total Loans
- n Acquisition of Higher One Holdings, Inc. Disbursements Business and Combination With Customers' BankMobile Division Completed

Wyomissing, PA – July 20, 2016 - Customers Bancorp, Inc. (NYSE: CUBI), the parent company of Customers Bank (collectively "Customers"), reported net income to common shareholders of \$17.4 million for the second quarter of 2016 ("Q2 2016") compared to net income to common shareholders of \$11.0 million for the second quarter of 2015 ("Q2 2015"), an increase of \$6.3 million, or 57.2%. Fully diluted earnings per share for Q2 2016 was \$0.60 compared to \$0.39 fully diluted earnings per share for Q2 2015, an increase of \$0.21 per share, or 53.8%. Average fully diluted shares for Q2 2016 were 29.0 million compared to average fully diluted shares of 28.7 million for Q2 2015. The second quarter results included one-time costs for acquisition related expenses and a true-up to a higher effective tax rate as well as two weeks of Disbursements business results totaling approximately \$2.7 million.

Customers also reported net income to common shareholders of \$33.8 million for the first six months of 2016 compared to net income to common shareholders of \$25.0 million for the first six months of 2015, an increase of \$8.8 million, or 35.1%. Fully diluted earnings per share for the first six months of 2016 was \$1.17 compared to \$0.88 for the first six months of 2015, an increase of 33.0%.

"Customers is pleased to report record earnings for the second quarter and first six months of 2016. Customers' single point of contact business model delivered by highly experienced professional teams resulted in Customers continued origination of high quality loans, limiting our interest rate exposures, and controlling operating costs," stated Jay Sidhu, Chairman and CEO of Customers. "Furthermore, Customers completed its strategic acquisition of the Disbursements business from Higher One Holdings, Inc. on June 15, 2016. Combining the Disbursements business with our BankMobile business and platform gives Customers over 2.1 million BankMobile serviced customers and the potential to add as many as 500,000 new BankMobile customers annually. We believe this acquisition will lower the overall cost of deposits for Customers and provide for realizing the value of BankMobile Technologies within 12 to 18 months, making this Division of Customers Bank potentially one of the most successful digital banking platforms in the United States," Sidhu continued.

Other financial highlights for Q2 2016 compared to Q2 2015 include:

- Q2 2016 net interest income of \$63.2 million increased \$16.6 million, or 35.7%, from net interest income for Q2 2015 as average loan and security balances increased \$2.2 billion. Net interest margin expanded by 10 basis points to 2.83% from Q2 2015.
 - Commercial loan average balances increased \$886 million, including commercial loans to mortgage banking companies, in Q2 2016 compared to Q2 2015.
 - Multi-family average loan balances increased \$1.2 billion.
 - The increased yields from variable rate commercial loans and investment portfolios more than offset the slightly higher funding costs.
- Customers reported a \$0.8 million provision for loan losses in Q2 2016. The Q2 2016 provision for loan losses included provisions for loan growth and impairment measured on specific loans of \$2.1 million, offset in part by increased estimated cash flows expected to be collected on purchased credit-impaired loans and a reduction in the estimated amount owed to the FDIC for previous FDIC assisted acquisitions totaling \$1.3 million. The Q2 2015 provision included a provision of \$6.0 million for a fraudulent loan.
- Q2 2016 non-interest income of \$8.3 million increased \$1.9 million from Q2 2015 as a result of \$2.2 million interchange and other fees received from the acquired Disbursements business and \$0.3 million increase in warehouse fees offset in part by a decrease in gains on loan sales. There were no sales of multi-family loans in Q2 2016.
- Non-interest expenses in Q2 2016 of \$38.2 million increased \$12.5 million, or 48.8%, from non-interest expenses in Q2 2015. Q2 2016 operating expenses included approximately \$3.2 million of Disbursements business expenses (salaries and employee benefits of \$0.7 million, professional services of \$0.5 million, technology, communication and bank operations of \$0.9 million, and other expenses of \$1.1 million) and one-time acquisition related expenses of \$0.9 million (predominately for professional services). The remaining increases in salary and employee benefits, regulatory assessments and fees, professional services, technology, and occupancy expenses resulted largely from the increases in resources and services necessary to support and operate a \$9.7 billion bank.

- Customers' Q2 2016 income tax expense of \$13.0 million reflects an estimated effective tax rate of 40.1% compared to Q2 2015 tax expense of \$6.4 million with an effective tax rate of 35.6%. During Q2 2016, Customers evaluated its apportionment factors and estimated that due to the increasing proportion of income producing assets domiciled in New York, particularly in New York City, that Customers' effective tax rate for full year 2016 would be approximately 38.0%. The 40.1% Q2 2016 effective rate reflects recording the higher estimated taxes for the first six months of 2016 during Q2 2016.
- Customers achieved a return on average assets of 0.84% in Q2 2016 compared to 0.65% in Q2 2015, and achieved a return on average common equity of 13.03% in Q2 2016 compared to 9.44% in Q2 2015. Pre-tax and pre-provision return on average assets reached 1.44% in Q2 2016. Pre-tax and pre-provision return on average common equity was 23.38% in Q2 2016.
- Total loans, including commercial loans held for sale, increased \$1.9 billion, or 28.4%, to \$8.4 billion as of June 30, 2016 compared to total loans as of June 30, 2015 of \$6.6 billion. Multi-family loan balances increased \$1.0 billion to \$3.3 billion and commercial loans including lines of credit to mortgage companies increased \$0.9 billion to \$4.7 billion.
- Total deposits increased \$1.3 billion, or 23.3%, to \$6.8 billion as of June 30, 2016 compared to total deposits of \$5.5 billion as of June 30, 2015. Non-interest bearing demand deposits grew \$165.2 million to \$749.6 million, a 28.3% increase. Money market account balances were up \$536.9 million to \$3.0 billion as of June 30, 2016 compared to June 30, 2015, a 21.7% increase, and certificates of deposit accounts increased \$469.3 million to \$2.7 billion as of June 30, 2016, a 20.8% increase.
- The Q2 2016 efficiency ratio was 53.47% compared to a 48.4% Q2 2015 efficiency ratio. Q2 2016 operating expenses included acquisition related expenses of \$0.9 million and Disbursements business expenses of \$3.2 million.
- Capital levels continue to exceed the "well-capitalized" threshold established by regulation at the bank and exceed the applicable Basel III regulatory thresholds for the holding company and the bank.
- Customers Bancorp issued \$57.5 million of non-cumulative perpetual preferred stock paying a 6.45% dividend on April 28, 2016. The proceeds from the capital raise were largely contributed to the subsidiary bank to support Customers Bank's balance sheet growth and other general corporate purposes.
- Total Tier 1 equity for Customers Bancorp increased \$141.3 million from June 30, 2015 to June 30, 2016, an increase in capital of 27.0% over the year.
- The tangible book value per common share continued to increase, reaching \$19.35 at June 30, 2016, compared to \$17.28 at June 30, 2015, an increase of 12.0% year-over-year.

Q2 2016 compared to Q1 2016:

Customers' Q2 2016 net income to common shareholders of \$17.4 million increased \$1.0 million, or 5.8%, from net income to common shareholders of \$16.4 million for the first quarter of 2016 ("Q1 2016"). The \$1.0 million increase in Q2 2016 compared to Q1 2016 net income to common shareholders resulted primarily from increases in net interest income of \$5.5 million to \$63.2 million, a decrease in provisions for loan losses of \$1.2 million to \$0.8 million, an increase in non-interest income of \$2.8 million to \$8.3 million partially offset by increased operating expenses of \$4.3 million to \$38.2 million, and a \$3.5 million increase in income tax expense to \$13.0 million. Discussing these changes further:

- The \$5.5 million increase in net interest income in Q2 2016 resulted from a \$0.9 billion higher average loan balance in Q2 2016 as a result of loan growth.
- The \$1.2 million decrease in provision for loan losses in Q2 2016 resulted primarily from a reduction in the amount estimated to be owed to the FDIC for FDIC assisted acquisitions and increased estimated cash flows expected to be collected on purchased credit-impaired loans totaling \$1.3 million.
- The \$2.8 million increase in non-interest income in Q2 2016 resulted primarily from an increase in interchange revenue and deposit fees of \$2.2 million related to the Disbursements business acquisition, and a \$0.5 million increase in mortgage warehouse transactional fees as the volume of loans processed increased in Q2 2016 compared to Q1 2016.
- The increase in operating expenses of \$4.3 million in Q2 2016 compared to Q1 2016 resulted largely from Disbursements business related expenses of \$3.2 million.

The following table presents a summary of key earnings and performance metrics for the quarter ended June 30, 2016 and the preceding four quarters, respectively:

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

EARNINGS SUMMARY - UNAUDITED

(Dollars in thousands, except per-share data)

	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net income available to common shareholders	\$ 17,368	\$ 16,413	\$ 16,780	\$ 14,309	\$ 11,049
Basic earnings per common share ("EPS")	\$ 0.64	\$ 0.61	\$ 0.62	\$ 0.53	\$ 0.41
Diluted EPS	\$ 0.60	\$ 0.57	\$ 0.58	\$ 0.50	\$ 0.39
Average common shares outstanding - basic	27,080,676	26,945,062	26,886,694	26,872,787	26,839,799
Average common shares outstanding - diluted	28,971,040	28,783,101	28,912,644	28,741,129	28,680,664
Shares outstanding period end	27,286,833	27,037,005	26,901,801	26,882,383	26,871,745
Return on average assets	0.84%	0.85%	0.91%	0.82%	0.65%
Return on average common equity	13.03%	12.85%	13.46%	11.83%	9.44%
Return on average assets - pre-tax and pre-provision (1)	1.44%	1.40%	1.60%	1.39%	1.54%
Return on average common equity - pre-tax and pre-provision (2)	23.38%	21.87%	24.35%	20.53%	22.87%
Net interest margin, tax equivalent	2.83%	2.88%	2.83%	2.79%	2.73%
Efficiency ratio	53.47%	53.74%	50.11%	54.00%	48.40%
Non-performing loans (NPLs) to total loans (including held-for-sale loans)	0.17%	0.20%	0.15%	0.27%	0.16%
Reserves to non-performing loans	268.98%	242.10%	341.71%	197.01%	369.90%
Net charge-offs (recoveries)	\$ 1,060	\$ (455)	\$ 4,322	\$ 5,657	\$ 999
Tier 1 equity to average tangible assets	7.17%	7.15%	7.16%	7.27%	7.36%
Tangible common equity to average tangible assets (3)	5.71%	6.17%	6.37%	6.49%	6.54%
Tangible book value per common share (period end) (4)	\$ 19.35	\$ 19.08	\$ 18.39	\$ 17.81	\$ 17.28
Period end stock price	\$ 25.13	\$ 23.63	\$ 27.22	\$ 25.70	\$ 26.89

(1) Calculated as net income, plus provision for loan losses and income tax expense divided by average total assets.

(2) Calculated as net income available to common shareholders, plus provision for loan losses and income tax expense divided by average common equity.

(3) Calculated as total equity less preferred stock and goodwill and other intangibles divided by total average assets less average goodwill and other intangibles.

(4) Calculated as total equity less preferred stock and goodwill and other intangibles divided by common shares outstanding at period end.

Capital

Customers recognizes the importance of not only being well capitalized in the current environment but to have adequate capital buffers to absorb any unexpected shocks. "Our capital ratios continue to be stretched as of June 30, 2016 due to the continued high usage of lines of credit by our mortgage banking customers (mortgage warehouse) and reflect the refinance boom triggered by the flat yield curve resulting in abnormally low 10-year yields. We are committed to controlling our asset growth over the next 12 months to two years and staying below \$10 billion in assets. Over this time, we expect to demonstrate our business model's ability to gain new student demand deposit accounts and become the bank of choice for graduating students. Limiting our growth and possible future gains from our strategic alternatives for BankMobile should be significantly accretive to our capital ratios," stated Mr. Sidhu.

BankMobile

The BankMobile division took a significant step during Q2 2016 with Customers Bank's acquisition of the Higher One Holdings, Inc. Disbursements business, and BankMobile's combination with the acquired business. Together the new BankMobile division services over 2.1 million deposit accounts, and is perhaps the largest provider of mobile banking services in the United States by number of customers. The combined businesses also have the potential to add about 500,000 new student accounts annually. "We are very focused on continuing to build out BankMobile's technology software platform, introducing the Vibe and Bold deposit accounts, integrating the Disbursements business with the BankMobile business, developing and beginning to execute plans to continue to attract about 500,000 or more new millennial customers to its customer base each year and improve their engagement as a banking customer so they stay a BankMobile customer for life. The acquisition of the Disbursements business provides us with a great opportunity, marking an inflection point in BankMobile's development. We are committed to making BankMobile the primary bank for all our student customers and moving with them as they evolve to young professionals," stated Mr. Sidhu. "We are also focused on attracting more deposit customers with the Vibe and Bold accounts, arguably among the best customer offerings and the best priced banking services available in the U.S. We believe that 2016 and 2017 will be very exciting years as we build BankMobile as a profitable business and create value for Customers Bancorp, Inc. shareholders," Mr. Sidhu continued.

Managing Commercial Real Estate Concentration Risks and Providing High Net Worth Families Loans for Their Multi-Family Holdings

Customers' loans collateralized by multi-family properties were approximately 39.6% of Customers' total loan portfolio. Recognizing the risks that accompany certain elements of commercial real estate ("CRE") lending, Customers has as part of its core strategies studiously sought to limit its risks. Customers' total real estate construction and development exposure, arguably the riskiest area of CRE, was under \$100 million as of June 30, 2016.

Our CRE exposures are focused principally on loans to high net worth families collateralized by multi-family properties that are of modest size and subject to what Customers believes are conservative underwriting standards. As of June 30, 2016, Customers had no non-performing multi-family loans. Customers believes it has a strong risk management process to manage the portfolio risks prospectively and that this portfolio will perform well even under a stressed scenario. Following are some unique characteristics of Customers' multi-family loan portfolio:

- Principally concentrated in New York City and principally to high net worth families;
- Average loan size is between \$5 million - \$7 million;
- Annual debt service coverage ratio is 140%;
- Median loan-to-value is 70%;
- All loans are individually stressed with an increase of 1% and 2% to the cap rate and an increase of 1.5% and 3% in interest rates;
- All properties are inspected prior to a loan being granted and monitored thereafter on an annual basis by dedicated portfolio managers;
- Customers to date has never experienced more than a 30 day delinquency on any of the multi-family loans that it has originated; and
- Credit approval process is independent of customer sales and portfolio management process.

Asset Quality and Interest Rate Risk

Risk management is a critical component of how Customers creates long-term shareholder value. Two of the most important risks of banking to be understood and managed in an uncertain economy are asset quality and interest rate risk.

Customers believes that asset quality risks must be diligently addressed during good economic times with prudent underwriting standards so that when the economy deteriorates the bank's capital is sufficient to absorb all losses without threatening its ability to operate and serve its community and other constituents. "Customers adopted prudent underwriting standards in 2009 when the current management team assumed responsibility for the Bank and has not compromised those standards in the last six years," stated Mr. Sidhu. "Customers' non-performing loans at June 30, 2016 were only 0.17% of total loans, compared to our peer group non-performing loans of approximately 0.95% of total loans, and industry average non-performing loans of about 1.60% of total loans. Our expectation is superior asset quality performance in good times and in difficult years. We have no direct exposure to oil and gas or business investments in fracking," said Mr. Sidhu.

Interest rate risk is another critical element for banks to manage. An unexpected shift in interest rates can have a devastating effect on a bank's profitability for multiple years. Banks can position their assets and liabilities to speculate on future interest rate changes with the hope of gaining earnings by guessing the next movement in interest rates. "Customers' objective is to manage the estimated effect of future interest rate changes, up or down, to a neutral effect on net interest income, so not speculating on whether interest rates go up or down," said Mr. Sidhu. "This allows our team members to focus on generating earnings from the business of banking, aggregating deposits and making loans to customers in the communities we serve," concluded Mr. Sidhu.

Diversified Loan Portfolio

Customers is a Business Bank that principally focuses on four lending activities; commercial and industrial loans to privately held businesses, multi-family loans principally to high net worth families, selected commercial real estate loans, and commercial loans and banking services to privately held mortgage companies. Commercial and industrial loans, including owner-occupied commercial real estate loans, and commercial loans to mortgage companies, were approximately \$3.5 billion at June 30, 2016. Multi-family loans, or loans to high net worth families, were approximately \$3.3 billion at June 30, 2016. Non-owner occupied commercial real estate loans were approximately \$1.1 billion at June 30, 2016. Consumer and residential mortgage loans make up only about 5% of the loan portfolio.

Conference Call

Date: Wednesday, July 20, 2016

Time: 5:00 PM ET

US Dial-in: 888-542-1138

International Dial-in: 719-457-1510

Participant Code: 723210

Please dial in at least 10 minutes before the start of the call to ensure timely participation. Slides accompanying the presentation will be available on the Company's website at http://customersbank.com/investor_relations.php prior to the call. A playback of the call will be available beginning July 20, 2016 at 8:00 pm ET until 8:00 pm on August 19, 2016. To listen, call within the United States (888) 203-1112 or (719) 457-0820 when calling internationally. Please use the replay pin number 4890143.

Institutional Background

Customers Bancorp, Inc. is a bank holding company located in Wyomissing, Pennsylvania engaged in banking and related business through its bank subsidiary, Customers Bank. Customers Bank is a community-based, full-service bank with assets of approximately \$9.7 billion that was named one of Forbes magazine's 2016 100 Best Banks in America (there are over 6,200 banks in the United States). A member of the Federal Reserve System with deposits insured by the Federal Deposit Insurance Corporation, Customers Bank is an equal opportunity lender that provides a range of banking services to small and medium-sized businesses, professionals, individuals and families through offices in Pennsylvania, New York, Rhode Island, New Hampshire, Massachusetts, and New Jersey. Committed to fostering customer loyalty, Customers Bank uses a High Tech/High Touch strategy that includes use of industry-leading technology to provide customers better access to their money, as well as Concierge Banking® by appointment at customers' homes or offices 12 hours a day, seven days a week. Customers Bank offers a continually expanding portfolio of loans to small businesses, multi-family projects, mortgage companies and consumers. BankMobile is a division of Customers Bank, offering state of the art high tech digital banking services with high level of personal customer service.

Customers Bancorp, Inc. voting common shares are listed on the New York Stock Exchange under the symbol CUBI. Additional information about Customers Bancorp, Inc. can be found on the Company's website, www.customersbank.com.

"Safe Harbor" Statement

In addition to historical information, this press release may contain "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements with respect to Customers Bancorp, Inc.'s strategies, goals, beliefs, expectations, estimates, intentions, capital raising efforts, financial condition and results of operations, future performance and business. Statements preceded by, followed by, or that include the words "may," "could," "should," "pro forma," "looking forward," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," or similar expressions generally indicate a forward-looking statement. These forward-looking statements involve risks and uncertainties that are subject to change based on various important factors (some of which, in whole or in part, are beyond Customers Bancorp, Inc.'s control). Numerous competitive, economic, regulatory, legal and technological factors, among others, could cause Customers Bancorp, Inc.'s financial performance to differ materially from the goals, plans, objectives, intentions and expectations expressed in such forward-looking statements. In addition, important factors relating to the acquisition of the Disbursements business and the combination of Customers' BankMobile business with the acquired business also could cause Customers Bancorp's actual results to differ from those in the forward-looking statements. Customers Bancorp, Inc. cautions that the foregoing factors are not exclusive, and neither such factors nor any such forward-looking statement takes into account the impact of any future events. All forward-looking statements and information set forth herein are based on management's current beliefs and assumptions as of the date hereof and speak only as of the date they are made. For a more complete discussion of the assumptions, risks and uncertainties related to our business, you are encouraged to review Customers Bancorp, Inc.'s filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K for the year ended December 31, 2015 and subsequently filed quarterly reports on Form 10-Q. Customers Bancorp, Inc. does not undertake to update any forward-looking statement whether written or oral, that may be made from time to time by Customers Bancorp, Inc. or by or on behalf of Customers Bank.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED - UNAUDITED
(Dollars in thousands, except per share data)

	Q2	Q1	Q2
	2016	2016	2015
Interest income:			
Loans receivable, including fees	\$ 59,013	\$ 54,472	\$ 42,801
Loans held for sale	17,429	14,106	13,522
Investment securities	3,638	3,709	2,253
Other	1,241	1,111	1,107
Total interest income	<u>81,321</u>	<u>73,398</u>	<u>59,683</u>
Interest expense:			
Deposits	11,142	10,212	8,145
Other borrowings	1,620	1,606	1,496
FHLB advances	3,716	2,268	1,799
Subordinated debt	1,685	1,685	1,685
Total interest expense	<u>18,163</u>	<u>15,771</u>	<u>13,125</u>
Net interest income	<u>63,158</u>	<u>57,627</u>	<u>46,558</u>
Provision for loan losses	786	1,980	9,335
Net interest income after provision for loan losses	<u>62,372</u>	<u>55,647</u>	<u>37,223</u>
Non-interest income:			
Mortgage warehouse transactional fees	3,074	2,548	2,799
Interchange and card revenue	1,890	369	132
Bank-owned life insurance	1,120	1,123	1,169
Deposit fees	787	255	247
Gain on sale of loans	285	644	827
Mortgage loans and banking income	285	165	287
Gain (loss) on sale of investment securities	—	26	(69)
Other	816	364	1,001
Total non-interest income	<u>8,257</u>	<u>5,494</u>	<u>6,393</u>
Non-interest expense:			
Salaries and employee benefits	18,107	17,263	14,448
FDIC assessments, taxes, and regulatory fees	4,435	4,030	995
Technology, communication and bank operations	3,854	2,643	2,838
Professional services	3,636	2,572	2,792
Occupancy	2,473	2,325	2,199
Acquisition related expenses	874	176	—
Loan workout expense (income)	487	418	(13)
Advertising and promotion	334	253	429
Other real estate owned expense (income)	183	287	(580)
Other	3,800	3,938	2,552
Total non-interest expense	<u>38,183</u>	<u>33,905</u>	<u>25,660</u>
Income before tax expense	<u>32,446</u>	<u>27,236</u>	<u>17,956</u>
Income tax expense	<u>13,016</u>	<u>9,537</u>	<u>6,400</u>
Net income	<u>19,430</u>	<u>17,699</u>	<u>11,556</u>
Preferred stock dividends	<u>2,062</u>	<u>1,286</u>	<u>507</u>
Net income available to common shareholders	<u>\$ 17,368</u>	<u>\$ 16,413</u>	<u>\$ 11,049</u>
Basic earnings per common share	\$ 0.64	\$ 0.61	\$ 0.41
Diluted earnings per common share	\$ 0.60	\$ 0.57	\$ 0.39

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE SIX MONTHS ENDED - UNAUDITED
(Dollars in thousands, except per share data)

	June 30, 2016	June 30, 2015
Interest income:		
Loans receivable, including fees	\$ 113,485	\$ 85,894
Loans held for sale	31,535	24,422
Investment securities	7,347	4,616
Other	2,352	3,469
Total interest income	<u>154,719</u>	<u>118,401</u>
Interest expense:		
Deposits	21,356	15,671
Other borrowings	3,225	2,984
FHLB advances	5,984	3,488
Subordinated debt	3,370	3,370
Total interest expense	<u>33,935</u>	<u>25,513</u>
Net interest income	<u>120,784</u>	<u>92,888</u>
Provision for loan losses	2,766	12,299
Net interest income after provision for loan losses	<u>118,018</u>	<u>80,589</u>
Non-interest income:		
Mortgage warehouse transactional fees	5,622	5,072
Interchange and card revenue	2,259	262
Bank-owned life insurance	2,243	2,230
Deposit fees	1,042	426
Gain on sale of loans	929	2,058
Mortgage loans and banking income	450	438
Gain (loss) on sale of investment securities	26	(69)
Other	1,180	1,709
Total non-interest income	<u>13,751</u>	<u>12,126</u>
Non-interest expense:		
Salaries and employee benefits	35,370	28,400
FDIC assessments, taxes, and regulatory fees	8,465	4,273
Technology, communication and bank operations	6,496	5,369
Professional services	6,207	4,705
Occupancy	4,798	4,300
Acquisition related expenses	1,050	—
Loan workout	905	256
Advertising and promotion	587	776
Other real estate owned	470	304
Other	7,739	4,742
Total non-interest expense	<u>72,087</u>	<u>53,125</u>
Income before tax expense	<u>59,682</u>	<u>39,590</u>
Income tax expense	<u>22,553</u>	<u>14,082</u>
Net income	<u>37,129</u>	<u>25,508</u>
Preferred stock dividends	<u>3,348</u>	<u>507</u>
Net income available to common shareholders	<u>\$ 33,781</u>	<u>\$ 25,001</u>
Basic earnings per common share	\$ 1.25	\$ 0.93
Diluted earnings per common share	\$ 1.17	\$ 0.88

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET - UNAUDITED
(Dollars in thousands)

	June 30, 2016	December 31, 2015	June 30, 2015
ASSETS			
Cash and due from banks	\$ 46,767	\$ 53,550	\$ 44,064
Interest-earning deposits	256,029	211,043	347,525
Cash and cash equivalents	302,796	264,593	391,589
Investment securities available for sale, at fair value	547,935	560,253	373,953
Loans held for sale	2,301,821	1,797,064	2,030,348
Loans receivable	6,114,576	5,453,479	4,524,825
Allowance for loan losses	(38,097)	(35,647)	(37,491)
Total loans receivable, net of allowance for loan losses	6,076,479	5,417,832	4,487,334
FHLB, Federal Reserve Bank, and other restricted stock	111,418	90,841	78,148
Accrued interest receivable	22,402	19,939	15,958
Bank premises and equipment, net	12,457	11,531	11,453
Bank-owned life insurance	159,486	157,211	155,940
Other real estate owned	5,066	5,057	13,319
Goodwill and other intangibles	17,197	3,651	3,658
Other assets	127,568	70,233	52,454
Total assets	\$ 9,684,625	\$ 8,398,205	\$ 7,614,154
LIABILITIES AND SHAREHOLDERS' EQUITY			
Demand, non-interest bearing	\$ 749,564	\$ 653,679	\$ 584,380
Interest-bearing deposits	6,001,695	5,255,822	4,892,777
Total deposits	6,751,259	5,909,501	5,477,157
Federal funds purchased	61,000	70,000	—
FHLB advances	1,906,900	1,625,300	1,388,000
Other borrowings	86,790	86,457	86,125
Subordinated debt	108,734	108,685	108,636
Accrued interest payable and other liabilities	89,380	44,360	30,735
Total liabilities	9,004,063	7,844,303	7,090,653
Preferred stock	135,270	55,569	55,569
Common stock	27,817	27,432	27,402
Additional paid in capital	367,843	362,607	359,455
Retained earnings	158,292	124,511	93,422
Accumulated other comprehensive loss	(427)	(7,984)	(4,114)
Treasury stock, at cost	(8,233)	(8,233)	(8,233)
Total shareholders' equity	680,562	553,902	523,501
Total liabilities & shareholders' equity	\$ 9,684,625	\$ 8,398,205	\$ 7,614,154

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
AVERAGE BALANCE SHEET / NET INTEREST MARGIN (UNAUDITED)

(Dollars in thousands)

	Three months ended					
	June 30, 2016		March 31, 2016		June 30, 2015	
	Average Balance	Average yield or cost (%)	Average Balance	Average yield or cost (%)	Average Balance	Average yield or cost (%)
Assets						
Interest earning deposits	\$ 213,509	0.51%	\$ 184,368	0.53%	\$ 290,241	0.26%
Investment securities	550,130	2.65%	562,459	2.64%	384,324	2.34%
Loans held for sale	2,056,929	3.41%	1,563,399	3.63%	1,692,622	3.20%
Loans receivable	6,050,895	3.92%	5,679,383	3.86%	4,404,304	3.90%
Other interest-earning assets	102,599	3.79%	80,135	4.34%	77,822	4.75%
Total interest earning assets	8,974,062	3.64%	8,069,744	3.66%	6,849,313	3.49%
Non-interest earning assets	285,138		294,489		257,275	
Total assets	\$ 9,259,200		\$ 8,364,233		\$ 7,106,588	
Liabilities						
Total interest bearing deposits (1)	\$ 5,773,445	0.78%	\$ 5,476,146	0.75%	\$ 4,399,164	0.74%
Borrowings	2,014,452	1.40%	1,480,828	1.51%	1,507,870	1.32%
Total interest bearing liabilities	7,787,897	0.94%	6,956,974	0.91%	5,907,034	0.89%
Non-interest bearing deposits (1)	759,373		777,573		669,411	
Total deposits & borrowings	8,547,270	0.85%	7,734,547	0.82%	6,576,445	0.80%
Other non-interest bearing liabilities	56,870		43,677		33,586	
Total liabilities	8,604,140		7,778,224		6,610,031	
Shareholders' equity	655,060		586,009		496,557	
Total liabilities and shareholders' equity	\$ 9,259,200		\$ 8,364,233		\$ 7,106,588	
Net interest margin		2.83%		2.87%		2.73%
Net interest margin tax equivalent		2.83%		2.88%		2.73%

(1) Total costs of deposits (including interest bearing and non-interest bearing) were 0.68%, 0.66% and 0.65% for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015, respectively.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
AVERAGE BALANCE SHEET / NET INTEREST MARGIN (UNAUDITED)

(Dollars in thousands)

	Six months ended			
	June 30, 2016		June 30, 2015	
	Average Balance	Average yield or cost (%)	Average Balance	Average yield or cost (%)
Assets				
Interest earning deposits	\$ 198,938	0.52%	\$ 286,945	0.25%
Investment securities	556,295	2.64%	395,401	2.33%
Loans held for sale	1,810,164	3.50%	1,530,938	3.22%
Loans receivable	5,865,139	3.89%	4,383,102	3.95%
Other interest-earning assets	91,367	4.03%	76,453	8.19%
Total interest earning assets	<u>8,521,903</u>	3.65%	<u>6,672,839</u>	3.58%
Non-interest earning assets	289,814		269,231	
Total assets	<u><u>\$ 8,811,717</u></u>		<u><u>\$ 6,942,070</u></u>	
Liabilities				
Total interest bearing deposits (1)	\$ 5,624,797	0.76%	\$ 4,260,980	0.74%
Borrowings	1,747,640	1.45%	1,487,892	1.33%
Total interest-bearing liabilities	<u>7,372,437</u>	0.93%	<u>5,748,872</u>	0.89%
Non-interest-bearing deposits (1)	768,473		689,047	
Total deposits & borrowings	<u>8,140,910</u>	0.84%	<u>6,437,919</u>	0.80%
Other non-interest bearing liabilities	50,273		29,089	
Total liabilities	<u>8,191,183</u>		<u>6,467,008</u>	
Shareholders' equity	<u>620,534</u>		<u>475,062</u>	
Total liabilities and shareholders' equity	<u><u>\$ 8,811,717</u></u>		<u><u>\$ 6,942,070</u></u>	
Net interest margin		2.85%		2.81%
Net interest margin tax equivalent		2.85%		2.81%

(1) Total costs of deposits (including interest bearing and non-interest bearing) were 0.67% and 0.64% for the six months ended June 30, 2016 and 2015, respectively.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES**PERIOD END LOAN COMPOSITION (UNAUDITED)**

(Dollars in thousands)	June 30, 2016	December 31, 2015	June 30, 2015
Commercial:			
Multi-Family	\$ 3,336,083	\$ 2,948,696	\$ 2,319,263
Mortgage warehouse	2,321,418	1,797,753	1,994,709
Commercial & Industrial (1)	1,143,149	1,068,597	870,577
Commercial Real Estate- Non-Owner Occupied	1,139,711	956,255	895,780
Construction	99,615	87,240	68,742
Total commercial loans	<u>8,039,976</u>	<u>6,858,541</u>	<u>6,149,071</u>
Consumer:			
Residential	264,968	274,470	281,424
Manufactured housing	107,874	113,490	119,786
Other consumer	3,277	3,708	3,962
Total consumer loans	<u>376,119</u>	<u>391,668</u>	<u>405,172</u>
Deferred costs and unamortized premiums, net	302	334	930
Total loans	<u>\$ 8,416,397</u>	<u>\$ 7,250,543</u>	<u>\$ 6,555,173</u>

(1) Commercial & industrial loans, including owner occupied commercial real estate.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES**PERIOD END DEPOSIT COMPOSITION (UNAUDITED)**

(Dollars in thousands)	June 30, 2016	December 31, 2015	June 30, 2015
Demand, non-interest bearing	\$ 749,564	\$ 653,679	\$ 584,380
Demand, interest bearing	226,442	127,215	123,944
Savings	36,382	41,600	36,137
Money market	3,008,114	2,739,411	2,471,233
Time deposits	2,730,757	2,347,596	2,261,463
Total deposits	<u>\$ 6,751,259</u>	<u>\$ 5,909,501</u>	<u>\$ 5,477,157</u>

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

ASSET QUALITY - UNAUDITED

Loan Type	As of June 30, 2016					As of December 31, 2015					As of June 30, 2015				
	Total Loans	Non Accrual /NPLs	Total Credit Reserves	NPLs / Total Loans	Total Reserves to Total NPLs	Total Loans	Non Accrual /NPLs	Total Credit Reserves	NPLs / Total Loans	Total Reserves to Total NPLs	Total Loans	Non Accrual /NPLs	Total Credit Reserves	NPLs / Total Loans	Total Reserves to Total NPLs
<i>Originated Loans</i>															
Multi-Family	\$ 3,303,077	\$ —	\$ 12,368	—%	—%	\$ 2,903,814	\$ —	\$ 12,016	—%	—%	\$ 2,232,273	\$ —	\$ 8,734	—%	—%
Commercial & Industrial (1)	1,082,109	6,605	10,999	0.61%	166.53%	990,621	2,760	8,864	0.28%	321.16%	792,701	1,173	13,476	0.15%	1,148.85%
Commercial Real Estate- Non-Owner Occupied	1,092,851	—	4,390	—%	—%	906,544	788	3,706	0.09%	470.30%	840,922	271	3,335	0.03%	1,230.63%
Residential	119,489	32	2,240	0.03%	7,000.00%	113,858	32	1,992	0.03%	6,225.00%	105,332	9	1,722	0.01%	19,133.33%
Construction	99,381	—	1,209	—%	—%	87,006	—	1,074	—%	—%	68,073	—	844	—%	—%
Other consumer	545	—	8	—%	—%	712	—	9	—%	—%	890	—	16	—%	—%
Total Originated Loans	5,697,452	6,637	31,214	0.12%	470.30%	5,002,555	3,580	27,661	0.07%	772.65%	4,040,191	1,453	28,127	0.04%	1,935.79%
<i>Loans Acquired</i>															
Bank Acquisitions	192,173	6,172	6,445	3.21%	104.42%	206,971	4,743	7,492	2.29%	157.96%	184,326	6,439	9,049	3.49%	140.53%
Loan Purchases	224,649	1,818	1,684	0.81%	92.63%	243,619	2,448	1,653	1.00%	67.52%	299,378	2,664	1,871	0.89%	70.23%
Total Acquired Loans	416,822	7,990	8,129	1.92%	101.74%	450,590	7,191	9,145	1.60%	127.17%	483,704	9,103	10,920	1.88%	119.96%
Deferred costs and unamortized premiums, net	302	—	—	—%	—%	334	—	—	—%	—%	930	—	—	—%	—%
Total Loans Held for Investment	6,114,576	14,627	39,343	0.24%	268.98%	5,453,479	10,771	36,806	0.20%	341.71%	4,524,825	10,556	39,047	0.23%	369.90%
Total Loans Held for Sale	2,301,821	—	—	—%	—%	1,797,064	—	—	—%	—%	2,030,348	—	—	—%	—%
Total Portfolio	\$ 8,416,397	\$ 14,627	\$ 39,343	0.17%	268.98%	\$ 7,250,543	\$ 10,771	\$ 36,806	0.15%	341.71%	\$ 6,555,173	\$ 10,556	\$ 39,047	0.16%	369.90%

(1) Commercial & industrial loans, including owner occupied commercial real estate.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
NET CHARGE-OFFS/(RECOVERIES) - UNAUDITED

	For the Quarter Ended		
	Q2 2016	Q1 2016	Q2 2015
(Dollars in thousands)			
Originated Loans			
Multi-Family	\$ —	\$ —	\$ —
Commercial & Industrial (1)	41	—	634
Commercial Real Estate- Non-Owner Occupied	—	—	—
Residential	—	—	—
Construction	—	—	—
Other consumer	145	3	—
Total Originated Loans	186	3	634
Loans Acquired			
Bank Acquisitions	874	(458)	369
Loan Purchases	—	—	(4)
Total Acquired Loans	874	(458)	365
Deferred costs and unamortized premiums, net	—	—	—
Total Loans Held for Investment	1,060	(455)	999
Total Loans Held for Sale	—	—	—
Total Portfolio	\$ 1,060	\$ (455)	\$ 999

(1) Commercial & industrial loans, including owner occupied commercial real estate.



Customers Bancorp, Inc.

*Highly Focused, Low Risk, Above Average Growth
Bank Holding Company*

Investor Presentation
July, 2016
NYSE: CUBI

Customers  Bank
Member FDIC

 **Member
FDIC**


BANKMOBILE
A division of Customers Bank

This presentation, as well as other written or oral communications made from time to time by us, contains forward-looking information within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements relate to future events or future predictions, including events or predictions relating to future financial performance, and are generally identifiable by the use of forward-looking terminology such as “believe,” “expect,” “may,” “will,” “should,” “plan,” “intend,” or “anticipate” or the negative thereof or comparable terminology. These forward-looking statements are only predictions and estimates regarding future events and circumstances and involve known and unknown risks, uncertainties and other factors, including the risks described under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015 and subsequent Quarterly Reports on Form 10-Q, as such factors may be updated from time to time in our filings with the SEC, that may cause 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. The information is based upon various assumptions that may not prove to be correct.

In addition to the risks described under “Risk Factors” in the reports we file with the SEC under the Securities Exchange Act of 1934, as amended, important factors to consider and evaluate with respect to 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 Basel III;
- 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;
- local, regional and national economic conditions and events and the impact they may have on us and our customers;
- costs and effects of regulatory and legal developments, including the results of regulatory examinations and the outcome of regulatory or other governmental inquiries and proceedings, such as fines or restrictions on our business activities;
- 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;
- changes in estimates of future loan loss reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;
- unforeseen challenges that may arise in connection with the consummation of our recently completed transaction with Higher One;
- inflation, interest rate, securities market and monetary fluctuations;

- 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;
- our ability to increase market share and control expenses;
- continued volatility in the credit and equity markets and its effect on the general economy;
- effects 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 Customers 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, including with respect to our recent acquisition of certain assets from Higher One;
- 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, including with respect to our acquisition of the Disbursements Business from Higher One.
- our ability to successfully implement our growth strategy, control expenses and maintain liquidity; and
- Customers Bank's ability to pay dividends to Customers Bancorp.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, or, in the case of other documents referred to herein, the dates of those documents. We do not undertake any obligation to release publicly or otherwise provide any revisions to these forward-looking statements to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events, except as may be required under applicable law.

Customers Bancorp, Inc.



A \$9.7 billion asset business bank serving privately held businesses



A digital consumer bank, set up as a division of Customers Bank, serving millennials, middle income families and underbanked throughout the United States

Strong Organic Growth, Well Capitalized, Branch Lite Bank in Attractive Markets

- \$9.7 billion asset bank with only 21 sales offices
- Well capitalized at 10.4% total risk based capital (estimated), 7.2% tier 1 leverage, and 5.7% tangible common equity to average tangible assets
- Target market from Boston to Philadelphia along Interstate 95

Strong Profitability, Growth & Efficient Operations

- Q2 2016 diluted earnings per share up 53.8% over Q2 2015 with a ROA of .84% and a ROCE of 13.03%
- Pre-tax, pre-provision ROA and ROE for Q2 2016 was 1.44% and 23.38% respectively
- Q2 2016 net income of \$17.4 million up 57.2% over Q2 2015
- DDA and total deposits compounded annual growth of 71% and 60% respectively since 2009
- Q2 2016 net interest margin was 2.83%
- Operating efficiencies offset tighter margins and generate sustainable profitability
- Q2 2016 efficiency ratio was 53.47% including BankMobile expenses and ~49% excluding those expenses

Strong Credit Quality & Low Interest Rate Risk

- 0.17% non-performing loans at June 30, 2016
- Total reserves to non-performing loans of 268.98%
- Minimal risk of margin compression from modestly higher short term rates and flatter curve

Attractive Valuation

- July 15, 2016 share price of \$26.76 only 10.9x 2016 core estimated earnings
- CAGR of 18% in shareholder value since Dec 31, 2009
- Price/tangible book only 1.3x for estimated 2016 tangible book value
- Peers, by size, trading at ~14x estimated 2016 earnings and between 1.7x to 2.0x tangible book
- June 30, 2016 tangible book value of \$19.35, up 68% since Dec 2011 with a CAGR of 12%

External Forces

- Role of traditional bank branches changing very rapidly
- Mobile banking fastest growing channel
- Banks of all sizes revisiting their business strategies, revenue generation models and cost structures
- Technology and customer needs, desires and style changing rapidly
- Students, underbanked and middle class paying lion's share of fees to banks

Business Issues

- Slow economic growth. Some credit quality concerns emerging
- Fewer good quality consumer and business loan opportunities for non niche players
- Pressure continues on margin. Days of 3.5%-4.0% margin are gone. Banks need to reduce efficiency ratios
- Difficult to attract good talent
- Must be excellent at risk management and compliance
- Shareholders want 10%+ ROE, consistent quality growth and strong risk management infrastructure



Issues facing Us

What is our unique strategy for revenue and profitable growth?

How do we attract and retain best talent?

How do we take advantage of technology?

How do we deal with growing compliance burden?

How do we manage our risks better than peers?

How do we lower our efficiency ratios?

Impediments to Growth

- Traditional CRE lending very difficult to do and under regulatory scrutiny
- Very little consumer loan growth; headwinds for consumer credit quality
- Growth exists only at niche players
- Mortgage banking revenues are extremely volatile
- Pressure to reduce or eliminate Overdraft and other nuisance fees by CFPB
- Regulators principally focus on strength of risk management and compliance and less on profitable growth

Shareholder Expectations

- Start bank and sell at 2 to 3x book no longer an option – what do shareholders of small privately held banks do?
- Equity markets not available to small banks
- Banks need to earn 10% or more ROE if they want to remain independent
- Consistent ROE of 12% or greater and ROA of 1% or greater being rewarded well by market

Credit Improving – Though Banks Face a Number of Operational Headwinds

- **Credit Quality Improved over past 5 years; some pressure emerging**
- **Quality Asset Generation Remains A Challenge**
 - Banks are starved for interest-earning assets and exploring new asset classes, competing on price and structure and looking into specialty finance business / lending
- **NIM Compression ⁽¹⁾**
 - Low rate environment for the foreseeable future will continue to compress NIM
 - Many institutions wither betting on rates or otherwise taking excessive interest rate risk
 - Industry NIM continues to decline
 - Down over 100 bps since 1995
 - Low interest rate environment, competitive pressures likely to prevent return to historical levels
- **Operational leverage**
 - Expense management is top of mind as banks try to improve efficiency in light of revenue pressure and increased regulatory / compliance costs
 - Regulatory pressure expected to stay robust
- **New Strategies**
 - Yesterday's strategies may not be appropriate tomorrow

Critical to Have a Winning Business Model

Traditional Banks	Fee Income Leaders	Relationship & Innovative Banks
<ul style="list-style-type: none"> • Heavy branch based delivery system • Strong credit quality • Core deposits • Dependent on OD fees • Expense management 	<ul style="list-style-type: none"> • Diversified revenue sources • Cross sell strength • Capital efficiency • Higher profitability / consistent earnings 	<ul style="list-style-type: none"> • Innovator / disruptor / not branch dependent • Differentiated / Unique model • Technology savvy • Product dominance 

Source: SNL Financial.

¹Includes data for top 50 U.S. banks by assets.

Name	Title	Years of Banking Experience	Background
Jay S. Sidhu	Chairman & CEO	40	Chairman and CEO of Sovereign Bank & Sovereign Bancorp, Inc.
Richard A. Ehst	President & COO	48	EVP, Commercial Middle Market, Regional President and Managing Director of Corporate Communications at Sovereign Bank
Robert E. Wahlman, CPA	Chief Financial Officer	35	CFO of Doral Financial and Merrill Lynch Banks; various roles at Bank One, US GAO and KPMG.
Steve Issa	EVP, New England Market President, Chief Lending Officer	39	EVP, Managing Director of Commercial and Specialty Lending at Flagstar and Sovereign Bank.
George Maroulis	EVP, Group Director of Private & Commercial Banking - NY Metro	24	Group Director and SVP at Signature Bank; various positions at Citibank and Fleet/Bank of America's Global Commercial & Investment Bank
Timothy D. Romig	EVP, Group Director of Commercial Banking - PA/NJ	32	SVP and Regional Executive for Commercial Lending (Berks and Montgomery County), VIST Financial; SVP at Keystone / M&T Bank
Ken Keiser	EVP, Director CRE and Multi-Family Housing Lending	39	SVP and Market Manager, Mid-Atlantic CRE Lending at Sovereign Bank; SVP & Senior Real Estate Officer, Allfirst Bank / M&T Bank
Christopher McGowan	EVP, Managing Director Multi-Family Lending - NYC	17	SVP & Director of Originations for Capital One / Beech Street Capital, Peoples United Bank and Santander / Sovereign Real Estate Capital
Glenn Hedde	EVP, President Banking for Mortgage Companies	29	President of Commercial Operations at Popular Warehouse Lending, LLC; various positions at GE Capital Mortgage Services and PNC Bank
James Collins	EVP, Chief Administrative Officer	25	Various positions at Sovereign including Director of Small Business Banking
Thomas Jastrem	EVP, Chief Credit Officer	38	Various positions at First Union Bank and First Fidelity Bank
Robert B. White	EVP, Chief Risk Officer	29	President RBW Financial Consulting; various positions at Citizens Bank and GE Capital
Mary Lou Scalese	EVP, Chief Auditor	40	Chief Auditor at Sovereign Bank and Chief Risk Officer at Customers Bank

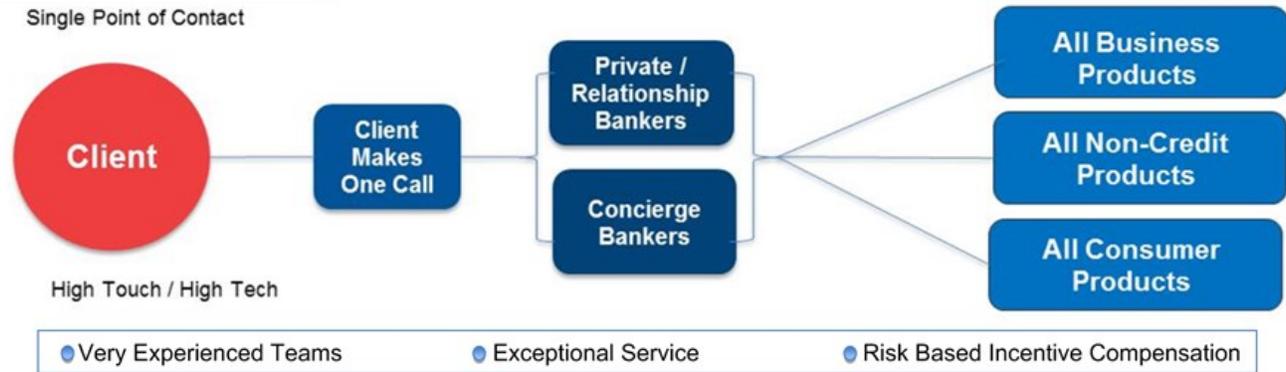
Customers Bank

Executing On Our Unique High Performing
Banking Model

Disciplined Model for Superior Shareholder Value Creation

- Strong organic revenue growth + scalable infrastructure = sustainable double digit EPS = growth and increased shareholder value
- A very robust risk management driven business strategy
- Build tangible book value per share each quarter via earnings
- Any book value dilution from any acquisitions must be overcome within 1-2 years; otherwise stick with organic growth strategy
- Superior execution through proven management team

Phase I Acquired Bank Platform	Phase II Built Strong Foundation	Phase III Leveraging Infrastructure	Phase IV Innovation & Execution
<ul style="list-style-type: none"> ▪ We invested in and took control of a \$270 million asset Customers Bank (FKA New Century Bank) ▪ Identified existing credit problems, adequately reserved and recapitalized the bank ▪ Actively worked out very extensive loan problems ▪ 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 3 small acquisitions: <ul style="list-style-type: none"> – ISN Bank (FDIC-assisted) ≈ \$70 mm – USA Bank (FDIC-assisted) ≈ \$170 mm – Berkshire Bancorp (Whole bank) ≈ \$85 mm 	<ul style="list-style-type: none"> ▪ Recruited proven lending teams ▪ Built out Commercial and Multi-family lending platforms ▪ De Novo expansion; 4-6 sales offices or teams added each year ▪ Continue to show strong loan and deposit growth ▪ Built a “branch lite” high growth Community Bank and model for future growth ▪ Goals to ≈12%+ ROE; ~1% ROA adopted 	<ul style="list-style-type: none"> ▪ Single Point of Contact Banking model executed – commercial focus ▪ Continued recruitment of experienced teams ▪ Introduce BANKMOBILE – banking of the future for consumers ▪ Continue to show strong loan and deposit growth ▪ ~12%+ ROE; ~1% ROA expected within 2 years <ul style="list-style-type: none"> ▪ ~\$8.4+ billion asset bank by end of 2015 ▪ ~\$9+ billion asset bank by mid 2016
<p style="text-align: center;">2009 Assets: \$350M Equity: \$22M</p>	<p style="text-align: center;">2010-2011 Assets: \$2.1B Equity: \$148M</p>	<p style="text-align: center;">2012-2013 Assets: \$4.2B Equity: \$387M</p>	<p style="text-align: center;">Q2 2016 Assets: \$9.7B Equity: \$681M ROCE: 13.03%</p>

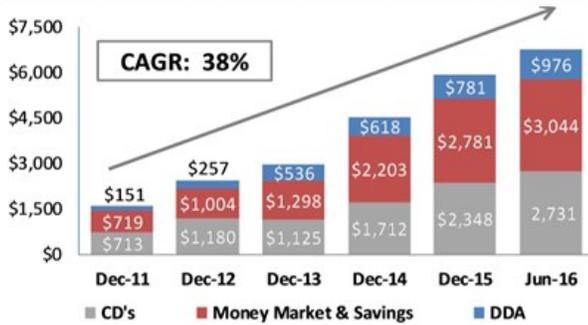


Business Banking Focus - ~95% of revenues come from business segments

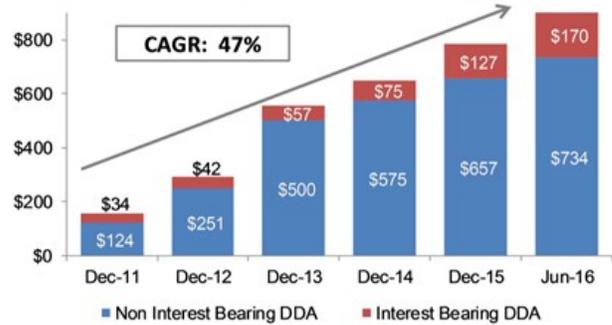
- Loan and deposit business through these well diversified segments:
 - Banking Privately Held Businesses – 42% of portfolio (including deferred costs and fees)
 - Manufacturing, service, technology, wholesale, equipment financing
 - Private mid size mortgage companies
 - Banking High Net Worth Families – 39% of portfolio (including deferred costs and fees)
 - New York and regional multi family lending
 - Selected Commercial Real Estate – 15% of portfolio

Customers' strategies of single point of contact and recruiting known teams in target markets produce rapid deposit growth with low total cost

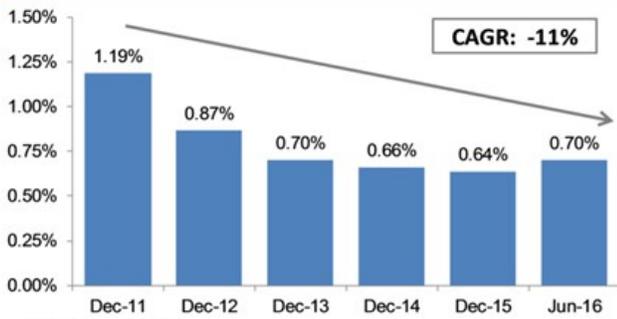
Total Deposit Growth (\$mm)



Average DDA Growth (\$mm)



Cost of Deposits



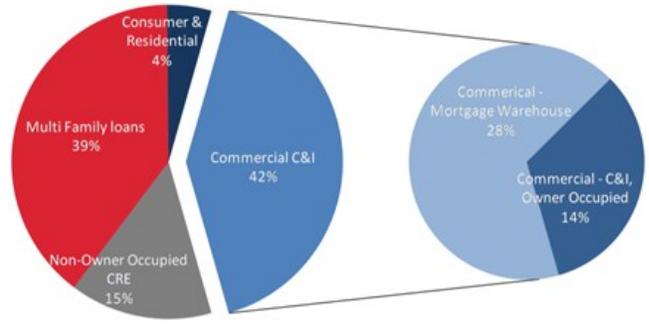
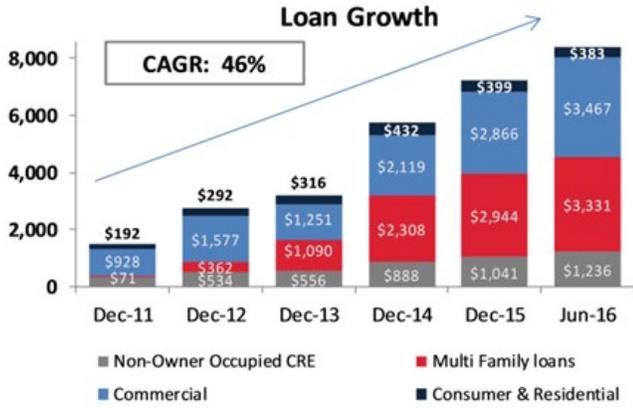
Source: Company data.

Total Deposits per Branch (\$mm)



High Growth with Strong Credit Quality

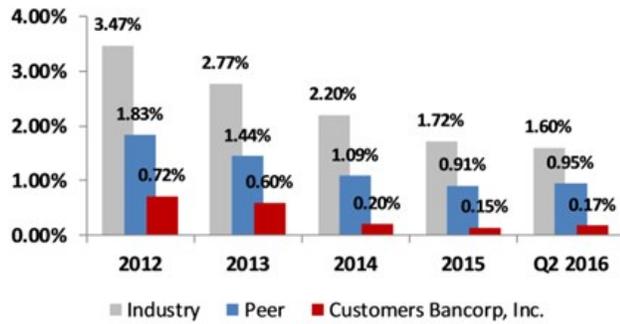
- Continuous recruitment and retention of high quality teams
 - Centralized credit committee approval for all loans
 - Loans are stress tested for higher rates and a slower economy
- Insignificant delinquencies on loans originated since new management team took over
 - Creation of solid foundation for future earnings



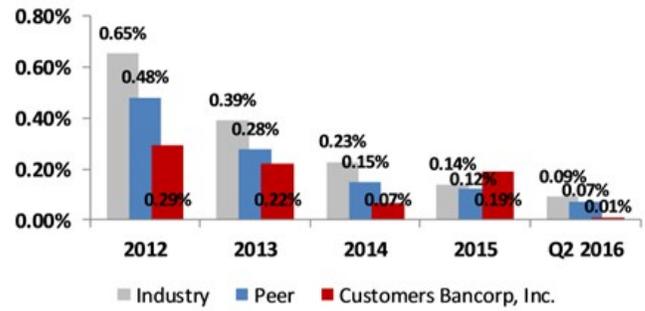
Source: Company documents. Includes deferred costs and fees.

Asset Quality Indicators Continue to be Strong

NPL



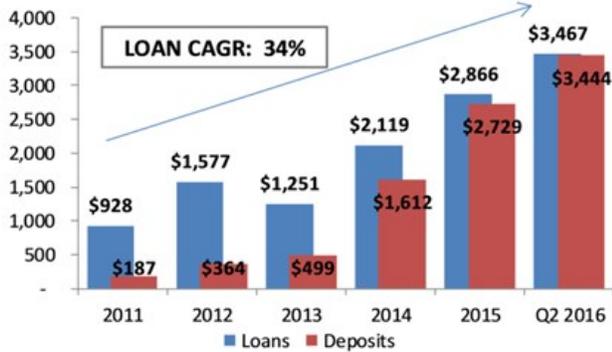
Charge Offs



Note: Customers 2015 charge-offs includes 12 bps for a \$9 million fraudulent loan

Source: SNL Financial, Company documents. Peer data consists of Northeast and Mid-Atlantic banks and thrifts with assets between \$3.5 billion and \$10.0 billion. Industry data includes all FDIC insured banks. Peer and Industry data as of June 30, 2016

Commercial Loan and Deposit Growth (\$mm)



Source: Company documents.

Banking Privately Held Business

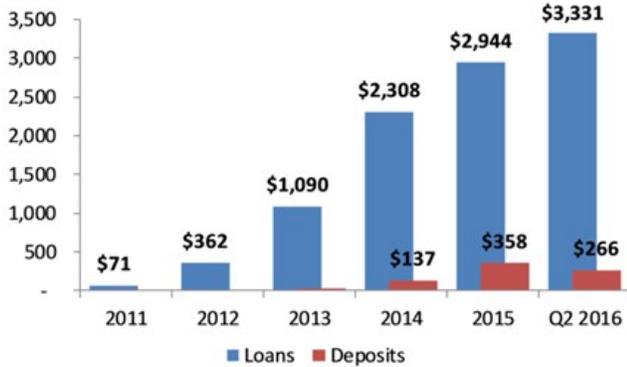
Private & Commercial Banking

- Target companies with up to \$100 million annual revenues
- Very experienced teams
- Four new teams with 14 professionals added in 2015, including a new business line Equipment Finance Team
- Single point of contact
- NE, NY, PA & NJ markets
- SBA loans originated by small business relationship managers

Banking Mortgage Companies

- Private banking focused on privately held mortgage companies generally with equity of \$5 to \$10 million
- Very strong credit quality relationship business with good fee income and deposits
- ~75 strong mortgage companies as clients
- All outstanding loans are variable rate and classified as held for sale
- Non-interest bearing DDA's are about 10% of outstanding loans
- Balances rebounding from 2013 low and expected to stay at this level

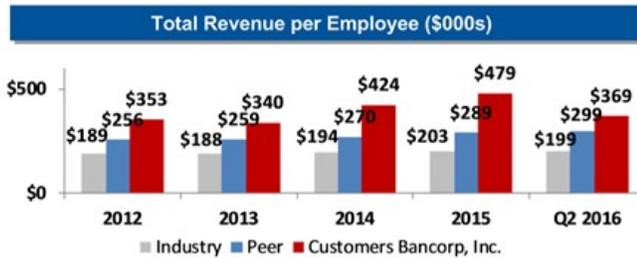
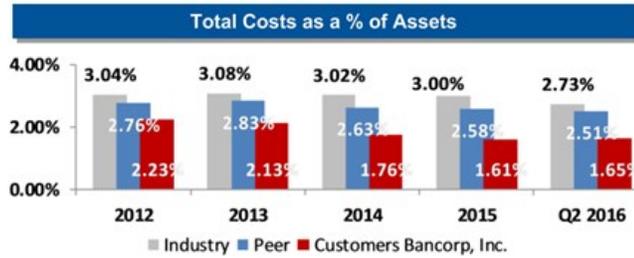
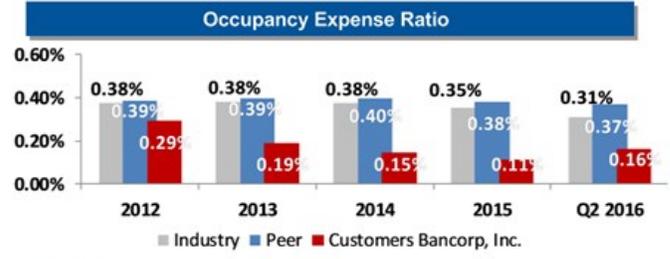
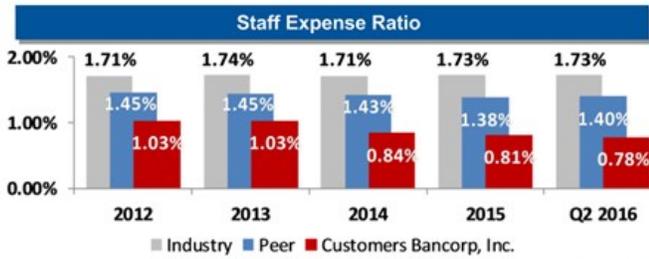
Multi-Family Loan and Deposit Growth (\$mm)



Banking High Net Worth Families

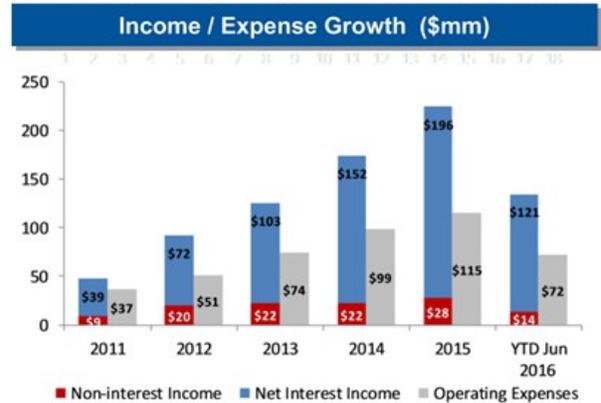
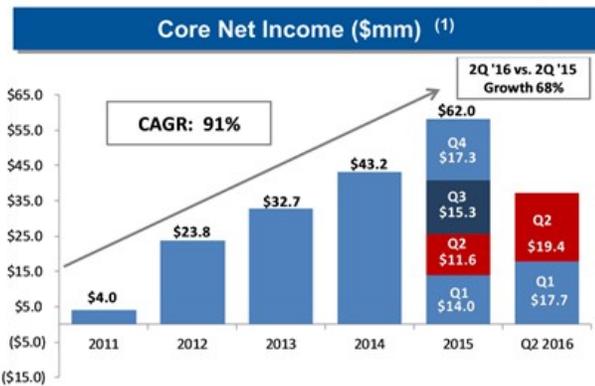
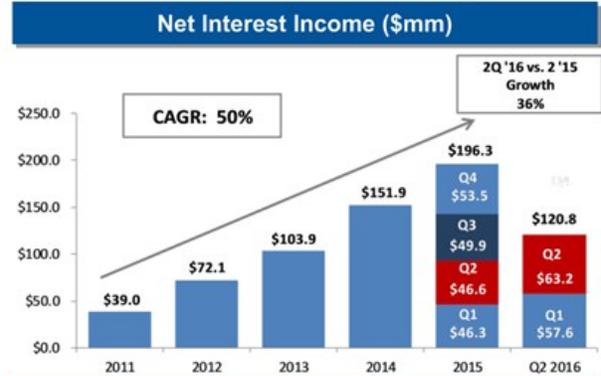
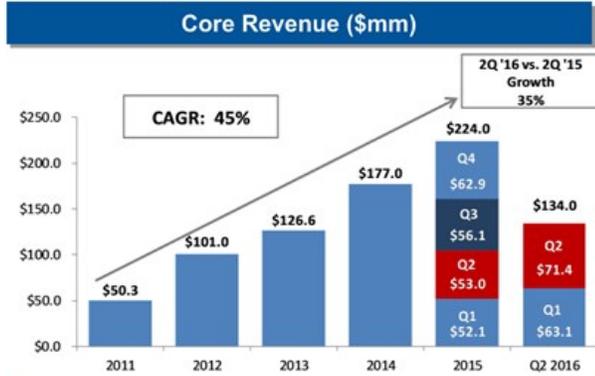
- Focus on families that have income producing real estate in their portfolios
- Private banking approach
- Focus Markets: New York & Philadelphia MSAs
- Average Loan Size: \$5.0 – \$7.0 million
- Remote banking for deposits and other relationship based loans
- Portfolio grown organically from a start up with very experienced teams hired in the past 3 years
- Strong credit quality niche
- Interest rate risk managed actively

Source: Company documents.



Source: SNL Financial, Company documents. Peer data consists of Northeast and Mid-Atlantic banks and thrifts with assets between \$3.5 billion and \$10.0 billion. Industry data includes all FDIC insured banks. Peer and Industry data as of June 30, 2016.

• Strategy execution has produced superior growth in revenues and earnings



(1) Core income is net income before extraordinary items less/plus securities gains and losses, less a 2015 BOLI death benefit of approximately \$2.4 million after tax, and excludes the 2015 \$9.0 million (\$5.8 million after tax) specific reserve for a fraudulent loan.
 (2) CAGR calculated from December 2011 to June 2016 (annualized).
 (3) Added fee income and expense in June related to acquiring the Disbursements Business from Higher One.

Tangible BV per Share



Recent Performance Results

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
ROA	0.7%	0.8%	0.9%	0.9%	0.8%
ROCE	9.4%	11.8%	13.5%	12.8%	13.0%
NIM	2.73%	2.79%	2.83%	2.88%	2.83%
Efficiency	48%	54%	50%	54%	53%
EPS	\$0.39	\$0.50	\$0.58	\$0.57	\$0.60

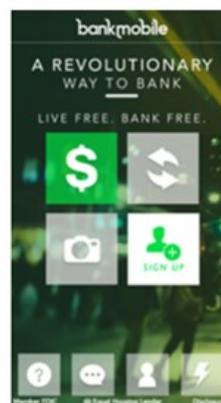
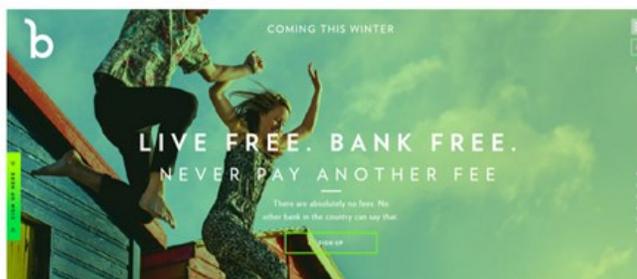
Financial Performance Targets

Criteria	2 Year Target
Return on Assets	~ 1%
Return on Common Equity	12% or greater
Net Interest Margin	~ 3%
EPS	~ 15% annual compounded growth
Efficiency Ratio	In the 40's

Earnings per Share Guidance / Valuation Multiples

Year	Guidance
2016 Core EPS	\$2.40 - \$2.50
July 15, 2016 Share Price	\$26.76
Estimated 2016 Tangible Book Value	\$20.23
Tangible Book Value/Share Price	1.3x
Share Price / Mid 2016 Guidance	10.9x
Share Price / 2017 EPS Estimates	9.9x

- Must focus on both “Relationship” or “High Touch” banking combined with “Highly Efficient” or “High Tech”. Strategy should be unique as to not be copied easily
- Attract and retain best high quality talent. Business Bankers / Relationship Bankers with approximately 15 years+ experience who bring a book of business with them
- Compensate leaders based upon risk and profitability with both cash and equity
- Never deviate from following critical success factors
 - Only focus on very strong credit quality niches
 - Have very strong risk management culture
 - Have significantly lower efficiency ratio than peers to deliver sustainable strong profitability and growth with lower margin and lower risk profile
 - Always attract and retain top quality talent
 - Culture of innovation and continuous improvement



- Banks each year charge about \$32 billion in overdraft fees – that’s allowing or creating over 1 billion overdrafts each year....Why??
- Payday lenders charge consumers another \$7 billion in fees
- That’s more than 3x what America spends on Breast Cancer and Lung Cancer combined and almost the amount Americans spend on vegetables
- This is about 50% of all America spends on Food Stamps
- Some of banking industries most profitable consumer customers hate banks
- Another estimated 25% consumers are unbanked or under banked

This should not be happening in America

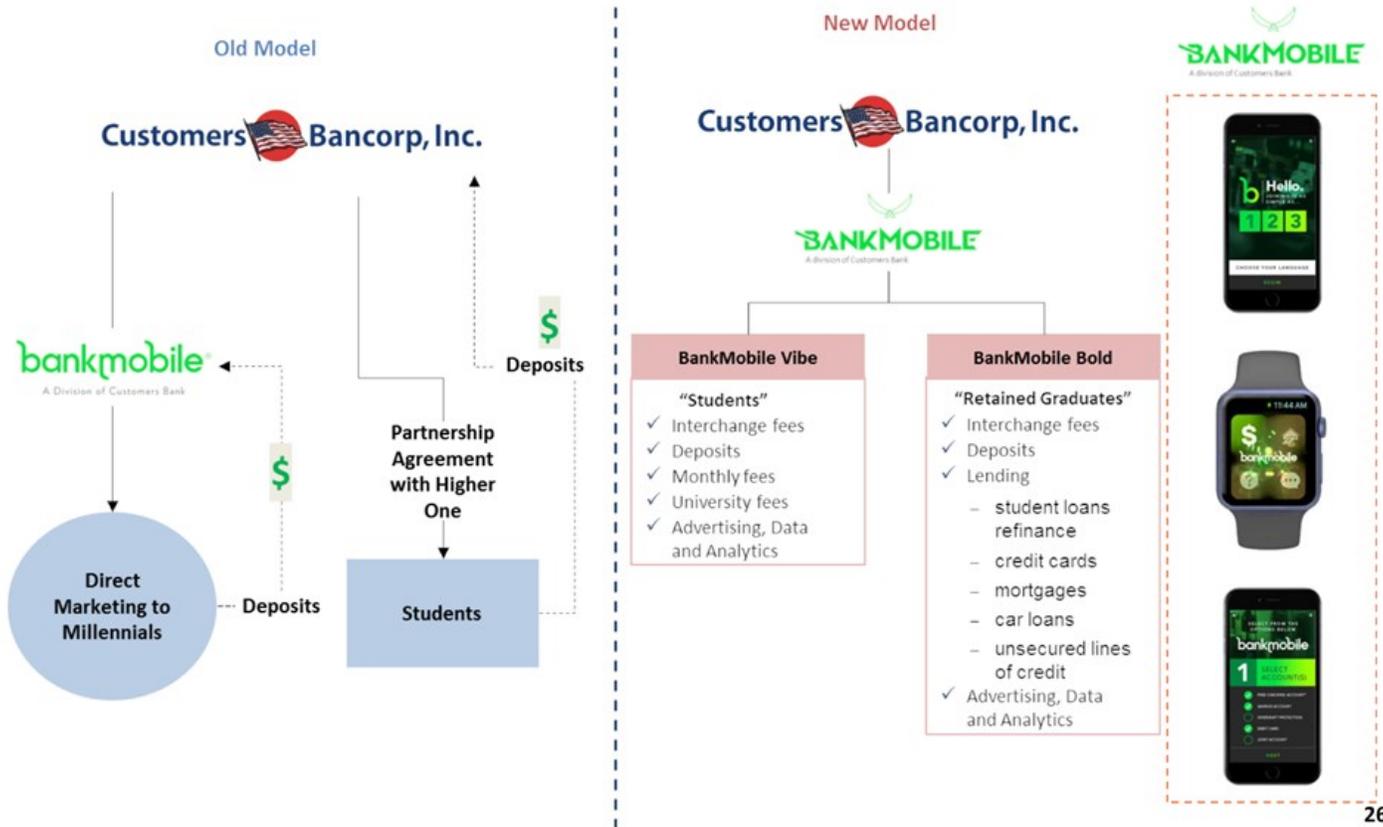
We hope to start, in a small way, a new revolution to profitably address this problem

- No fee or very low fee banking, 25 bps higher interest savings, line of credit, 55,000 ATM's, Personal Banker and more, all in the palm of your hand
- Marketing Strategy
 - Target technology dependent younger consumers; including underserved / underbanked and middle income Americans
 - Capitalize on retaining at least 75% of our ~ two million student customers as lifetime customers
 - Reach middle income markets also through Affinity Banking Groups
 - Revenue generation from debit card interchange and margin from low cost core deposits
 - Durbin Amendment a unique opportunity for Bank Mobile
- Expected to achieve profitability within 12 months and above average, franchise value, ROA and ROE within 5 years

CUBI Acquired Student Checking Customers & Refund Disbursement Business from Higher One

- **Strategically compelling acquisition for CUBI and transformational transaction for **BANKMOBILE**, making it one of the top digital banks in the US**
 - Business to be combined with **BANKMOBILE** platform marking inflection point in its development
 - Assume servicing of ~2mm new student checking customers holding over \$500mm in non-interest bearing deposits
 - Immediately accelerates **BANKMOBILE** evolution from investment phase to shareholder return phase
- **Powerful customer acquisition model drives maximum lifetime customer value**
 - Proven and sustainable business model; 14 year operating history and over \$70bn in payments processed
 - Generates over 500,000 new student checking accounts annually
 - Positions **BANKMOBILE** as the primary banking relationship as students evolve to young professionals and target retail consumer base changes from Gen X to millennials
- **CUBI uniquely positioned to capitalize on low risk transaction**
 - Customers Bank has a deep understanding of the business given existing Higher One relationship coupled with extensive due diligence
 - Deal structured to address past regulatory and reputational risk of legacy practices
 - Extensive dialogue with relevant regulators to preview transaction and go-forward operating model
- **Financially attractive transaction to CUBI shareholders while creating one of the most technologically advanced businesses in banking today**
 - Accretive to core EPS in first full year following close
 - Limited TBVPS dilution with rapid breakeven despite 100% cash transaction
 - Practically all payments to Higher One are tax deductible
 - Highly attractive IRR

Higher One acquisition coupled with existing technology enables BankMobile to convert student customers into lifetime customers



BankMobile is well positioned to be its customers' primary banking relationship throughout their lives



Additional option value for CUBI Shareholders created by *pro forma* **BANKMOBILE** platform

Significant Value for **BANKMOBILE** with Embedded Upside

- ~2 million active deposit customers on day one
- Over 500,000 new accounts per year
- Potential for long-term growth rate of 15% - 20%
- Existing students with automatic recurring growth
- Unique opportunity to capture lifetime value of customers and cross-sell value added products and services
- Pro forma **BANKMOBILE** platform has significant additional growth prospects via partnerships (lending products) and select acquisitions

End Game

- Fee Revenue Expansion can drive P/E Expansion
- Valuation on Payments Processors & FinTech sector for a **BANKMOBILE** business segment
...think multiple of revenues....
- CUBI shareholders participate in **BANKMOBILE** platform contributions:
 - A division of Customers Bank
 - Retain Intellectual Property (IP), rent for fee
- CUBI to explore various strategic options for **BANKMOBILE** to maximize shareholder value

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Robert Wahlman, CFO

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www.customersbank.com

Jay Sidhu

Chairman & CEO

Tel: 610-301-6476

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Appendix

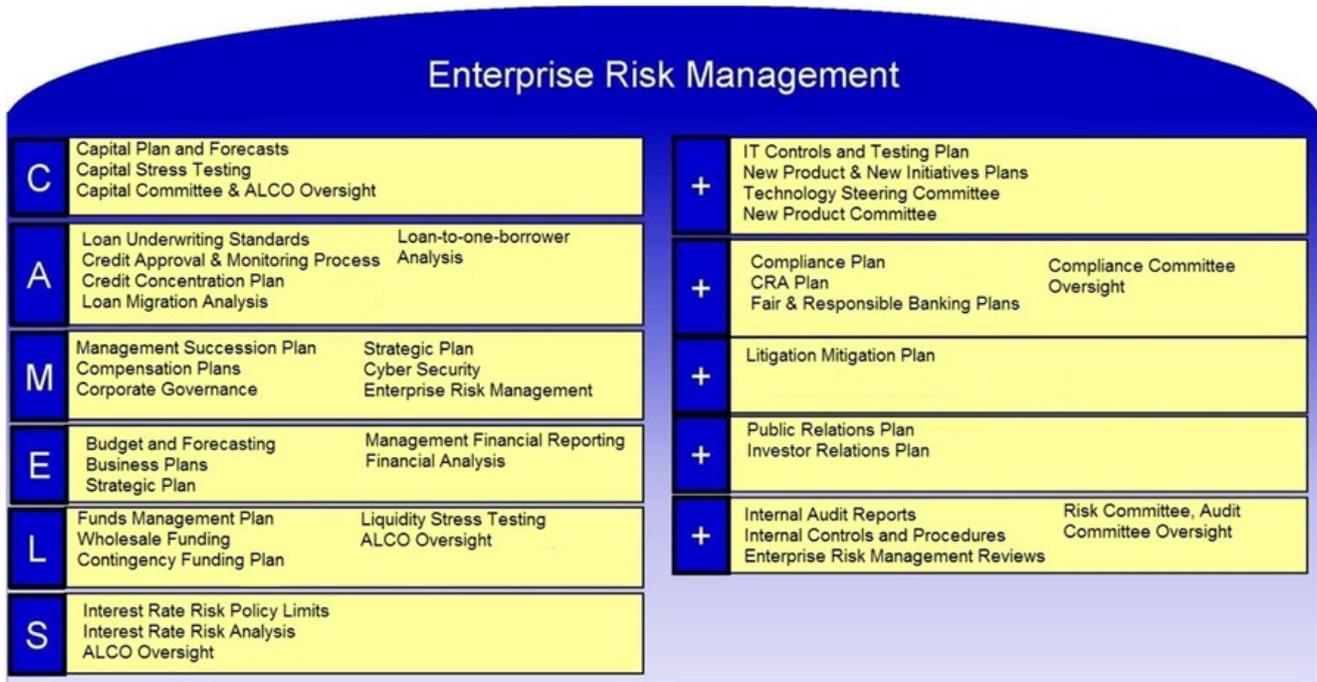
Customers  Bancorp, Inc.

Customers Bank

Risk Management



Well Defined ERM Plan – ERM Integration into CAMELS +++++



Customers Bancorp, Inc.

Financial Statements

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED - UNAUDITED

(Dollars in thousands, except per share data)

	Q2 2016	Q1 2016	Q1 2015
Interest income:			
Loans receivable, including fees	\$ 99,013	\$ 54,472	\$ 42,801
Loans held for sale	17,429	14,396	13,522
Investment securities	3,638	3,709	2,253
Other	1,281	3,111	1,107
Total interest income	121,361	75,688	63,683
Interest expense:			
Deposits	11,142	10,212	8,145
Other borrowings	1,620	1,606	1,496
FHLB advances	3,716	2,268	1,799
Subordinated debt	1,685	1,685	1,685
Total interest expense	18,163	15,771	13,125
Net interest income	103,198	59,917	50,558
Provision for loan losses	786	880	9,335
Net interest income after provision for loan losses	102,412	59,037	41,223
Non-interest income:			
Mortgage warehouse transaction fees	3,074	2,548	2,799
Interchange and card revenue	1,890	969	132
Bank-owned life insurance	1,120	1,323	1,169
Deposit fees	787	255	247
Gains on sale of loans	285	644	827
Mortgage loans and banking income	285	165	287
Gains (loss) on sale of investment securities	—	26	(499)
Other	335	368	1,001
Total non-interest income	8,276	5,894	6,303
Non-interest expense:			
Salaries and employee benefits	18,107	17,263	14,448
FDCI assessments, taxes, and regulatory fees	4,435	4,630	995
Technology, communication and bank operations	3,854	2,643	2,838
Professional services	3,636	2,572	2,792
Occupancy	2,473	2,325	2,199
Acquisition related expenses	874	176	—
Loan workout expense (income)	407	418	(173)
Advertising and promotion	334	253	429
Other real estate owned expense (income)	183	287	(580)
Other	3,400	3,038	2,552
Total non-interest expense	38,186	33,965	29,666
Income before tax expense	64,226	26,072	17,956
Income tax expense	13,805	8,937	6,400
Net income	50,421	17,135	11,556
Preferred stock dividends	2,067	1,786	507
Net income available to common shareholders	\$ 48,354	\$ 15,349	\$ 11,049
Basic earnings per common share	\$ 0.64	\$ 0.61	\$ 0.41
Diluted earnings per common share	\$ 0.60	\$ 0.57	\$ 0.39

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE SIX MONTHS ENDED - UNAUDITED

(Dollars in thousands, except per share data)

	June 30, 2016	June 30, 2015
Interest income:		
Loans receivable, including fees	\$ 113,485	\$ 85,994
Loans held for sale	31,515	24,422
Investment securities	7,547	4,616
Other	7,352	3,469
Total interest income	159,799	118,401
Interest expense:		
Deposits	21,356	15,671
Other borrowings	3,225	2,984
FHLB advances	5,984	3,488
Subordinated debt	3,370	3,370
Total interest expense	33,935	25,513
Net interest income	125,784	92,888
Provision for loan losses	7,766	13,799
Net interest income after provision for loan losses	118,018	79,089
Non-interest income:		
Mortgage warehouse transactional fees	5,672	5,672
Interchange and card revenue	2,239	262
Bank-owned life insurance	2,243	2,230
Deposit fees	1,042	426
Gain on sale of loans	929	2,698
Mortgage loans and banking income	430	438
Gain (loss) on sale of investment securities	26	(99)
Other	1,180	1,708
Total non-interest income	15,771	12,526
Non-interest expense:		
Salaries and employee benefits	35,570	26,400
FDIC assessments, taxes, and regulatory fees	8,465	4,273
Technology, communication and bank operations	6,496	5,340
Professional services	6,207	4,705
Occupancy	4,794	4,300
Acquisition-related expenses	1,050	—
Loan workout	905	256
Advertising and promotion	587	776
Other real estate owned	470	304
Other	7,739	4,747
Total non-interest expense	72,087	53,426
Income before tax expense	56,002	36,590
Income tax expense	22,833	14,087
Net income	33,169	22,503
Preferred stock dividends	3,548	807
Net income available to common shareholders	\$ 29,621	\$ 21,696
Basic earnings per common share	\$ 1.25	\$ 0.93
Diluted earnings per common share	\$ 1.17	\$ 0.88

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET - UNAUDITED

(Dollars in thousands)

	June 30, 2016	December 31, 2015	June 30, 2015
ASSETS			
Cash and due from banks	\$ 46,767	\$ 53,550	\$ 44,064
Interest-earning deposits	256,029	211,043	347,525
Cash and cash equivalents	302,796	264,593	391,589
Investment securities available for sale, at fair value	547,935	560,253	373,953
Loans held for sale	2,301,821	1,797,064	2,030,348
Loans receivable	6,114,576	5,453,479	4,524,825
Allowance for loan losses	(38,097)	(35,647)	(37,491)
Total loans receivable, net of allowance for loan losses	6,076,479	5,417,832	4,487,334
FHLB, Federal Reserve Bank, and other restricted stock	111,418	90,841	78,148
Accrued interest receivable	22,402	19,939	15,958
Bank premises and equipment, net	12,457	11,531	11,453
Bank-owned life insurance	159,486	157,211	155,940
Other real estate owned	5,066	5,057	13,319
Goodwill and other intangibles	17,197	3,651	3,658
Other assets	127,568	70,233	52,454
Total assets	\$ 9,684,625	\$ 8,398,205	\$ 7,614,154
LIABILITIES AND SHAREHOLDERS' EQUITY			
Demand, non-interest bearing deposits	\$ 749,564	\$ 653,679	\$ 584,380
Interest-bearing deposits	6,001,695	5,255,822	4,892,777
Total deposits	6,751,259	5,909,501	5,477,157
Federal funds purchased	61,000	70,000	—
FHLB advances	1,906,900	1,625,300	1,388,000
Other borrowings	86,790	86,457	86,125
Subordinated debt	108,734	108,685	108,636
Accrued interest payable and other liabilities	89,380	44,360	30,735
Total liabilities	9,004,063	7,844,303	7,090,653
Preferred stock	135,270	55,569	55,569
Common stock	27,817	27,432	27,402
Additional paid in capital	367,843	362,607	359,455
Retained earnings	158,292	124,511	93,422
Accumulated other comprehensive loss	(427)	(7,984)	(4,114)
Treasury stock, at cost	(8,233)	(8,233)	(8,233)
Total shareholders' equity	680,562	553,902	523,501
Total liabilities & shareholders' equity	\$ 9,684,625	\$ 8,398,205	\$ 7,614,154

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
AVERAGE BALANCE SHEET / NET INTEREST MARGIN(UNAUDITED)

(Dollars in thousands)

	Three months ended					
	June 30,		March 31,		June 30,	
	2016		2016		2015	
	Average Balance	Average yield or cost (%)	Average Balance	Average yield or cost (%)	Average Balance	Average yield or cost (%)
Assets						
Interest earning deposits	\$ 213,509	0.51%	\$ 184,368	0.53%	\$ 290,241	0.26%
Investment securities	550,130	2.65%	562,459	2.64%	384,324	2.34%
Loans held for sale	2,056,929	3.41%	1,563,399	3.63%	1,692,622	3.20%
Loans receivable	6,050,895	3.92%	5,679,383	3.86%	4,404,304	3.90%
Other interest-earning assets	102,599	3.79%	80,135	4.34%	77,822	4.75%
Total interest earning assets	8,974,062	3.64%	8,069,744	3.66%	6,849,313	3.49%
Non-interest earning assets	285,138		294,489		257,275	
Total assets	\$ 9,259,200		\$ 8,364,233		\$ 7,106,588	
Liabilities						
Total interest bearing deposits (1)	\$ 5,773,445	0.78%	\$ 5,476,146	0.75%	\$ 4,399,164	0.74%
Borrowings	2,014,452	1.40%	1,480,828	1.51%	1,507,870	1.32%
Total interest bearing liabilities	7,787,897	0.94%	6,956,974	0.91%	5,907,034	0.89%
Non-interest bearing deposits (1)	759,373		777,573		669,411	
Total deposits & borrowings	8,547,270	0.85%	7,734,547	0.82%	6,576,445	0.80%
Other non-interest bearing liabilities	56,870		43,677		33,586	
Total liabilities	8,604,140		7,778,224		6,610,031	
Shareholders' equity	655,060		586,009		496,557	
Total liabilities and shareholders' equity	\$ 9,259,200		\$ 8,364,233		\$ 7,106,588	
Net interest margin		2.83%		2.87%		2.73%
Net interest margin tax equivalent		2.83%		2.88%		2.73%

(1) Total costs of deposits (including interest bearing and noninterest bearing) were 0.68%, 0.66% and 0.65% for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015, respectively.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
AVERAGE BALANCE SHEET / NET INTEREST MARGIN (UNAUDITED)

(Dollars in thousands)

	Six months ended			
	June 30, 2016		June 30, 2015	
	Average Balance	Average yield or cost (%)	Average Balance	Average yield or cost (%)
Assets				
Interest earning deposits	\$ 198,938	0.52%	\$ 286,945	0.25%
Investment securities	556,295	2.64%	395,401	2.33%
Loans held for sale	1,810,164	3.50%	1,530,938	3.22%
Loans receivable	5,865,139	3.89%	4,383,102	3.95%
Other interest-earning assets	91,367	4.03%	76,453	8.19%
Total interest earning assets	8,521,903	3.65%	6,672,839	3.58%
Non-interest earning assets	289,814		269,231	
Total assets	\$ 8,811,717		\$ 6,942,070	
Liabilities				
Total interest bearing deposits (1)	\$ 5,624,797	0.76%	\$ 4,260,980	0.74%
Borrowings	1,747,640	1.45%	1,487,892	1.33%
Total interest-bearing liabilities	7,372,437	0.93%	5,748,872	0.89%
Non-interest-bearing deposits (1)	768,473		689,047	
Total deposits & borrowings	8,140,910	0.84%	6,437,919	0.80%
Other non-interest bearing liabilities	50,273		29,089	
Total liabilities	8,191,183		6,467,008	
Shareholders' equity	620,534		475,062	
Total liabilities and shareholders' equity	\$ 8,811,717		\$ 6,942,070	
Net interest margin		2.85%		2.81%
Net interest margin tax equivalent		2.85%		2.81%

(1) Total costs of deposits (including interest bearing and non-interest bearing) were 0.67% and 0.64% for the six months ended June 30, 2016 and 2015, respectively.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

PERIOD END LOAN COMPOSITION (UNAUDITED)

(Dollars in thousands)	June 30, 2016	December 31, 2015	June 30, 2015
Commercial:			
Multi-Family	\$ 3,336,083	\$ 2,948,696	\$ 2,319,263
Mortgage warehouse	2,321,418	1,797,753	1,994,709
Commercial & Industrial (1)	1,143,149	1,068,597	870,577
Commercial Real Estate- Non-Owner Occupied	1,139,711	956,255	895,780
Construction	99,615	87,240	68,742
Total commercial loans	8,039,976	6,858,541	6,149,071
Consumer:			
Residential	264,968	274,470	281,424
Manufactured housing	107,874	113,490	119,786
Other consumer	3,277	3,708	3,962
Total consumer loans	376,119	391,668	405,172
Deferred costs and unamortized premiums, net	302	334	930
Total loans	\$ 8,416,397	\$ 7,250,543	\$ 6,555,173

(1) Commercial & industrial loans, including owner occupied commercial real estate.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

PERIOD END DEPOSIT COMPOSITION (UNAUDITED)

(Dollars in thousands)	June 30, 2016	December 31, 2015	June 30, 2015
Demand, non-interest bearing	\$ 749,564	\$ 653,679	\$ 584,380
Demand, interest bearing	226,442	127,215	123,944
Savings	36,382	41,600	36,137
Money market	3,008,114	2,739,411	2,471,233
Time deposits	2,730,757	2,347,596	2,261,463
Total deposits	\$ 6,751,259	\$ 5,909,501	\$ 5,477,157

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES															
ASSET QUALITY - UNAUDITED															
<i>(Dollars in thousands)</i>															
Loan Type	As of June 30, 2016					As of December 31, 2015					As of June 30, 2015				
	Total Loans	Non Accrual /NPLs	Total Credit Reserves	NPLs / Total Loans	Total Reserves to Total NPLs	Total Loans	Non Accrual /NPLs	Total Credit Reserves	NPLs / Total Loans	Total Reserves to Total NPLs	Total Loans	Non Accrual /NPLs	Total Credit Reserves	NPLs / Total Loans	Total Reserves to Total NPLs
Originated Loans															
Multi-Family	\$ 3,303,077	\$ —	\$ 12,368	—%	—%	\$ 2,903,814	\$ —	\$ 12,016	—%	—%	\$ 2,232,273	\$ —	\$ 8,734	—%	—%
Commercial & Industrial (1)	1,082,109	6,605	10,999	0.61%	166.53%	990,621	2,760	8,864	0.28%	321.16%	792,701	1,173	13,476	0.15%	1,148.85%
Commercial Real Estate- Non-Owner Occupied	1,092,851	—	4,390	—%	—%	906,544	788	3,706	0.09%	470.30%	840,922	271	3,335	0.03%	1,230.63%
Residential	119,489	32	2,240	0.03%	7,000.00%	113,858	32	1,992	0.03%	6,225.00%	105,332	9	1,722	0.01%	19,133.33%
Construction	99,381	—	1,209	—%	—%	87,006	—	1,074	—%	—%	68,073	—	844	—%	—%
Other consumer	545	—	8	—%	—%	712	—	9	—%	—%	890	—	16	—%	—%
Total Originated Loans	5,697,452	6,637	31,214	0.12%	470.30%	5,002,555	3,580	27,661	0.07%	772.65%	4,040,191	1,453	28,127	0.04%	1,935.79%
Loans Acquired															
Bank Acquisitions	192,173	6,172	6,445	3.21%	104.42%	206,971	4,743	7,492	2.29%	157.96%	184,326	6,439	9,049	3.49%	140.53%
Loan Purchases	224,649	1,818	1,684	0.81%	92.63%	243,619	2,448	1,653	1.00%	67.52%	299,378	2,664	1,871	0.89%	70.23%
Total Acquired Loans	416,822	7,990	8,129	1.92%	101.74%	450,590	7,191	9,145	1.60%	127.17%	483,704	9,103	10,920	1.88%	119.96%
Deferred costs and unamortized premiums, net	302	—	—	—%	—%	334	—	—	—%	—%	930	—	—	—%	—%
Total Loans Held for Investment	6,114,576	14,627	39,343	0.24%	268.98%	5,453,479	10,771	36,806	0.20%	341.71%	4,524,825	10,556	39,047	0.23%	369.90%
Total Loans Held for Sale	2,301,821	—	—	—%	—%	1,797,064	—	—	—%	—%	2,030,348	—	—	—%	—%
Total Portfolio	\$ 8,416,397	\$ 14,627	\$ 39,343	0.17%	268.98%	\$ 7,250,543	\$ 10,771	\$ 36,806	0.15%	341.71%	\$ 6,555,173	\$ 10,556	\$ 39,047	0.16%	369.90%

(1) Commercial & industrial loans, including owner occupied commercial real estate.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
NET CHARGE-OFFS/(RECOVERIES) - UNAUDITED

(Dollars in thousands)	For the Quarter Ended		
	Q2 2016	Q1 2016	Q2 2015
Originated Loans			
Multi-Family	\$ —	\$ —	\$ —
Commercial & Industrial (1)	41	—	634
Commercial Real Estate- Non-Owner Occupied	—	—	—
Residential	—	—	—
Construction	—	—	—
Other consumer	145	3	—
Total Originated Loans	186	3	634
Loans Acquired			
Bank Acquisitions	874	(458)	369
Loan Purchases	—	—	(4)
Total Acquired Loans	874	(458)	365
Deferred costs and unamortized premiums, net	—	—	—
Total Loans Held for Investment	1,060	(455)	999
Total Loans Held for Sale	—	—	—
Total Portfolio	\$ 1,060	\$ (455)	\$ 999

(1) Commercial & industrial loans, including owner occupied commercial real estate.