

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Customers Bancorp, Inc.

Form: 8-K

Date Filed: 2017-10-19

Corporate Issuer CIK: 1488813

**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): **October 19, 2017**

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01**Regulation FD Disclosure**

On October 19, 2017, Customers Bancorp, Inc. (the "Company") issued a press release announcing certain developments with respect to its planned disposition of its BankMobile business, a copy of which is included as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

The Company has posted to its website a slide presentation which is attached hereto as Exhibit 99.2 to this Current Report on Form 8-K 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 this Item 7.01, 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 Current 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 October 19, 2017.
99.2	Slide presentation dated October 19, 2017.

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: October 19, 2017

EXHIBIT INDEX

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Customers Bancorp
1015 Penn Avenue
Wyomissing, PA 19610

Contacts:

Jay Sidhu, Chairman & CEO 610-935-8693
Richard Ehst, President & COO 610-917-3263

Investor Contacts:

Robert Wahlman, CFO 610-743-8074
Bob Ramsey, Director of Investor Relations and Strategic Planning 484-926-7118

CUSTOMERS ANNOUNCES PLANS FOR TAX-FREE SPIN-OFF AND MERGER OF BANKMOBILE WITH FLAGSHIP COMMUNITY BANK

CUSTOMERS SHAREHOLDERS TO RECEIVE EXCHANGE LISTED STOCK WORTH APPROXIMATELY \$110 MILLION

Wyomissing, PA – October 19, 2017 – Customers Bancorp, Inc. (NYSE: CUBI), the parent company of Customers Bank (collectively, "Customers"), today announced plans to spin-off its BankMobile business to shareholders. The tax-free spin-off is expected to be followed by a merger of Customers' BankMobile Technologies, Inc. subsidiary ("BMT") into Clearwater Florida based Flagship Community Bank ("Flagship"), with Customers' shareholders receiving shares of Flagship common stock in exchange for shares of BMT they receive in the spin-off. Flagship is expected to separately purchase BankMobile deposits directly from Customers for cash. Following completion of the spin-off and merger and other transactions contemplated in a purchase and sale agreement between Customers and Flagship, Customers' shareholders would receive collectively more than 50% of Flagship common stock, valued at approximately \$110 million. The common stock of the merged entities, to be called BankMobile, is expected to be listed on a national securities exchange after completion of the transactions. Customers believes the transactions will be treated as a tax-free exchange for both Customers' shareholders and Customers. Additional details about the spin-off and merger will be included in presentation materials to be furnished as an exhibit to Customers' Current Report on Form 8-K to be filed with the Securities and Exchange Commission today.

"We believe the BankMobile business has potential for a strong and profitable future and would like to keep it in Customers, but provisions in the 2009 Dodd-Frank legislation make divestiture of the BankMobile business necessary to avoid charging significantly higher fees to the BankMobile depositors. We firmly believe in a low fee, smart phone and digital banking model for our BankMobile customers. After studying and exploring alternative ways to separate the BankMobile business from Customers and maintain BankMobile's low fee model, we concluded that a spin-off /merger transaction provides the greatest value to Customers' shareholders while maintaining the greatest benefits to students and other low to middle income customers of BankMobile," said Jay Sidhu, Chairman and CEO of Customers.

Customers expects to execute an Amended and Restated Purchase and Assumption Agreement and Plan of Merger (the "Amended Agreement") with Flagship to effect the spin-off and merger and Flagship's purchase of BankMobile deposits from Customers. Customers expects that the Amended Agreement will provide that completion of the transactions will be subject to the receipt of all necessary regulatory approvals, certain Flagship shareholder approvals, successful raising of capital by Flagship, and other customary closing conditions. Customers expects the transactions to close in mid-2018.

Flagship Community Bank was advised by the investment banking firm of Monroe Financial Partners and the law firms of Nelson Mullins Riley & Scarborough LLP and Edward W. Dougherty P.A. Customers Bancorp, Inc. was advised by the investment banking firms of Keefe, Bruyette & Woods, a *Stifel Company*, and Commerce Street Capital and the law firm of Stradley Ronon Stevens & Young, LLP.

This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Management will discuss the spin-off /merger transaction on a listen-only conference call on Friday, October 20, 2017 at 11:00 am EDT.

Conference Call

Date:	Friday, October 20, 2017
Time:	11:00 AM ET
US Dial-in:	866-431-5314
International Dial-in:	913-312-1229
Participant Code:	342224

Please dial in at least 10 minutes before the start of the call to ensure timely participation. A playback of the call will be available beginning October 20, 2017 at 1:00PM ET until 1:00 PM ET on November 19, 2017. To listen, call within the United States (888) 203-1112 or (719) 457-0820 when calling internationally. Please use the replay pin number 4393081.

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 \$10.9 billion at June 30, 2017 that was named by Forbes magazine as the 35th Best Bank 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, Massachusetts, New Hampshire 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.

"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, the combination of Customers' BankMobile business with the acquired Disbursements business, the implementation of Customers Bancorp, Inc.'s strategy regarding BankMobile, the possibility that the anticipated purchase agreement between Customers Bancorp, Inc. and related entities and Flagship Community Bank may not be executed, the possibility of events, changes or other circumstances occurring or existing that could result in the planned spin-off and merger of BankMobile not being completed, the possibility that the planned spin-off and merger of BankMobile may be more expensive to complete than anticipated, the possibility that the expected benefits of the planned transactions to Customers and its shareholders may not be achieved, the possibility of Customers incurring liabilities relating to the disposition of BankMobile, the possible effects on Customers' results of operations if the planned spin-off and merger of BankMobile are not completed in a timely fashion or at all, or that Customers' assets which are now in excess of \$10 billion are not reduced to below \$10 billion as of December 31, 2017 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, 2016, subsequently filed quarterly reports on Form 10-Q and current reports on Form 8-K that update or provide information in addition to the information included in the Form 10-K and Form 10-Q filings, if any. 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.



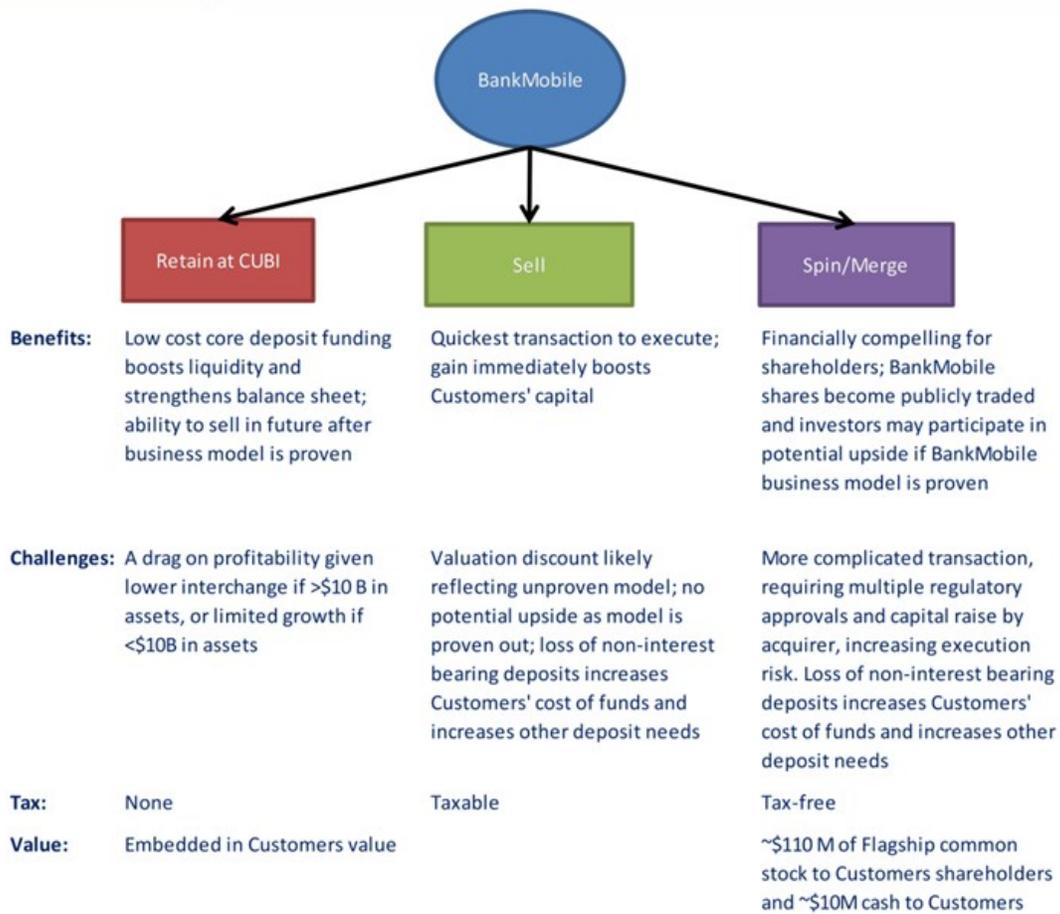
Customers Bancorp, Inc.

BankMobile Spin-Off /Merger Discussion



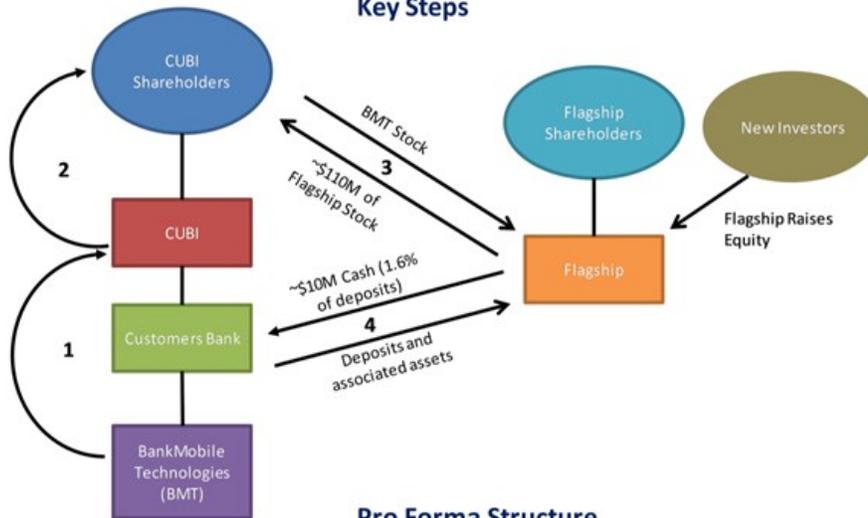
- BankMobile operates like a completely branchless, digital bank, offering customers low cost banking services.
 - A fin-tech company with a bank charter
 - Profitability is driven by interchange income, university fees, spread from low cost deposits and controlled operating expenses
 - BankMobile is committed to low fee and superior product offerings for customers
- Low Customer Acquisition Cost (CAC)
 - The business' student loan disbursement business and future white label partners offer a unique, low cost customer acquisition strategy
- Strong lifetime value of customers
 - BankMobile strives to boost retention and create "customers for life."
 - Additional products and services will enhance both customer loyalty and customer lifetime value
- Opened over 480,000 new checking accounts since June 16, 2016 and converted 374,000 accounts to BankMobile.
- BankMobile serviced approximately 1.8 million checking accounts at September 30, 2017 including approximately 1.2 million active deposit accounts. Deposit balances totaled \$780 million at September 30, 2017 including \$777 million in non-interest bearing accounts and \$3 million in savings accounts.
- Funds received from educational institutions and processed to students totaled \$2.6 billion from January 1 through September 30, 2017.

- 2014
 - Customers Bank began expanding existing deposit delivery channels using mobile and internet technology to take advantage of the changing banking model
 - The resulting BankMobile division of Customers Bank is built as a completely branchless experience, offering better products and customer acquisition strategies than what is available today in the branch banking model
 - BankMobile was designed as a sustainable business model complimentary to existing product channels
- 2015
 - Launched BankMobile mobile app 1.0
- 2016
 - June - Acquired Student Loan Disbursements Business of HigherOne and combined with BankMobile. Transform students into customers for life
 - October - Announced intent to divest BankMobile due to Durbin Amendment / Dodd-Frank
- 2017
 - March - Announced agreement to sell BankMobile
 - April - Launched new BankMobile mobile app 2.0
 - May - Announced receipt of alternate unsolicited proposals
 - September - Finalized and signed contract with major US retailer to offer white label financial services
 - October - Announced planned spin-off /merger



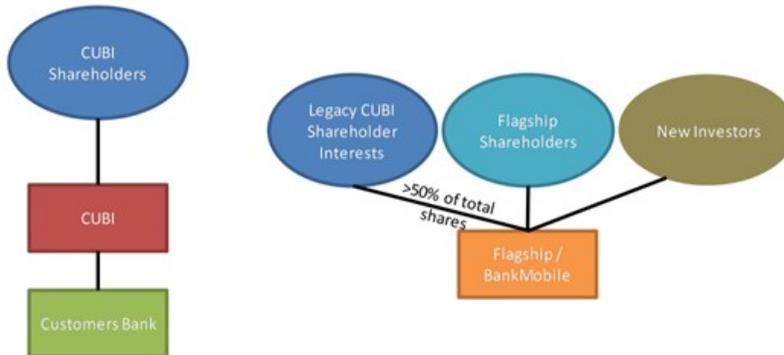
- **Retention is costly.** We would ideally keep BankMobile to develop further and benefit from low cost deposits, but the Durbin amendment to the Dodd-Frank Act limits interchange income for banks with assets over \$10 billion. Customers would have to start charging significantly higher deposit fees to offset lost revenues, which is contrary to the BankMobile model, or else stay below \$10 billion in assets. Either option makes retaining BankMobile unattractive.
- **Shareholders may not receive full value in a near-term sale.** An outright sale forfeits shareholders' ability to participate in potential future BankMobile valuation increases as the model is proven. A traditional sale would have to be to a company with an existing bank charter. Small banks can earn maximum revenues but may lack purchasing power. Large banks with purchasing power face the dilemma above.
- **A spin-off /merger maximizes financial, strategic, and structural goals.**
 - In a spin-off /merger, Customers shareholders will receive ownership of over 50% of Flagship common shares with an estimated value of \$110 million.
 - We expect this common stock will be exchange traded, giving investors the ability to monetize this asset.
 - Investors who chose to retain the stock may benefit from the potential upside from BankMobile's growth and white label partnerships.
 - Already signed contract to provide white label banking services to customers of a major US retailer, which could drive significant DDA balance growth over time.
 - The transaction is expected to be tax free to Customers and shareholders.
 - Strategically, the merger with Flagship allows BankMobile to continue offering its attractive, low fee banking products to students and other low to middle income customers of BankMobile without limiting Customers' growth potential.

Key Steps



- 1) Customers Bank dividends BMT to CUBI
- 2) CUBI dividends BMT to CUBI shareholders on a pro rata basis
- 3) BMT merges into Flagship with BMT shareholders exchanging their BMT shares for Flagship common stock
- 4) Deposits and associated assets are transferred from Customers Bank to Flagship in exchange for cash

Pro Forma Structure



Event	Target Date
Sign a revised purchase and sale agreement with Flagship Community Bank	October, 2017
Flagship raises new equity capital, and files an application with the FDIC to acquire BankMobile deposits	4Q17
Prepare SEC filings for spin-off of BankMobile Technologies (BMT)	As of Sept 30, 2017 By 4Q17
Customers has decided that it is prudent to manage total assets below \$10 billion at December 31, 2017	December 31, 2017
Customers Bank dividends BMT to Customers Bancorp; Customers Bancorp dividends BMT to Customers' shareholders holding shares on applicable record date	Closing Date
BMT merges into Flagship Community Bank; BMT shareholders receive newly issued shares of Flagship common stock in exchange for BMT shares	Closing Date
Deposits and associated earning assets are transferred from Customers Bank to Flagship Community Bank	Closing Date
Flagship files for stock listing on a national exchange	Closing Date

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. Forward-looking statements in this presentation include, among other matters, guidance for our financial performance, and our financial performance targets. Forward-looking statements reflect numerous assumptions, estimates and forecasts as to future events. No assurance can be given that the assumptions, estimates and forecasts underlying such forward-looking statements will accurately reflect future conditions, or that any guidance, goals, targets or projected results will be realized. The assumptions, estimates and forecasts underlying such forward-looking statements involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions, which may not be realized and which are inherently subject to significant business, economic, competitive and regulatory uncertainties and known and unknown risks, including the risks described under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2016 and subsequent Quarterly Reports on Form 10-Q, as such factors may be updated from time to time in our filings with the SEC. Our actual results may differ materially from those reflected in the forward-looking statements.

In addition to the risks described under “Risk Factors” in our filings with the SEC, important factors to consider and evaluate with respect to our forward-looking statements include:

- changes in 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, investment or disposition 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;
- our 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;
- 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, including the products and services being developed and introduced to the market by the BankMobile division of Customers Bank;
- 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;
- material differences in the actual financial results of merger and acquisition activities compared with our expectations, such as with respect to the full realization of anticipated cost savings and revenue enhancements within the expected time frame;
- our ability to successfully implement our growth strategy, control expenses and maintain liquidity;
- Customers Bank's ability to pay dividends to Customers Bancorp;
- risks related to our proposed spin-off of BankMobile and merger of BankMobile into Flagship Bank, including:
 - Our ability to reach a definitive agreement with Flagship Bank with respect to the proposed spin-off and merger;
 - our ability to successfully complete the transactions and the timing of completion;
 - the ability of Customers and Flagship Bank to meet all of the conditions to completion of the proposed transactions;
 - the impact of an announcement of the proposed sale on the value of our securities, our business and our relationship with employees and customers;
 - the effect on Customers' business if the proposed transactions not completed and Customers is unable to sell or otherwise dispose of BankMobile before exceeding \$10 billion in assets as measured at year-end;
- risks relating to BankMobile, including:
 - that integration of the Higher One Disbursement business with BankMobile may be less successful, more difficult, time-consuming or costly than expected, and that BankMobile may be unable to realize anticipated cost savings and revenue enhancements within the expected time frame or at all;
 - material variances in the adoption rate of BankMobile's services by new students and/or the usage rate of BankMobile's services by current student customers compared to our expectations;

- the levels of usage of other BankMobile student customers following graduation of additional product and service offerings of BankMobile or Customers Bank, including mortgages and consumer loans, and the mix of products and services used;
- our ability to implement changes to BankMobile's product and service offerings under current and future regulations and governmental policies;
- our ability to effectively manage revenue and expense fluctuations that may occur with respect to BankMobile's student-oriented business activities, which result from seasonal factors related to the higher-education academic year;
- our ability to implement our strategy regarding BankMobile, including with respect to our intent to sell or otherwise dispose of the BankMobile business in the future, depending upon market conditions and opportunities; and
- BankMobile's ability to successfully implement its growth strategy and control expenses.

You are cautioned not to place undue reliance on any forward-looking statements we make, which speak only as of the date they are made. We do not undertake any obligation to release publicly or otherwise provide any revisions to any forward-looking statements we may make, including any forward-looking financial information, 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.

This presentation shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

