
**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 28, 2021



(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

001-35542
(Commission File number)

27-2290659
(IRS Employer
Identification No.)

**701 Reading Avenue
West Reading PA 19611**
(Address of principal executive offices, including zip code)

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

N/A

(Former name, former address and former fiscal year, 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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Securities registered pursuant to Section 12(g) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbols</u>	<u>Name of Each Exchange on which Registered</u>
Voting Common Stock, par value \$1.00 per share	CUBI	New York Stock Exchange
Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C, par value \$1.00 per share	CUBI/PC	New York Stock Exchange
Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series D, par value \$1.00 per share	CUBI/PD	New York Stock Exchange
Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series E, par value \$1.00 per share	CUBI/PE	New York Stock Exchange
Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series F, par value \$1.00 per share	CUBI/PF	New York Stock Exchange
5.375% Subordinated Notes due 2034	CUBB	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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 2.02. Results of Operations and Financial Condition

On July 28, 2021, Customers Bancorp, Inc. (the "Company") issued a press release announcing unaudited financial information for the quarter ended June 30, 2021, 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 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 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 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.

<u>Exhibit</u>	<u>Description</u>
Exhibit 99.1	Press Release dated July 28, 2021
Exhibit 99.2	Slide presentation dated July 2021

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/ Carla A. Leibold

Name: Carla A. Leibold

Title: Executive Vice President - Chief Financial Officer

Date: July 28, 2021

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated July 28, 2021
99.2	Slide presentation dated July 2021



Customers Bancorp, Inc.
701 Reading Avenue
West Reading, PA 19611

Contacts:
Jay Sidhu, Chairman & CEO 610-935-8693
Sam Sidhu, President 484-744-8985
Carla Leibold, CFO 484-923-8802

Customers Bancorp Reports Second Quarter 2021 Results
Record Net Income of \$58.0 million, or \$1.72 Per Diluted Share,
ROAA of 1.27% and ROCE of 23.22%
Top 5 Bank PPP Lender in U.S. by Loan Count
~325,000 Loans Funded Totaling \$9.5 billion
~\$335 million of Deferred Origination Fees Earned
Tangible Book Value Increased 29% over Q2 2020

- Q2 2021 net income available to common shareholders was \$58.0 million, or \$1.72 per diluted share, up 182% over Q2 2020.
- Q2 2021 core earnings (a non-GAAP measure) were \$59.3 million, or \$1.76 per diluted share, up 177% over Q2 2020.
- Q2 2021 ROAA was 1.27% and Core ROAA (a non-GAAP measure) was 1.30%. Q2 2020 ROAA was 0.62% and Core ROAA (a non-GAAP measure) was 0.68%.
- Q2 2021 ROCE was 23.22% and Core ROCE (a non-GAAP measure) was 23.72%. Q2 2020 ROCE was 9.97% and Core ROCE (a non-GAAP measure) was 11.16%.
- Adjusted pre-tax pre-provision net income (a non-GAAP measure) for Q2 2021 was \$86.5 million, an increase of 60% over Q2 2020. Q2 2021 adjusted pre-tax pre-provision return on average assets (a non-GAAP measure) was 1.80% compared to 1.48% for Q2 2020.
- Q2 2021 results include a provision for credit losses on loans and leases of \$3.3 million, compared to a benefit of \$2.9 million in Q1 2021. At June 30, 2021, the coverage of credit loss reserves for loans and leases held for investment, excluding Paycheck Protection Program ("PPP") loans (a non-GAAP measure), was 1.61% compared to 1.71% at March 31, 2021.
- Non-performing assets were 0.24% of total assets at June 30, 2021 compared to 0.26% at March 31, 2021. Allowance for credit losses equaled 270% of non-performing loans at June 30, 2021, up from 264% at March 31, 2021.
- Net interest income for Q2 2021 grew \$6.0 million, or 4.5%, over Q1 2021 and \$46.8 million, or 50.9%, over Q2 2020.
- Q2 2021 net interest margin (a non-GAAP measure) remained stable at 2.98%. Q2 2021 net interest margin, excluding the impact of PPP loans (a non-GAAP measure), increased by 31 basis points to 3.30% from Q1 2021.
- Total loans and leases increased \$1.7 billion, or 11.0% year-over-year. Total loans and leases, excluding PPP loans (a non-GAAP measure), increased \$132.2 million, or 1.3% year-over-year, as growth in the core commercial and industrial (C&I), consumer and loans to mortgage companies portfolios was offset in part by runoff in the multi-family loan portfolio.

- Total deposits increased \$2.9 billion, or 26.5% year-over-year, which included a \$2.4 billion or 51.9% increase in demand deposits. The total cost of deposits dropped 44 basis points from 0.91% in the year-ago quarter.
- Total deferrals declined to \$98.2 million, or 0.9% of total loans and leases excluding PPP loans (a non-GAAP measure) at June 30, 2021, down from \$189.1 million, or 1.7% of total loans and leases excluding PPP loans (a non-GAAP measure) at March 31, 2021.
- Q2 2021 efficiency ratio was 46.59% compared to 50.73% for Q2 2020. Q2 2021 core efficiency ratio was 44.33% compared to 47.84% in Q2 2020 (non-GAAP measures).
- Fully divested foreign equity holdings in Q2 2021 reducing overall taxable capital gains resulting from BankMobile divestiture in Q1 2021.
- On track to soft launch a private real-time, blockchain-based B2B payments platform with integration of digital and legacy payment rails within the next 60 days. The platform will deliver enhanced payments functionality for our business clients and is expected to generate additional deposit growth in targeted niches, such as real estate, monetary and currency exchanges and institutional investments.
- Preferred stock redemption planned prior to year-end.

West Reading, PA, July 28, 2021 - Customers Bancorp, Inc. (NYSE: CUBI), the parent company of Customers Bank (collectively "Customers" or "CUBI"), today reported second quarter 2021 ("Q2 2021") net income to common shareholders of \$58.0 million, or \$1.72 per diluted share, up from first quarter 2021 ("Q1 2021") net income to common shareholders of \$33.2 million, or \$1.01 per diluted share. Q1 2021 results included a net loss from discontinued operations of \$38.0 million, which reduced GAAP earnings by \$1.16 per diluted share, resulting from the divestiture of BankMobile Technologies, Inc. on January 4, 2021. Core earnings for Q2 2021 totaled \$59.3 million, or \$1.76 per diluted share compared to Q1 2021 core earnings of \$70.3 million, or \$2.14 per diluted share (non-GAAP measures). Adjusted pre-tax pre-provision net income was \$86.5 million for Q2 2021 compared to \$86.8 million for Q1 2021 (non-GAAP measures). Net interest margin, tax equivalent ("NIM") remained stable at 3% for Q2 2021 and Q1 2021. Excluding PPP loans, NIM expanded 31 basis points in Q2 2021 as compared to Q1 2021, largely benefiting from the balance sheet restructuring that occurred in Q1 2021, further reductions in deposit costs and disciplined pricing strategy (non-GAAP measures).

"As the Paycheck Protection Program ("PPP") comes to a close, we couldn't be happier with our overall execution and results in this program," remarked Customers Bancorp Chairman and CEO, Jay Sidhu. "Not only have we supported hundreds of thousands of small businesses, not-for-profits, and the communities we serve, we leveraged our technology expertise to build valuable fintech partnerships, established hundreds of thousands of new customer accounts ripe for in-house analytics and cross-selling and significantly improved our capital position and tangible book value at the same time. All of this was achieved while decreasing the risk profile of Customers Bank. At June 30, 2021, we have strong capital and reserves, exceptional asset quality and expect to report the highest full year earnings in our company's history. This leaves us very well positioned to support future growth and to redeem a portion of our preferred stock later this year, an EPS enhancing action, which was approved by our Board earlier today. We remain optimistic about our future." Mr. Sidhu concluded.

Key Balance Sheet Trends

Total loans and leases increased \$1.7 billion, or 11.0%, to \$17.0 billion at June 30, 2021 compared to the year-ago period. PPP loans were \$6.3 billion at June 30, 2021, an increase of \$1.5 billion compared to the year-ago period, driven by \$4.1 billion and \$0.2 billion in originations from the new round and earlier rounds of PPP loans, respectively. This increase in PPP loans was offset by \$2.8 billion in forgiveness from the earlier rounds of PPP loans. Additionally, the loan mix improved year-over-year as commercial and industrial loans and leases increased \$233.2 million to \$2.3 billion, commercial real estate owner occupied loans increased \$108.9 million to \$653.6 million, commercial loans to mortgage companies increased \$90.1 million to \$2.9 billion, and consumer installment loans increased \$319.8 million to \$1.6 billion. These increases in loans and leases were partially offset by decreases in multi-family loans of \$526.1 million to \$1.5 billion, commercial real estate non-owner occupied loans of \$55.7 million to \$1.2 billion and residential mortgages of \$79.4 million to \$273.5 million. "Looking ahead, we see continued growth in core C&I and consumer loans offsetting some of the expected decreases in loans to mortgage companies in the second half of this year," stated Sidhu.

Total deposits increased \$2.9 billion, or 26.5%, to \$13.9 billion at June 30, 2021 compared to the year-ago period. Total demand deposits increased \$2.4 billion, or 51.9%, to \$6.9 billion, money market deposits increased \$1.5 billion, or 44.2%, to \$4.9 billion, and savings deposits increased \$287.0 million, or 25.1%, to \$1.4 billion. These increases were offset, in part, by a decrease in time deposits of \$1.2 billion, or 66.5%, to \$627.2 million. The total cost of deposits declined by 44 basis points to 0.47% in Q2 2021 from 0.91% in the year-ago quarter. At July 15, 2021, the spot cost of deposits was 0.44%. "We expect our deposit costs to be at or below 40 basis points by September 30, 2021," stated Sidhu.

Very Strong Growth in Tangible Common Equity and Tangible Book Value Per Share

Customers experienced significant improvements in regulatory capital ratios in Q2 2021 as compared to a year ago. Customers Bancorp's tangible common equity (a non-GAAP measure) increased by \$253.6 million to \$1.0 billion at June 30, 2021 from \$775.8 million at June 30, 2020, and the tangible book value per common share (a non-GAAP measure) increased to \$31.82 at June 30, 2021 from \$24.62 at June 30, 2020, an increase of 29.2%. Customers remains well capitalized by all regulatory measures, leaving us well positioned to redeem a portion of the preferred stock prior to year-end subject to routine and customary regulatory approval. At the Customers Bancorp level, the total risk based capital ratio (estimate) and tangible common equity to tangible assets ratio ("TCE ratio"), excluding PPP loans (a non-GAAP measure), were 13.2% and 7.7%, respectively, at June 30, 2021. At March 31, 2021, Customers Bancorp's total risk based capital ratio and TCE ratio, excluding PPP loans (a non-GAAP measure), were 12.4% and 7.1%, respectively. "As a consequence of PPP related income and a potential cyclical decline in mortgage warehouse loans, we expect our capital levels to increase sharply in the second half of 2021 with the TCE ratio excluding PPP loans to be close to 9% by December 31, 2021," commented Customers Bancorp CFO, Carla Leibold.

Loan Portfolio Management During the COVID-19 Crisis

Over the last decade, Customers has developed a suite of commercial and retail loan products with one particularly important common denominator: relatively low credit risk assumption. The Bank's C&I, mortgage warehouse, specialty finance lines of business, and multi-family loans for example, are characterized by conservative underwriting standards and low loss rates. Because of this emphasis, the Bank's credit quality to-date has been healthy despite a highly adverse economic environment. Maintaining strong asset quality also requires a highly active portfolio monitoring process. In addition to frequent client outreach and monitoring at the individual loan level, Customers employs a bottom-up data driven approach to analyze its commercial portfolio.

Strong commercial loan portfolio with very low concentration in COVID-19 impacted industries and CRE

- Total commercial deferments declined to \$89.8 million, or 0.8% of total loans and leases, excluding PPP loans (a non-GAAP measure), at June 30, 2021, down from \$176.1 million, or 1.6% of total loans and leases, excluding PPP loans, at March 31, 2021. Customers' commercial deferments peaked at about \$1.2 billion in July 2020.
- Exposure to industry segments significantly impacted by COVID-19 is not substantial. At June 30, 2021, Customers had \$82.8 million in energy and utilities exposure (with no deferments); \$62.0 million in colleges

- and universities (with no deferments); \$62.2 million in CRE retail sales exposure (mostly auto sales; with no deferments); \$29.9 million in franchise restaurants and dining (with no deferments); and \$26.1 million in entertainment only businesses (with no deferments).
- At June 30, 2021, the hospitality portfolio was \$399.3 million, or 3.8% of total loans and leases, excluding PPP loans, with \$59.2 million in deferment. Approximately 79.5% (\$317.4 million) represents “flagged” facilities, with the majority of the non-flagged being high-end destination hotels in Cape May (NJ), Avalon (NJ), and Long Island (NY). We believe the majority of the hotels have sufficient cash resources to get through the COVID-19 crisis.
 - At June 30, 2021, the healthcare portfolio was approximately \$460 million, comprised predominantly of skilled nursing, which has been deemed an essential business and through a number of federal and state actions has been provided immunity from liability for COVID-19 related deaths. No deferments have been requested and there are no delinquencies.
 - The multi-family portfolio is highly seasoned, with a weighted average loan to value of 61.7% as of quarter-end. 55.77% of the portfolio was in New York City, of which 70.53% was in rent controlled/regulated properties. As of June 30, 2021, no deferments have been requested.
 - At June 30, 2021, investment CRE had a weighted average loan to value of 63.2%, with approximately 52% of the portfolio housed in New York, Philadelphia and surrounding markets. As of June 30, 2021, \$4.4 million of the portfolio was on deferment, with minimal exposure to the office market.

Consumer installment, mortgage and home equity loan portfolios continue to perform well

- Total consumer-related deferments declined to \$8.4 million, or 0.1% of total loans and leases, excluding PPP loans (a non-GAAP measure), at June 30, 2021, down from \$13.0 million at March 31, 2021.
- The \$1.6 billion consumer installment loan portfolio outperformed industry peers with deferments dropping to 0.31% and 30+ day delinquency at only 0.66%. Strong credit quality (avg. FICO at origination: 740), low concentration in at-risk job segments, and outstanding performance of CB Direct originations have resulted in solid results through the end of Q2 2021.
- The consumer installment portfolio has been managed to moderate growth and strengthening credit quality, by replacing run-off with CB Direct originations with higher FICO scores.

Key Profitability Trends

Net Interest Income

Net interest income totaled \$138.8 million in Q2 2021, an increase of \$6.0 million from Q1 2021, primarily due to a \$755.1 million net increase in average interest-earning assets and a decrease in the cost of interest-bearing liabilities. Interest-earning asset growth was driven by increases in consumer loans and the latest round of PPP loans, offset in part by PPP loan forgiveness from the first two rounds, which accelerated the recognition of net deferred loan origination fees, and decreases in commercial loans to mortgage companies and multi-family loans. Compared to Q1 2021, total loan yields decreased 28 basis points to 3.74%. The decrease is attributable to lower yields on commercial and industrial loans and leases, increased originations of PPP loans in the latest round and lower forgiveness of PPP loans from the first two rounds, offset in part by higher yields on consumer loans. Total borrowing costs decreased by 23 basis points to 0.77% primarily due to the balance sheet restructuring completed in Q1 2021 and lower utilization of the FRB PPP Liquidity Facility, costing 0.35%, due to the PPP loan forgiveness from the first two rounds and excess cash available to fund additional PPP round 3 originations. FHLB advances and federal funds purchased were also paid off during Q2 2021 due to sufficient liquidity. "It is difficult to predict net interest income in future periods because the timing of PPP forgiveness results in the accelerated recognition of net deferred fees and also affects the amount of net interest income expected to be earned while the PPP loans are held on our balance sheet," commented Mr. Sidhu.

Provision for Credit Losses

The provision for credit losses on loans and leases in Q2 2021 was \$3.3 million, compared to a \$2.9 million benefit (release) in Q1 2021. The provision in Q2 2021 primarily resulted from an increase in provision for consumer installment loans from continued growth, offset in part by the benefit (release) to the provision for commercial loans resulting from continuing improvement in forecasts of macroeconomic conditions since Q4 2020. The allowance for credit losses on loans and leases represented 1.6% of total loans and leases receivable, excluding PPP loans (a non-GAAP measure) at June 30, 2021, compared to 1.7% at March 31, 2021, and 2.2% at June 30, 2020. Customers' non-

performing loans at June 30, 2021 were only 0.27% of total loans and leases, a significant improvement from 0.56% at June 30, 2020.

Non-Interest Income

Non-interest income totaled \$16.8 million for Q2 2021, a decrease of \$1.6 million compared to Q1 2021. The decrease in non-interest income primarily resulted from decreases of \$21.8 million in gain on sale of investment securities and \$3.0 million in unrealized gain on derivatives, offset in part by a \$24.5 million decrease in loss on cash flow hedge derivative terminations recorded in Q1 2021. In Q2 2021, the change in the fair value of foreign equity securities and the sale of the foreign subsidiaries that held those securities resulted in a net loss of \$1.1 million.

Non-Interest Expense

Non-interest expense totaled \$70.8 million for Q2 2021, an increase of \$8.9 million compared to Q1 2021. The increase was primarily due to approximately \$2.5 million of compensation expense associated with an executive's retirement and other one-time benefits, \$2.4 million of increased PPP-related costs primarily due to outside professional services used to support the PPP forgiveness process and our participation in the latest round of PPP, increased consumer installment servicing expense of \$1.0 million, increased stock-based compensation of \$0.9 million related to new awards, and a benefit (release) to credit losses for unfunded commitments of \$1.3 million recorded in Q1 2021. "Looking ahead, we expect non-interest expenses to be lower in Q3 2021," stated Ms. Leibold.

Taxes

Income tax expense from continuing operations increased by \$2.5 million to \$20.1 million in Q2 2021 from \$17.6 million in Q1 2021 primarily due to an increase in compensation expense associated with an executive's retirement that exceeded the limit for tax deduction purposes, along with an increase in projected pre-tax income from continuing operations. Customers expects the full-year 2021 effective tax rate from continuing operations to be approximately 23% to 25%, which is comparable to previous years.

Net Loss From Discontinued Operations

The divestiture of BankMobile Technologies, Inc. was completed on January 4, 2021, and its historical financial results are presented as discontinued operations.

Outlook

"Looking ahead, we are very optimistic about the prospects of our company. The best in class tech agility of Customers Bancorp has allowed us to be a major participant in the third round of PPP and to incubate new lines of businesses that leverage our fintech relationships. We expect to launch a private real-time, blockchain-based B2B payments platform with integration of digital and legacy payment rails. The platform will deliver enhanced payments functionality for our business clients and is expected to generate additional deposit growth in targeted niches, such as real estate, monetary and currency exchanges and institutional investments. We also expect our tangible common equity and regulatory capital levels to achieve targeted levels within the next 12 months and our credit quality to remain in line with or better than peers. The financial benefits of PPP aside, we project our recurring earnings power to expand to at least the \$4.00 level during 2021 and 2022 and expect to achieve \$6.00 in core EPS in 2025 rather than 2026," concluded Mr. Sidhu.

Our updated financial guidance is as follows:

- Loan growth, excluding PPP and mortgage warehouse balances, is expected to average in the mid-to-high single digits over the next several quarters.
- The balance of commercial loans to mortgage companies is expected to decline to \$1.6 billion - \$2.4 billion at December 31, 2021.
- The Total Capital Ratio is expected to be about 14.0% by year-end 2021. The TCE ratio excluding PPP loans is expected to be close to 9.0% by year-end 2021.
- We project the NIM, excluding PPP loans, to remain within the 3.25% - 3.50% range for the second half of 2021.
- We project an effective tax rate from continuing operations for 2021 of 23.0% - 25.0%.
- We now expect to earn at least \$6.00 in core EPS in 2021 and 2022. Our core EPS guidance includes the net interest income expected to be earned on the PPP loans.

- Excluding PPP loans, we expect to earn at least \$4 in core EPS in 2021 and 2022 and expect to achieve \$6 in core EPS by 2025 rather than 2026.

2021 NIM expansion is expected to be achieved by:

- Remixing the loan portfolio away from commercial loans to mortgage companies toward other C&I categories and consumer installment loans.
- Restructuring of the asset and liability side of the balance sheet that was completed in Q1 2021.
- Bringing our total cost of deposits down to around 35 basis points by year-end 2021.

Webcast

Date: Thursday, July 29, 2021

Time: 9:00 AM EDT

The live audio webcast, presentation slides, and earnings press release will be made available at <https://www.customersbank.com/investor-relations/> and at the Customers Bancorp 2nd Quarter Earnings Webcast.

You may submit questions in advance of the live webcast by emailing Customers' Communications & Marketing Director, David Patti at dpatti@customersbank.com; questions may also be asked during the webcast through the webcast application.

The webcast will be archived for viewing on the Customers Bancorp Investor Relations page and available beginning approximately two hours after the conclusion of the live event.

Institutional Background

Customers Bancorp, Inc. (NYSE:CUBI) is a bank holding company located in West Reading, Pennsylvania engaged in banking and related businesses through its bank subsidiary, Customers Bank, a full-service bank with \$19.6 billion in assets at June 30, 2021. 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 and lending services to small and medium-sized businesses, professionals, individuals and families. Services and products are available wherever permitted by law through mobile-first apps, online portals, and a network of offices and branches.

“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 events and 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, including: the adverse impact on the U.S. economy, including the markets in which we operate, of the coronavirus outbreak, and the impact of a slowing U.S. economy and increased unemployment on the performance of our loan and lease portfolio, the market value of our investment securities, the demand for our products and services and the availability of sources of funding; the effects of actions by the federal government, including the Board of Governors of the Federal Reserve System and other government agencies, that affect market interest rates and the money supply; actions that we and our customers take in response to these developments and the effects such actions have on our operations, products, services and customer relationships; and the effects of any changes in accounting standards or policies. 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, 2020, subsequently filed quarterly reports on Form 10-Q and current reports on Form 8-K, including any amendments thereto, 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, except as may be required under applicable law.

Q2 2021 Overview

The following table presents a summary of key earnings and performance metrics for the quarter ended June 30, 2021 and the preceding four quarters:

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES**EARNINGS SUMMARY - UNAUDITED**

(Dollars in thousands, except per share data and stock price data)

Dollars in thousands, except per share data and stock price data)

	Q2		Q1		Q4		Q3		Q2		Six Months Ended			
	2021		2021		2020		2020		2020		June 30,			
											2021	2020		
GAAP Profitability Metrics:														
Net income available to common shareholders (from continuing and discontinued operations)	\$	58,042	\$	33,204	\$	52,831	\$	47,085	\$	19,137	\$	91,246	\$	18,621
Per share amounts:														
Earnings per share - basic	\$	1.80	\$	1.04	\$	1.67	\$	1.49	\$	0.61	\$	2.84	\$	0.59
Earnings per share - diluted	\$	1.72	\$	1.01	\$	1.65	\$	1.48	\$	0.61	\$	2.74	\$	0.59
Book value per common share ⁽¹⁾	\$	31.94	\$	30.13	\$	28.37	\$	26.43	\$	25.08	\$	31.94	\$	25.08
CUBI stock price ⁽¹⁾	\$	38.99	\$	31.82	\$	18.18	\$	11.20	\$	12.02	\$	38.99	\$	12.02
CUBI stock price as % of book value ⁽¹⁾		122 %		106 %		64 %		42 %		48 %		122 %		48 %
Average shares outstanding - basic		32,279,625		31,883,946		31,638,447		31,517,504		31,477,591		32,082,878		31,434,371
Average shares outstanding - diluted		33,741,468		32,841,711		31,959,100		31,736,311		31,625,771		33,294,075		31,625,669
Shares outstanding ⁽¹⁾		32,353,256		32,238,762		31,705,088		31,555,124		31,510,287		32,353,256		31,510,287
Return on average assets ("ROAA")		1.27 %		0.80 %		1.23 %		1.12 %		0.62 %		1.04 %		0.40 %
Return on average common equity ("ROCE")		23.22 %		14.66 %		24.26 %		23.05 %		9.97 %		19.15 %		4.74 %
Efficiency ratio		46.59 %		48.89 %		43.56 %		46.76 %		50.73 %		47.64 %		52.52 %
Non-GAAP Profitability Metrics ⁽²⁾ :														
Core earnings	\$	59,303	\$	70,308	\$	54,588	\$	38,439	\$	21,413	\$	129,611	\$	26,499
Adjusted pre-tax pre-provision net income	\$	86,467	\$	86,769	\$	77,896	\$	64,146	\$	53,931	\$	173,236	\$	98,154
Per share amounts:														
Core earnings per share - diluted	\$	1.76	\$	2.14	\$	1.71	\$	1.21	\$	0.68	\$	3.89	\$	0.84
Tangible book value per common share ⁽¹⁾	\$	31.82	\$	30.01	\$	27.92	\$	25.97	\$	24.62	\$	31.82	\$	24.62
CUBI stock price as % of tangible book value ⁽¹⁾		123 %		106 %		65 %		43 %		49 %		123 %		49 %
Core ROAA		1.30 %		1.61 %		1.26 %		0.93 %		0.68 %		1.45 %		0.52 %
Core ROCE		23.72 %		31.03 %		25.06 %		18.82 %		11.16 %		27.20 %		6.75 %
Adjusted ROAA - pre-tax and pre-provision		1.80 %		1.90 %		1.70 %		1.43 %		1.48 %		1.85 %		1.50 %
Adjusted ROCE - pre-tax and pre-provision		33.27 %		36.80 %		34.20 %		29.73 %		26.24 %		34.95 %		23.16 %
Net interest margin, tax equivalent		2.98 %		3.00 %		2.78 %		2.50 %		2.65 %		2.99 %		2.80 %
Net interest margin, tax equivalent, excluding PPP loans		3.30 %		2.99 %		3.04 %		2.86 %		2.97 %		3.14 %		2.98 %
Core efficiency ratio		44.33 %		41.13 %		42.89 %		46.10 %		47.84 %		42.76 %		50.25 %
Asset Quality:														
Net charge-offs	\$	6,591	\$	12,521	\$	8,472	\$	17,299	\$	10,325	\$	19,112	\$	29,035
Annualized net charge-offs to average total loans and leases		0.16 %		0.33 %		0.21 %		0.45 %		0.32 %		0.24 %		0.52 %
Non-performing loans ("NPLs") to total loans and leases ⁽¹⁾		0.27 %		0.30 %		0.45 %		0.38 %		0.56 %		0.27 %		0.56 %
Reserves to NPLs ⁽¹⁾		269.96 %		264.21 %		204.48 %		244.70 %		185.36 %		269.96 %		185.36 %
Non-performing assets ("NPAs") to total assets		0.24 %		0.26 %		0.39 %		0.34 %		0.48 %		0.24 %		0.48 %
Customers Bank Capital Ratios ⁽³⁾ :														
Common equity Tier 1 capital to risk-weighted assets		12.35 %		11.75 %		10.62 %		10.12 %		10.64 %		12.35 %		10.64 %
Tier 1 capital to risk-weighted assets		12.35 %		11.75 %		10.62 %		10.12 %		10.64 %		12.35 %		10.64 %
Total capital to risk-weighted assets		13.72 %		13.11 %		12.06 %		11.62 %		12.30 %		13.72 %		12.30 %
Tier 1 capital to average assets (leverage ratio)		9.07 %		9.35 %		9.21 %		9.29 %		9.59 %		9.07 %		9.59 %

(1) Metric is a spot balance for the last day of each quarter presented.

(2) Non-GAAP measures exclude net loss from discontinued operations, loss on sale of foreign subsidiaries, unrealized gains (losses) on loans held for sale, investment securities gains and losses, loss on cash flow hedge derivative terminations, severance expense, merger and acquisition-related expenses, losses realized from the sale of non-QM residential mortgage loans, loss upon acquisition of interest-only GNMA securities, legal reserves, credit valuation adjustments on derivatives, risk participation agreement mark-to-market adjustments, goodwill and intangible assets, and PPP loans. These notable items are not included in Customers' disclosures of core earnings and other core profitability metrics. Please note that not each of the aforementioned adjustments affected the reported amount in each of the periods presented. Customers' reasons for the use of these non-GAAP measures and a detailed reconciliation between the non-GAAP measures and the comparable GAAP amounts are included at the end of this document.

(3) Regulatory capital ratios are estimated for Q2 2021 and actual for the remaining periods. In accordance with regulatory capital rules, Customers elected an option to delay the estimated impact of CECL on its regulatory capital over a five-year transition period ending January 1, 2025. As a result, capital ratios and amounts as of Q2 2021 exclude the impact of the increased allowance for credit losses on loans and leases and unfunded loan commitments attributed to the adoption of CECL and 25% of the quarterly provision for credit losses for subsequent quarters through Q4 2021.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED

(Dollars in thousands, except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Six Months Ended June 30,	
						2021	2020
Interest income:							
Loans and leases	\$ 153,608	\$ 152,117	\$ 145,414	\$ 132,107	\$ 118,447	\$ 305,725	\$ 234,527
Investment securities	8,327	7,979	6,777	6,297	6,155	16,306	11,132
Other	946	1,019	902	1,246	616	1,965	4,902
Total interest income	162,881	161,115	153,093	139,650	125,218	323,996	250,561
Interest expense:							
Deposits	15,653	15,658	16,107	18,347	23,238	31,311	57,591
FHLB advances	963	5,192	5,749	5,762	4,736	6,155	10,127
Subordinated debt	2,689	2,689	2,688	2,689	2,689	5,378	5,378
FRB PPP liquidity facility, federal funds purchased and other borrowings	4,819	4,845	5,603	5,413	2,573	9,664	4,163
Total interest expense	24,124	28,384	30,147	32,211	33,236	52,508	77,259
Net interest income	138,757	132,731	122,946	107,439	91,982	271,488	173,302
Provision (benefit) for credit losses on loans and leases	3,291	(2,919)	(2,913)	12,955	20,946	372	52,732
Net interest income after provision (benefit) for credit losses on loans and leases	135,466	135,650	125,859	94,484	71,036	271,116	120,570
Non-interest income:							
Interchange and card revenue	84	85	91	92	193	169	463
Deposit fees	891	863	823	650	502	1,754	1,054
Commercial lease income	5,311	5,205	4,853	4,510	4,508	10,516	8,776
Bank-owned life insurance	2,765	1,679	1,744	1,746	1,757	4,444	3,519
Mortgage warehouse transactional fees	3,265	4,247	3,681	3,320	2,582	7,512	4,533
Gain (loss) on sale of SBA and other loans	1,900	1,575	1,689	286	23	3,475	34
Mortgage banking income (loss)	386	463	346	1,013	38	849	334
Gain (loss) on sale of investment securities	1,812	23,566	44	11,707	4,353	25,378	8,328
Unrealized gain (loss) on investment securities	1,746	974	1,387	238	1,200	2,720	(178)
Loss on sale of foreign subsidiaries	(2,840)	—	—	—	—	(2,840)	—
Unrealized gain (loss) on derivatives	(439)	2,537	804	549	(4,158)	2,098	(5,304)
Loss on cash flow hedge derivative terminations	—	(24,467)	—	—	—	(24,467)	—
Other	1,941	1,741	621	753	713	3,682	1,312
Total non-interest income	16,822	18,468	16,083	24,864	11,711	35,290	22,871
Non-interest expense:							
Salaries and employee benefits	28,023	23,971	25,600	24,752	23,192	51,994	43,716
Technology, communication and bank operations	19,618	19,988	16,021	13,005	11,103	39,606	21,642
Professional services	8,234	6,289	5,449	4,421	2,974	14,523	6,519
Occupancy	2,482	2,621	2,742	3,368	2,639	5,103	5,252
Commercial lease depreciation	4,415	4,291	3,982	3,663	3,643	8,706	7,070
FDIC assessments, non-income taxes and regulatory fees	2,602	2,719	2,642	3,784	2,368	5,321	5,235
Merger and acquisition related expenses	—	418	709	658	—	418	—
Loan workout	102	(261)	123	846	1,808	(159)	2,175
Advertising and promotion	313	561	—	—	372	874	1,795
Other	5,034	1,330	2,665	1,788	1,692	6,364	5,354
Total non-interest expense	70,823	61,927	59,933	56,285	49,791	132,750	98,758
Income before income tax expense	81,465	92,191	82,009	63,063	32,956	173,656	44,683
Income tax expense	20,124	17,560	23,447	12,016	7,980	37,684	11,254
Net income from continuing operations	61,341	74,631	58,562	51,047	24,976	135,972	33,429
Loss from discontinued operations before income taxes	—	(20,354)	(3,539)	(347)	(3,190)	(20,354)	(9,911)
Income tax expense (benefit) from discontinued operations	—	17,682	(1,222)	185	(932)	17,682	(2,299)
Net loss from discontinued operations	—	(38,036)	(2,317)	(532)	(2,258)	(38,036)	(7,612)
Net income	61,341	36,595	56,245	50,515	22,718	97,936	25,817
Preferred stock dividends	3,299	3,391	3,414	3,430	3,581	6,690	7,196
Net income available to common shareholders	\$ 58,042	\$ 33,204	\$ 52,831	\$ 47,085	\$ 19,137	\$ 91,246	\$ 18,621
Basic earnings per common share from continuing operations	\$ 1.80	\$ 2.23	\$ 1.74	\$ 1.51	\$ 0.68	\$ 4.03	\$ 0.83
Basic earnings per common share	\$ 1.80	\$ 1.04	\$ 1.67	\$ 1.49	\$ 0.61	\$ 2.84	\$ 0.59
Diluted earnings per common share from continuing operations	\$ 1.72	\$ 2.17	\$ 1.73	\$ 1.50	\$ 0.68	\$ 3.88	\$ 0.83
Diluted earnings per common share	\$ 1.72	\$ 1.01	\$ 1.65	\$ 1.48	\$ 0.61	\$ 2.74	\$ 0.59

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET - UNAUDITED

(Dollars in thousands)

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
ASSETS					
Cash and due from banks	\$ 36,837	\$ 3,123	\$ 78,090	\$ 5,822	\$ 44,577
Interest earning deposits	393,663	512,241	615,264	325,594	1,022,753
Cash and cash equivalents	430,500	515,364	693,354	331,416	1,067,330
Investment securities, at fair value	1,526,792	1,441,904	1,210,285	1,133,831	681,382
Loans held for sale	34,540	46,106	79,086	26,689	464,164
Loans receivable, mortgage warehouse, at fair value	2,855,284	3,407,622	3,616,432	3,913,593	2,793,164
Loans receivable, PPP	6,305,056	5,178,089	4,561,365	4,964,105	4,760,427
Loans and leases receivable	7,772,142	7,536,489	7,575,368	7,700,892	7,272,447
Allowance for credit losses on loans and leases	(125,436)	(128,736)	(144,176)	(155,561)	(159,905)
Total loans and leases receivable, net of allowance for credit losses on loans and leases	16,807,046	15,993,464	15,608,989	16,423,029	14,666,133
FHLB, Federal Reserve Bank, and other restricted stock	39,895	69,420	71,368	70,387	91,023
Accrued interest receivable	90,009	83,186	80,412	65,668	49,911
Bank premises and equipment, net	10,391	10,943	11,225	11,308	7,879
Bank-owned life insurance	329,421	281,923	280,067	277,826	275,842
Goodwill and other intangibles	3,853	3,911	3,969	4,028	4,086
Other assets	362,661	371,439	338,438	354,010	512,209
Assets of discontinued operations	—	—	62,055	80,535	83,159
Total assets	\$ 19,635,108	\$ 18,817,660	\$ 18,439,248	\$ 18,778,727	\$ 17,903,118
LIABILITIES AND SHAREHOLDERS' EQUITY					
Demand, non-interest bearing deposits	\$ 2,699,869	\$ 2,687,628	\$ 2,356,998	\$ 2,327,017	\$ 1,879,789
Interest bearing deposits	11,174,070	9,784,812	8,952,931	8,512,060	9,086,086
Total deposits	13,873,939	12,472,440	11,309,929	10,839,077	10,965,875
Federal funds purchased	—	365,000	250,000	680,000	—
FHLB advances	—	850,000	850,000	850,000	850,000
Other borrowings	124,240	124,138	124,037	123,935	123,833
Subordinated debt	181,534	181,464	181,394	181,324	181,255
FRB PPP liquidity facility	3,865,865	3,284,156	4,415,016	4,811,009	4,419,967
Accrued interest payable and other liabilities	338,801	351,741	152,082	185,927	296,192
Liabilities of discontinued operations	—	—	39,704	55,964	58,149
Total liabilities	18,384,379	17,628,939	17,322,162	17,727,236	16,895,271
Preferred stock	217,471	217,471	217,471	217,471	217,471
Common stock	33,634	33,519	32,986	32,836	32,791
Additional paid in capital	519,294	515,318	455,592	452,965	450,665
Retained earnings	496,844	438,802	438,581	385,750	338,665
Accumulated other comprehensive income (loss)	5,266	5,391	(5,764)	(15,751)	(9,965)
Treasury stock, at cost	(21,780)	(21,780)	(21,780)	(21,780)	(21,780)
Total shareholders' equity	1,250,729	1,188,721	1,117,086	1,051,491	1,007,847
Total liabilities & shareholders' equity	\$ 19,635,108	\$ 18,817,660	\$ 18,439,248	\$ 18,778,727	\$ 17,903,118

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

AVERAGE BALANCE SHEET / NET INTEREST MARGIN - UNAUDITED

(Dollars in thousands)

	Three Months Ended					
	June 30, 2021		March 31, 2021		June 30, 2020	
	Average Balance	Average Yield or Cost (%)	Average Balance	Average Yield or Cost (%)	Average Balance	Average Yield or Cost (%)
Assets						
Interest earning deposits	\$ 646,342	0.12%	\$ 1,177,315	0.10%	\$ 384,622	0.12%
Investment securities ⁽¹⁾	1,512,644	2.20%	1,357,558	2.35%	705,389	3.49%
Loans and leases:						
Commercial loans to mortgage companies	2,737,629	3.09%	3,122,098	3.09%	2,456,067	2.91%
Multi-family loans	1,551,370	3.88%	1,689,174	3.80%	2,009,847	3.87%
Commercial and industrial loans and leases ⁽²⁾	2,878,045	3.59%	2,848,328	3.97%	2,460,060	4.05%
Loans receivable, PPP	6,133,184	2.69%	4,623,213	3.41%	2,754,920	1.71%
Non-owner occupied commercial real estate loans	1,368,695	3.86%	1,348,938	3.85%	1,392,131	3.81%
Residential mortgages	346,284	3.62%	373,497	3.78%	429,609	3.53%
Installment loans	1,467,595	9.37%	1,323,863	9.04%	1,288,999	8.72%
Total loans and leases ⁽³⁾	16,482,802	3.74%	15,329,111	4.02%	12,791,633	3.72%
Other interest-earning assets	57,208	5.32%	79,960	3.64%	98,377	2.06%
Total interest-earning assets	18,698,996	3.49%	17,943,944	3.64%	13,980,021	3.60%
Non-interest-earning assets	607,952		581,777		616,683	
Assets of discontinued operations	—		—		78,880	
Total assets	\$ 19,306,948		\$ 18,525,721		\$ 14,675,584	
Liabilities						
Interest checking accounts	\$ 3,503,242	0.76%	\$ 2,691,723	0.84%	\$ 2,482,222	0.75%
Money market deposit accounts	4,859,614	0.47%	4,435,930	0.55%	3,034,457	0.85%
Other savings accounts	1,456,777	0.57%	1,414,350	0.69%	1,177,554	1.94%
Certificates of deposit	658,698	0.78%	666,239	0.97%	1,734,062	1.51%
Total interest-bearing deposits ⁽⁴⁾	10,478,331	0.60%	9,208,242	0.69%	8,428,295	1.11%
FRB PPP liquidity facility	3,858,733	0.35%	3,941,718	0.35%	942,258	0.35%
Borrowings	531,757	3.85%	1,171,826	3.23%	2,282,761	1.62%
Total interest-bearing liabilities	14,868,821	0.65%	14,321,786	0.80%	11,653,314	1.15%
Non-interest-bearing deposits ⁽⁴⁾	2,889,781		2,819,871		1,890,955	
Total deposits and borrowings	17,758,602	0.54%	17,141,657	0.67%	13,544,269	0.99%
Other non-interest-bearing liabilities	328,251		247,798		88,913	
Liabilities of discontinued operations	—		—		53,268	
Total liabilities	18,086,853		17,389,455		13,686,450	
Shareholders' equity	1,220,095		1,136,266		989,134	
Total liabilities and shareholders' equity	\$ 19,306,948		\$ 18,525,721		\$ 14,675,584	
Interest spread		2.95%		2.97%		2.61%
Net interest margin		2.98%		3.00%		2.65%
Net interest margin tax equivalent ⁽⁵⁾		2.98%		3.00%		2.65%
Net interest margin tax equivalent excl. PPP ⁽⁶⁾		3.30%		2.99%		2.97%

(1) For presentation in this table, average balances and the corresponding average yields for investment securities are based upon historical cost, adjusted for amortization of premiums and accretion of discounts.

(2) Includes owner occupied commercial real estate loans.

(3) Includes non-accrual loans, the effect of which is to reduce the yield earned on loans and leases, and deferred loan fees.

(4) Total costs of deposits (including interest bearing and non-interest bearing) were 0.47%, 0.53% and 0.91% for the three months ended June 30, 2021, March 31, 2021 and June 30, 2020, respectively.

(5) Non-GAAP tax-equivalent basis, using an estimated marginal tax rate of 26% for the three months ended June 30, 2021, March 31, 2021 and June 30, 2020, presented to approximate interest income as a taxable asset. Management uses non-GAAP measures to present historical periods comparable to the current period presentation. In addition, management believes the use of these non-GAAP measures provides additional clarity when assessing Customers' financial results. These disclosures should not be viewed as substitutes for results determined to be in accordance with U.S. GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other entities.

(6) Non-GAAP tax-equivalent basis, as described in note (5) for the three months ended June 30, 2021, March 31, 2021 and June 30, 2020, excluding net interest income from PPP loans and related borrowings, along with the related PPP loan balances and PPP fees receivable from interest-earning assets. Management uses non-GAAP measures to present historical periods comparable to the current period presentation. In addition, management believes the use of these non-GAAP measures provides additional clarity when assessing Customers' financial results. These disclosures should not be viewed as substitutes for results determined to be in accordance with U.S. GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other entities.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

AVERAGE BALANCE SHEET / NET INTEREST MARGIN - UNAUDITED

(Dollars in thousands)

		Six Months Ended			
		June 30, 2021		June 30, 2020	
		Average Balance	Average Yield or Cost (%)	Average Balance	Average Yield or Cost (%)
Assets					
Interest earning deposits	\$	910,362	0.11%	\$ 578,435	1.03%
Investment securities ⁽¹⁾		1,435,529	2.27%	635,838	3.50%
Loans and leases:					
Commercial loans to mortgage companies		2,928,802	3.09%	2,148,863	3.30%
Multi-family loans		1,619,891	3.84%	2,111,853	3.97%
Commercial and industrial loans and leases ⁽²⁾		2,863,268	3.78%	2,460,435	4.37%
Loans receivable, PPP		5,382,370	3.00%	1,377,460	1.71%
Non-owner occupied commercial real estate loans		1,358,871	3.86%	1,363,795	4.07%
Residential mortgages		359,815	3.71%	437,782	3.75%
Installment loans		1,396,126	9.22%	1,274,024	8.93%
Total loans and leases ⁽³⁾		15,909,143	3.88%	11,174,212	4.22%
Other interest-earning assets		68,521	4.34%	89,890	4.31%
Total interest-earning assets		18,323,555	3.56%	12,478,375	4.04%
Non-interest-earning assets		594,936		565,304	
Assets of discontinued operations		—		80,816	
Total assets	\$	18,918,491		\$ 13,124,495	
Liabilities					
Interest checking accounts	\$	3,099,725	0.80%	\$ 1,888,160	0.98%
Money market deposit accounts		4,648,942	0.51%	3,335,006	1.37%
Other savings accounts		1,435,681	0.63%	1,159,479	1.99%
Certificates of deposit		662,447	0.87%	1,629,416	1.76%
Total interest-bearing deposits ⁽⁴⁾		9,846,795	0.64%	8,012,061	1.45%
FRB PPP liquidity facility		3,899,996	0.35%	471,129	0.35%
Borrowings		850,024	3.42%	1,756,080	2.16%
Total interest-bearing liabilities		14,596,815	0.72%	10,239,270	1.52%
Non-interest-bearing deposits ⁽⁴⁾		2,855,019		1,732,163	
Total deposits and borrowings		17,451,834	0.61%	11,971,433	1.30%
Other non-interest-bearing liabilities		288,246		92,218	
Liabilities of discontinued operations		—		53,600	
Total liabilities		17,740,080		12,117,251	
Shareholders' equity		1,178,411		1,007,244	
Total liabilities and shareholders' equity	\$	18,918,491		\$ 13,124,495	
Interest spread			2.96%		2.74%
Net interest margin			2.99%		2.79%
Net interest margin tax equivalent ⁽⁵⁾			2.99%		2.80%
Net interest margin tax equivalent excl. PPP ⁽⁶⁾			3.14%		2.98%

(1) For presentation in this table, average balances and the corresponding average yields for investment securities are based upon historical cost, adjusted for amortization of premiums and accretion of discounts.

(2) Includes owner occupied commercial real estate loans.

(3) Includes non-accrual loans, the effect of which is to reduce the yield earned on loans and leases, and deferred loan fees.

(4) Total costs of deposits (including interest bearing and non-interest bearing) were 0.50% and 1.19% for the six months ended June 30, 2021 and 2020, respectively.

(5) Non-GAAP tax-equivalent basis, using an estimated marginal tax rate of 26% for the six months ended June 30, 2021 and 2020, presented to approximate interest income as a taxable asset. Management uses non-GAAP measures to present historical periods comparable to the current period presentation. In addition, management believes the use of these non-GAAP measures provides additional clarity when assessing Customers' financial results. These disclosures should not be viewed as substitutes for results determined to be in accordance with U.S. GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other entities.

(6) Non-GAAP tax-equivalent basis as described in note (5), for the six months ended June 30, 2021 and 2020, excluding net interest income from PPP loans and related borrowings, along with the related PPP loan balances and PPP fees receivable from interest-earning assets. Management uses non-GAAP measures to present historical periods comparable to the current period presentation. In addition, management believes the use of these non-GAAP measures provides additional clarity when assessing Customers' financial results. These disclosures should not be viewed as substitutes for results determined to be in accordance with U.S. GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other entities.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
PERIOD END LOAN AND LEASE COMPOSITION - UNAUDITED
(Dollars in thousands)

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Commercial:					
Multi-family	\$ 1,497,485	\$ 1,659,529	\$ 1,761,301	\$ 1,950,300	\$ 2,023,571
Loans to mortgage companies	2,922,217	3,463,490	3,657,350	3,947,828	2,832,112
Commercial & industrial	2,293,723	2,164,784	2,304,206	2,186,480	2,060,494
Commercial real estate owner occupied	653,649	590,093	572,338	557,595	544,772
Loans receivable, PPP	6,305,056	5,178,089	4,561,365	4,964,105	4,760,427
Commercial real estate non-owner occupied	1,206,646	1,194,832	1,213,815	1,233,882	1,262,373
Construction	179,198	156,837	140,905	122,963	128,834
Total commercial loans and leases	15,057,974	14,407,654	14,211,280	14,963,153	13,612,583
Consumer:					
Residential	273,493	295,654	323,322	343,775	352,941
Manufactured housing	57,904	59,977	62,243	64,638	66,865
Installment	1,577,651	1,405,021	1,235,406	1,233,713	1,257,813
Total consumer loans	1,909,048	1,760,652	1,620,971	1,642,126	1,677,619
Total loans and leases	\$ 16,967,022	\$ 16,168,306	\$ 15,832,251	\$ 16,605,279	\$ 15,290,202

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
PERIOD END DEPOSIT COMPOSITION - UNAUDITED
(Dollars in thousands)

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Demand, non-interest bearing	\$ 2,699,869	\$ 2,687,628	\$ 2,356,998	\$ 2,327,017	\$ 1,879,789
Demand, interest bearing	4,206,355	3,228,941	2,384,691	2,308,627	2,666,209
Total demand deposits	6,906,224	5,916,569	4,741,689	4,635,644	4,545,998
Savings	1,431,756	1,483,482	1,314,817	1,173,641	1,144,788
Money market	4,908,809	4,406,508	4,601,492	4,057,366	3,404,709
Time deposits	627,150	665,881	651,931	972,426	1,870,380
Total deposits	\$ 13,873,939	\$ 12,472,440	\$ 11,309,929	\$ 10,839,077	\$ 10,965,875

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES															
ASSET QUALITY - UNAUDITED															
(Dollars in thousands)	As of June 30, 2021					As of March 31, 2021					As of June 30, 2020				
	Total loans	Non accrual /NPLs	Allowance for credit losses	Total NPLs to total loans	Total reserves to total NPLs	Total loans	Non accrual /NPLs	Allowance for credit losses	Total NPLs to total loans	Total reserves to total NPLs	Total loans	Non accrual /NPLs	Allowance for credit losses	Total NPLs to total loans	Total reserves to total NPLs
Loan Type															
Multi-family	\$ 1,497,485	\$ 21,595	\$ 5,028	1.44 %	23.28 %	\$ 1,640,278	\$ 20,530	\$ 8,026	1.25 %	39.09 %	\$ 1,581,839	\$ 7,013	\$ 14,697	0.44 %	209.57 %
Commercial & industrial ⁽¹⁾	2,360,656	6,717	8,127	0.28 %	120.99 %	2,220,652	7,544	7,503	0.34 %	99.46 %	2,099,442	9,974	12,302	0.48 %	123.34 %
Commercial real estate owner occupied	653,649	2,688	4,464	0.41 %	166.07 %	590,093	3,242	5,935	0.55 %	183.07 %	544,772	4,022	11,405	0.74 %	283.57 %
Commercial real estate non-owner occupied	1,206,646	—	7,374	— %	— %	1,194,832	2,356	11,621	0.20 %	493.25 %	1,244,773	30,257	26,493	2.43 %	87.56 %
Construction	179,198	—	2,643	— %	— %	156,837	—	4,103	— %	— %	128,834	—	5,297	— %	— %
Total commercial loans and leases receivable	5,897,634	31,000	27,636	0.53 %	89.15 %	5,802,692	33,672	37,188	0.58 %	110.44 %	5,599,660	51,266	70,194	0.92 %	136.92 %
Residential	266,911	8,991	2,299	3.37 %	25.57 %	293,805	9,353	3,209	3.18 %	34.31 %	348,109	7,857	4,550	2.26 %	57.91 %
Manufactured housing	57,904	3,239	4,372	5.59 %	134.98 %	59,977	2,871	4,799	4.79 %	167.15 %	66,865	3,331	6,014	4.98 %	180.55 %
Installment	1,549,693	2,728	91,129	0.18 %	3340.51 %	1,380,015	2,185	83,540	0.16 %	3823.34 %	1,257,813	4,887	79,147	0.39 %	1619.54 %
Total consumer loans receivable	1,874,508	14,958	97,800	0.80 %	653.83 %	1,733,797	14,409	91,548	0.83 %	635.35 %	1,672,787	16,075	89,711	0.96 %	558.08 %
Loans and leases receivable⁽¹⁾	7,772,142	45,958	125,436	0.59 %	272.94 %	7,536,489	48,081	128,736	0.64 %	267.75 %	7,272,447	67,341	159,905	0.93 %	237.46 %
Loans receivable, PPP	6,305,056	—	—	— %	— %	5,178,089	—	—	— %	— %	4,760,427	—	—	— %	— %
Loans receivable, mortgage warehouse, at fair value	2,855,284	—	—	— %	— %	3,407,622	—	—	— %	— %	2,793,164	—	—	— %	— %
Total loans held for sale	34,540	507	—	1.47 %	— %	46,106	643	—	1.39 %	— %	464,164	18,925	—	4.08 %	— %
Total portfolio	\$ 16,967,022	\$ 46,465	\$ 125,436	0.27 %	269.96 %	\$ 16,168,306	\$ 48,724	\$ 128,736	0.30 %	264.21 %	\$ 15,290,202	\$ 86,266	\$ 159,905	0.56 %	185.36 %

(1) Excluding loans receivable, PPP from total loans and leases receivable is a non-GAAP measure. Management believes the use of these non-GAAP measures provides additional clarity when assessing Customers' financial results. These disclosures should not be viewed as substitutes for results determined to be in accordance with U.S. GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other entities. Please refer to the reconciliation schedules that follow this table.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

NET CHARGE-OFFS/(RECOVERIES) - UNAUDITED

(Dollars in thousands)

	Q2	Q1	Q4	Q3	Q2	Six Months Ended June 30,	
	2021	2021	2020	2020	2020	2021	2020
<i>Loan type</i>							
Multi-family	\$ —	\$ 1,132	\$ —	\$ —	\$ —	\$ 1,132	\$ —
Commercial & industrial	(283)	375	155	(55)	(4)	92	39
Commercial real estate owner occupied	(1)	134	12	44	(2)	133	(5)
Commercial real estate non-owner occupied	(59)	(10)	(35)	8,923	2,801	(69)	15,598
Construction	(114)	(5)	(6)	(6)	(113)	(119)	(116)
Residential	(12)	40	46	(17)	(26)	28	(55)
Installment	7,060	10,855	8,300	8,410	7,669	17,915	13,575
Total net charge-offs (recoveries) from loans held for investment	\$ 6,591	\$ 12,521	\$ 8,472	\$ 17,299	\$ 10,325	\$ 19,112	\$ 29,036

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP MEASURES - UNAUDITED

Customers believes that the non-GAAP measurements disclosed within this document are useful for investors, regulators, management and others to evaluate our core results of operations and financial condition relative to other financial institutions. These non-GAAP financial measures are frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in Customers' industry. These non-GAAP financial measures exclude from corresponding GAAP measures the impact of certain elements that we do not believe are representative of our ongoing financial results, which we believe enhance an overall understanding of our performance and increases comparability of our period to period results. Investors should consider our performance and financial condition as reported under GAAP and all other relevant information when assessing our performance or financial condition. The non-GAAP measures presented are not necessarily comparable to non-GAAP measures that may be presented by other financial institutions. Although non-GAAP financial measures are frequently used in the evaluation of a company, they have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results of operations or financial condition as reported under GAAP.

The following tables present reconciliations of GAAP to non-GAAP measures disclosed within this document.

											Six Months Ended June 30,			
	Q2 2021		Q1 2021		Q4 2020		Q3 2020		Q2 2020		2021		2020	
	USD	Per share	USD	Per share	USD	Per share	USD	Per share	USD	Per share	USD	Per share	USD	Per share
<i>Core Earnings - Customers Bancorp</i> <i>(dollars in thousands except per share data)</i>														
GAAP net income to common shareholders	\$ 58,042	\$ 1.72	\$ 33,204	\$ 1.01	\$ 52,831	\$ 1.65	\$ 47,085	\$ 1.48	\$ 19,137	\$ 0.61	\$ 91,246	\$ 2.74	\$ 18,621	\$ 0.59
Reconciling items (after tax):														
Net loss from discontinued operations	—	—	38,036	1.16	2,317	0.07	532	0.02	2,258	0.07	38,036	1.14	7,612	0.24
Severance expense	1,517	0.04	—	—	—	—	—	—	—	—	1,517	0.05	—	—
Merger and acquisition related expenses	—	—	320	0.01	508	0.02	530	0.02	—	—	320	0.01	—	—
Legal reserves	—	—	—	—	—	—	258	0.01	—	—	—	—	—	—
(Gains) losses on investment securities	(2,694)	(0.08)	(18,773)	(0.57)	(1,419)	(0.04)	(9,662)	(0.30)	(4,543)	(0.14)	(21,467)	(0.64)	(6,331)	(0.20)
Loss on sale of foreign subsidiaries	2,150	0.06	—	—	—	—	—	—	—	—	2,150	0.06	—	—
Loss on cash flow hedge derivative terminations	—	—	18,716	0.57	—	—	—	—	—	—	18,716	0.56	—	—
Derivative credit valuation adjustment	288	0.01	(1,195)	(0.04)	(448)	(0.01)	(304)	(0.01)	4,527	0.14	(907)	(0.03)	6,563	0.21
Risk participation agreement mark-to-market adjustment	—	—	—	—	—	—	—	—	(1,080)	(0.03)	—	—	(1,080)	(0.03)
Unrealized losses on loans held for sale	—	—	—	—	799	0.03	—	—	1,114	0.04	—	—	1,114	0.04
Core earnings	<u>\$ 59,303</u>	<u>\$ 1.76</u>	<u>\$ 70,308</u>	<u>\$ 2.14</u>	<u>\$ 54,588</u>	<u>\$ 1.71</u>	<u>\$ 38,439</u>	<u>\$ 1.21</u>	<u>\$ 21,413</u>	<u>\$ 0.68</u>	<u>\$ 129,611</u>	<u>\$ 3.89</u>	<u>\$ 26,499</u>	<u>\$ 0.84</u>

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP MEASURES - UNAUDITED (CONTINUED)
(Dollars in thousands, except per share data)
Core Return on Average Assets - Customers Bancorp
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Six Months Ended June 30,	
						2021	2020
GAAP net income	\$ 61,341	\$ 36,595	\$ 56,245	\$ 50,515	\$ 22,718	\$ 97,936	\$ 25,817
Reconciling items (after tax):							
Net loss from discontinued operations	—	38,036	2,317	532	2,258	38,036	7,612
Severance expense	1,517	—	—	—	—	1,517	—
Merger and acquisition related expenses	—	320	508	530	—	320	—
Legal reserves	—	—	—	258	—	—	—
(Gains) losses on investment securities	(2,694)	(18,773)	(1,419)	(9,662)	(4,543)	(21,467)	(6,331)
Loss on sale of foreign subsidiaries	2,150	—	—	—	—	2,150	—
Loss on cash flow hedge derivative terminations	—	18,716	—	—	—	18,716	—
Derivative credit valuation adjustment	288	(1,195)	(448)	(304)	4,527	(907)	6,563
Risk participation agreement mark-to-market adjustment	—	—	—	—	(1,080)	—	(1,080)
Unrealized losses on loans held for sale	—	—	799	—	1,114	—	1,114
Core net income	<u>\$ 62,602</u>	<u>\$ 73,699</u>	<u>\$ 58,002</u>	<u>\$ 41,869</u>	<u>\$ 24,994</u>	<u>\$ 136,301</u>	<u>\$ 33,695</u>
Average total assets	\$ 19,306,948	\$ 18,525,721	\$ 18,250,719	\$ 17,865,574	\$ 14,675,584	\$ 18,918,491	\$ 13,124,495
Core return on average assets	1.30 %	1.61 %	1.26 %	0.93 %	0.68 %	1.45 %	0.52 %

Adjusted Net Income and Adjusted ROAA - Pre-Tax Pre-Provision - Customers Bancorp
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Six Months Ended June 30,	
						2021	2020
GAAP net income	\$ 61,341	\$ 36,595	\$ 56,245	\$ 50,515	\$ 22,718	\$ 97,936	\$ 25,817
Reconciling items:							
Income tax expense	20,124	17,560	23,447	12,016	7,980	37,684	11,254
Provision (benefit) for credit losses on loans and leases	3,291	(2,919)	(2,913)	12,955	20,946	372	52,732
Provision (benefit) for credit losses on unfunded commitments	45	(1,286)	(968)	(527)	(356)	(1,241)	395
Severance expense	2,004	—	—	—	—	2,004	—
Net loss from discontinued operations	—	38,036	2,317	532	2,258	38,036	7,612
Merger and acquisition related expenses	—	418	709	658	—	418	—
Legal reserves	—	—	—	320	—	—	—
(Gains) losses on investment securities	(3,558)	(24,540)	(1,431)	(11,945)	(5,553)	(28,098)	(8,150)
Loss on sale of foreign subsidiaries	2,840	—	—	—	—	2,840	—
Loss on cash flow hedge derivative terminations	—	24,467	—	—	—	24,467	—
Derivative credit valuation adjustment	380	(1,562)	(625)	(378)	5,895	(1,182)	8,451
Risk participation agreement mark-to-market adjustment	—	—	—	—	(1,407)	—	(1,407)
Unrealized losses on loans held for sale	—	—	1,115	—	1,450	—	1,450
Adjusted net income - pre-tax pre-provision	<u>\$ 86,467</u>	<u>\$ 86,769</u>	<u>\$ 77,896</u>	<u>\$ 64,146</u>	<u>\$ 53,931</u>	<u>\$ 173,236</u>	<u>\$ 98,154</u>
Average total assets	\$ 19,306,948	\$ 18,525,721	\$ 18,250,719	\$ 17,865,574	\$ 14,675,584	\$ 18,918,491	\$ 13,124,495
Adjusted ROAA - pre-tax pre-provision	1.80 %	1.90 %	1.70 %	1.43 %	1.48 %	1.85 %	1.50 %

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP MEASURES - UNAUDITED (CONTINUED)
(Dollars in thousands, except per share data)
Core Return on Average Common Equity - Customers Bancorp
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Six Months Ended June 30,	
						2021	2020
GAAP net income to common shareholders	\$ 58,042	\$ 33,204	\$ 52,831	\$ 47,085	\$ 19,137	\$ 91,246	\$ 18,621
Reconciling items (after tax):							
Net loss from discontinued operations	—	38,036	2,317	532	2,258	38,036	7,612
Severance expense	1,517	—	—	—	—	1,517	—
Merger and acquisition related expenses	—	320	508	530	—	320	—
Legal reserves	—	—	—	258	—	—	—
(Gains) losses on investment securities	(2,694)	(18,773)	(1,419)	(9,662)	(4,543)	(21,467)	(6,331)
Loss on sale of foreign subsidiaries	2,150	—	—	—	—	2,150	—
Loss on cash flow hedge derivative terminations	—	18,716	—	—	—	18,716	—
Derivative credit valuation adjustment	288	(1,195)	(448)	(304)	4,527	(907)	6,563
Risk participation agreement mark-to-market adjustment	—	—	—	—	(1,080)	—	(1,080)
Unrealized losses on loans held for sale	—	—	799	—	1,114	—	1,114
Core earnings	<u>\$ 59,303</u>	<u>\$ 70,308</u>	<u>\$ 54,588</u>	<u>\$ 38,439</u>	<u>\$ 21,413</u>	<u>\$ 129,611</u>	<u>\$ 26,499</u>
Average total common shareholders' equity	\$ 1,002,624	\$ 918,795	\$ 866,411	\$ 812,577	\$ 771,663	\$ 960,940	\$ 789,774
Core return on average common equity	23.72 %	31.03 %	25.06 %	18.82 %	11.16 %	27.20 %	6.75 %

Adjusted ROCE - Pre-Tax Pre-Provision - Customers Bancorp
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Six Months Ended June 30,	
						2021	2020
GAAP net income to common shareholders	\$ 58,042	\$ 33,204	\$ 52,831	\$ 47,085	\$ 19,137	\$ 91,246	\$ 18,621
Reconciling items:							
Income tax expense	20,124	17,560	23,447	12,016	7,980	37,684	11,254
Provision (benefit) for credit losses on loan and leases	3,291	(2,919)	(2,913)	12,955	20,946	372	52,732
Provision (benefit) for credit losses on unfunded commitments	45	(1,286)	(968)	(527)	(356)	(1,241)	395
Net loss from discontinued operations	—	38,036	2,317	532	2,258	38,036	7,612
Severance expense	2,004	—	—	—	—	2,004	—
Merger and acquisition related expenses	—	418	709	658	—	418	—
Legal reserves	—	—	—	320	—	—	—
(Gains) losses on investment securities	(3,558)	(24,540)	(1,431)	(11,945)	(5,553)	(28,098)	(8,150)
Loss on sale of foreign subsidiaries	2,840	—	—	—	—	2,840	—
Loss on cash flow hedge derivative terminations	—	24,467	—	—	—	24,467	—
Derivative credit valuation adjustment	380	(1,562)	(625)	(378)	5,895	(1,182)	8,451
Risk participation agreement mark-to-market adjustment	—	—	—	—	(1,407)	—	(1,407)
Unrealized losses on loans held for sale	—	—	1,115	—	1,450	—	1,450
Pre-tax pre-provision adjusted net income available to common shareholders	<u>\$ 83,168</u>	<u>\$ 83,378</u>	<u>\$ 74,482</u>	<u>\$ 60,716</u>	<u>\$ 50,350</u>	<u>\$ 166,546</u>	<u>\$ 90,958</u>
Average total common shareholders' equity	\$ 1,002,624	\$ 918,795	\$ 866,411	\$ 812,577	\$ 771,663	\$ 960,940	\$ 789,774
Adjusted ROCE - pre-tax pre-provision	33.27 %	36.80 %	34.20 %	29.73 %	26.24 %	34.95 %	23.16 %

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP MEASURES - UNAUDITED (CONTINUED)
(Dollars in thousands, except per share data)
Net Interest Margin, Tax Equivalent - Customers Bancorp
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Six Months Ended June 30,	
						2021	2020
GAAP net interest income	\$ 138,757	\$ 132,731	\$ 122,946	\$ 107,439	\$ 91,982	\$ 271,488	\$ 173,302
Tax-equivalent adjustment	289	292	219	225	225	581	430
Net interest income tax equivalent	<u>\$ 139,046</u>	<u>\$ 133,023</u>	<u>\$ 123,165</u>	<u>\$ 107,664</u>	<u>\$ 92,207</u>	<u>\$ 272,069</u>	<u>\$ 173,732</u>
Average total interest earning assets	\$ 18,698,996	\$ 17,943,944	\$ 17,601,999	\$ 17,121,145	\$ 13,980,021	\$ 18,323,555	\$ 12,478,375
Net interest margin, tax equivalent	2.98 %	3.00 %	2.78 %	2.50 %	2.65 %	2.99 %	2.80 %

Net Interest Margin, Tax Equivalent, Excluding PPP - Customers Bancorp
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Six Months Ended June 30,	
						2021	2020
GAAP net interest income	\$ 138,757	\$ 132,731	\$ 122,946	\$ 107,439	\$ 91,982	\$ 271,488	\$ 173,302
PPP net interest income	(35,785)	(34,842)	(25,257)	(20,018)	(9,308)	(70,627)	(9,308)
Tax-equivalent adjustment	289	292	219	225	225	581	430
Net interest income, tax equivalent, excluding PPP	<u>\$ 103,261</u>	<u>\$ 98,181</u>	<u>\$ 97,908</u>	<u>\$ 87,646</u>	<u>\$ 82,899</u>	<u>\$ 201,442</u>	<u>\$ 164,424</u>
GAAP average total interest earning assets	\$ 18,698,996	\$ 17,943,944	\$ 17,601,999	\$ 17,121,145	\$ 13,980,021	\$ 18,323,555	\$ 12,478,375
Average PPP loans	(6,133,184)	(4,623,213)	(4,782,606)	(4,909,197)	(2,754,920)	(5,382,370)	(1,377,460)
Adjusted average total interest earning assets	<u>\$ 12,565,812</u>	<u>\$ 13,320,731</u>	<u>\$ 12,819,393</u>	<u>\$ 12,211,948</u>	<u>\$ 11,225,101</u>	<u>\$ 12,941,185</u>	<u>\$ 11,100,915</u>
Net interest margin, tax equivalent, excluding PPP	3.30 %	2.99 %	3.04 %	2.86 %	2.97 %	3.14 %	2.98 %

Core Efficiency Ratio - Customers Bancorp
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Six Months Ended June 30,	
						2021	2020
GAAP net interest income	\$ 138,757	\$ 132,731	\$ 122,946	\$ 107,439	\$ 91,982	\$ 271,488	\$ 173,302
GAAP non-interest income	\$ 16,822	\$ 18,468	\$ 16,083	\$ 24,864	\$ 11,711	\$ 35,290	\$ 22,871
(Gains) losses on investment securities	(3,558)	(24,540)	(1,431)	(11,945)	(5,553)	(28,098)	(8,150)
Derivative credit valuation adjustment	380	(1,562)	(625)	(378)	5,895	(1,182)	8,451
Risk participation agreement mark-to-market adjustment	—	—	—	—	(1,407)	—	(1,407)
Unrealized losses on loans held for sale	—	—	1,115	—	1,450	—	1,450
Loss on cash flow hedge derivative terminations	—	24,467	—	—	—	24,467	—
Loss on sale of foreign subsidiaries	<u>2,840</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,840</u>	<u>—</u>
Core non-interest income	16,484	16,833	15,142	12,541	12,096	33,317	23,215
Core revenue	<u>\$ 155,241</u>	<u>\$ 149,564</u>	<u>\$ 138,088</u>	<u>\$ 119,980</u>	<u>\$ 104,078</u>	<u>\$ 304,805</u>	<u>\$ 196,517</u>
GAAP non-interest expense	\$ 70,823	\$ 61,927	\$ 59,933	\$ 56,285	\$ 49,791	\$ 132,750	\$ 98,758
Severance expense	(2,004)	—	—	—	—	(2,004)	—
Legal reserves	—	—	—	(320)	—	—	—
Merger and acquisition related expenses	—	(418)	(709)	(658)	—	(418)	—
Core non-interest expense	<u>\$ 68,819</u>	<u>\$ 61,509</u>	<u>\$ 59,224</u>	<u>\$ 55,307</u>	<u>\$ 49,791</u>	<u>\$ 130,328</u>	<u>\$ 98,758</u>
Core efficiency ratio ⁽¹⁾	44.33 %	41.13 %	42.89 %	46.10 %	47.84 %	42.76 %	50.25 %

(1) Core efficiency ratio calculated as core non-interest expense divided by core revenue.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP MEASURES - UNAUDITED (CONTINUED)
(dollars in thousands, except per share data)
Tangible Common Equity to Tangible Assets - Customers Bancorp
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP total shareholders' equity	\$ 1,250,729	\$ 1,188,721	\$ 1,117,086	\$ 1,051,491	\$ 1,007,847
Reconciling items:					
Preferred stock	(217,471)	(217,471)	(217,471)	(217,471)	(217,471)
Goodwill and other intangibles ⁽¹⁾	(3,853)	(3,911)	(14,298)	(14,437)	(14,575)
Tangible common equity	<u>\$ 1,029,405</u>	<u>\$ 967,339</u>	<u>\$ 885,317</u>	<u>\$ 819,583</u>	<u>\$ 775,801</u>
GAAP total assets	\$ 19,635,108	\$ 18,817,660	\$ 18,439,248	\$ 18,778,727	\$ 17,903,118
Reconciling items:					
Goodwill and other intangibles ⁽¹⁾	(3,853)	(3,911)	(14,298)	(14,437)	(14,575)
Tangible assets	<u>\$ 19,631,255</u>	<u>\$ 18,813,749</u>	<u>\$ 18,424,950</u>	<u>\$ 18,764,290</u>	<u>\$ 17,888,543</u>
Tangible common equity to tangible assets	5.24 %	5.14 %	4.80 %	4.37 %	4.34 %

(1) Includes goodwill and other intangibles reported in assets of discontinued operations.

Tangible Book Value per Common Share - Customers Bancorp
(dollars in thousands except share and per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP total shareholders' equity	\$ 1,250,729	\$ 1,188,721	\$ 1,117,086	\$ 1,051,491	\$ 1,007,847
Reconciling Items:					
Preferred stock	(217,471)	(217,471)	(217,471)	(217,471)	(217,471)
Goodwill and other intangibles ⁽¹⁾	(3,853)	(3,911)	(14,298)	(14,437)	(14,575)
Tangible common equity	<u>\$ 1,029,405</u>	<u>\$ 967,339</u>	<u>\$ 885,317</u>	<u>\$ 819,583</u>	<u>\$ 775,801</u>
Common shares outstanding	32,353,256	32,238,762	31,705,088	31,555,124	31,510,287
Tangible book value per common share	<u>\$ 31.82</u>	<u>\$ 30.01</u>	<u>\$ 27.92</u>	<u>\$ 25.97</u>	<u>\$ 24.62</u>

(1) Includes goodwill and other intangibles reported in assets of discontinued operations.

Total Loans and Leases, excluding PPP
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Total loans and leases	\$ 16,967,022	\$ 16,168,306	\$ 15,832,251	\$ 16,605,279	\$ 15,290,202
Loans receivable, PPP	(6,305,056)	(5,178,089)	(4,561,365)	(4,964,105)	(4,760,427)
Loans and leases, excluding PPP	<u>\$ 10,661,966</u>	<u>\$ 10,990,217</u>	<u>\$ 11,270,886</u>	<u>\$ 11,641,174</u>	<u>\$ 10,529,775</u>

Total Assets, excluding PPP
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Total assets	\$ 19,635,108	\$ 18,817,660	\$ 18,439,248	\$ 18,778,727	\$ 17,903,118
Loans receivable, PPP	(6,305,056)	(5,178,089)	(4,561,365)	(4,964,105)	(4,760,427)
Total assets, excluding PPP	<u>\$ 13,330,052</u>	<u>\$ 13,639,571</u>	<u>\$ 13,877,883</u>	<u>\$ 13,814,622</u>	<u>\$ 13,142,691</u>

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP MEASURES - UNAUDITED (CONTINUED)
(Dollars in thousands, except per share data)
Coverage of credit loss reserves for loans and leases held for investment, excluding PPP
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Loans and leases receivable	\$ 14,077,198	\$ 12,714,578	\$ 12,136,733	\$ 12,664,997	\$ 12,032,874
Loans receivable, PPP	(6,305,056)	(5,178,089)	(4,561,365)	(4,964,105)	(4,760,427)
Loans and leases held for investment, excluding PPP	<u>\$ 7,772,142</u>	<u>\$ 7,536,489</u>	<u>\$ 7,575,368</u>	<u>\$ 7,700,892</u>	<u>\$ 7,272,447</u>
Allowance for credit losses on loans and leases	\$ 125,436	\$ 128,736	\$ 144,176	\$ 155,561	\$ 159,905
Coverage of credit loss reserves for loans and leases held for investment, excluding PPP	1.61 %	1.71 %	1.90 %	2.02 %	2.20 %

Tangible Common Equity to Tangible Assets, excluding PPP - Customers Bancorp
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP total shareholders' equity	\$ 1,250,729	\$ 1,188,721	\$ 1,117,086	\$ 1,051,491	\$ 1,007,847
Reconciling items:					
Preferred stock	(217,471)	(217,471)	(217,471)	(217,471)	(217,471)
Goodwill and other intangibles ⁽¹⁾	(3,853)	(3,911)	(14,298)	(14,437)	(14,575)
Tangible common equity	<u>\$ 1,029,405</u>	<u>\$ 967,339</u>	<u>\$ 885,317</u>	<u>\$ 819,583</u>	<u>\$ 775,801</u>
GAAP total assets	\$ 19,635,108	\$ 18,817,660	\$ 18,439,248	\$ 18,778,727	\$ 17,903,118
Loans receivable, PPP	(6,305,056)	(5,178,089)	(4,561,365)	(4,964,105)	(4,760,427)
Total assets, excluding PPP	\$ 13,330,052	\$ 13,639,571	\$ 13,877,883	\$ 13,814,622	\$ 13,142,691
Reconciling items:					
Goodwill and other intangibles ⁽¹⁾	(3,853)	(3,911)	(14,298)	(14,437)	(14,575)
Tangible assets	<u>\$ 13,326,199</u>	<u>\$ 13,635,660</u>	<u>\$ 13,863,585</u>	<u>\$ 13,800,185</u>	<u>\$ 13,128,116</u>
Tangible common equity to tangible assets	7.72 %	7.09 %	6.39 %	5.94 %	5.91 %

(1) Includes goodwill and other intangibles reported in assets of discontinued operations.

Deferments to total loans and leases, excluding PPP
(dollars in thousands except per share data)

	Q2 2021	Q1 2021	Q4 2020
Total loans and leases	\$ 16,967,022	\$ 16,168,306	\$ 15,832,251
Loans receivable, PPP	(6,305,056)	(5,178,089)	(4,561,365)
Total loans and leases, excluding PPP	<u>\$ 10,661,966</u>	<u>\$ 10,990,217</u>	<u>\$ 11,270,886</u>
Commercial deferments	\$ 89,800	\$ 176,100	\$ 202,100
Consumer deferments	8,400	13,000	16,400
Total deferments	<u>\$ 98,200</u>	<u>\$ 189,100</u>	<u>\$ 218,500</u>
Commercial deferments to total loans and leases, excluding PPP	0.8 %	1.6 %	1.8 %
Consumer deferments to total loans and leases, excluding PPP	0.1	0.1	0.1
Total deferments to total loans and leases, excluding PPP	<u>0.9 %</u>	<u>1.7 %</u>	<u>1.9 %</u>

Customers Bancorp, Inc.

"High Tech Forward-Thinking Bank Supported by High Touch"

Second Quarter 2021 | Earnings Conference Call
July 29, 2021
NYSE: CUBI

In addition to historical information, this presentation 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 events and 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, including: the adverse impact on the U.S. economy, including the markets in which we operate, of the coronavirus outbreak, and the impact of a slowing U.S. economy and increased unemployment on the performance of our loan and lease portfolio, the market value of our investment securities, the demand for our products and services and the availability of sources of funding; the effects of actions by the federal government, including the Board of Governors of the Federal Reserve System and other government agencies, that affect market interest rates and the money supply; the actions that we and our customers take in response to these developments and the effects such actions have on our operations, products, services and customer relationships; and the effects of any changes in accounting standards or policies. 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, 2020, subsequently filed quarterly reports on Form 10-Q and current reports on Form 8-K, including any amendments thereto, 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, except as may be required under applicable law. This does not constitute an offer to sell, or a solicitation of an offer to buy, any security in any state or jurisdiction in which such offer, solicitation or sale would be unlawful.

I. Overview





Customers Bancorp NYSE: CUBI

Headquarters	West Reading, PA
Branches	12
FTE Employees	594
Market Capitalization ⁽¹⁾ (as of 7/27/21)	\$1.2B
Bank Total Capital Ratio ⁽²⁾	13.7%
Tangible Book Value ⁽³⁾	\$31.82

Lines of Business

Community Banking:

- C&I
- Multi-Family
- CRE
- SMB Lending
- SBA (7(a), Express)
- Residential

Specialty Lending:

- Warehouse Lending
- Lender Finance
- Fund Finance
- Real Estate Specialty Finance
- Healthcare Lending
- Equipment Finance

Digital Banking:

Consumer

- Checking & Savings
- Personal Installment
- Student Loan Refinancing
- Medical/Dental
- Credit Card

Commercial

- Real Time Payments
- SMB Bundle
- Credit Card

Data as of 6/30/2021, unless otherwise noted.

(1) Calculated based on shares outstanding of 32.4M.

(2) The Bank's Total Capital Ratio is estimated pending final Call Report.

(3) Non-GAAP Measure, refer to Appendix for reconciliation.

Core EPS⁽¹⁾:
\$1.76

Core Earnings⁽¹⁾:
\$59.3M

Core ROCE⁽¹⁾:
23.7%

2Q 2021 Performance (vs. 2Q 2020)

Profitability

1.30%
vs. 0.68% in 2Q 2020
Core ROAA⁽¹⁾

1.80%
vs. 1.48% in 2Q 2020
Adjusted PTPP ROAA⁽¹⁾

Balance Sheet

\$13.3B
+1.5%
Core Assets⁽¹⁾⁽²⁾

\$10.7B
+1.3%
Total Loans and Leases⁽¹⁾⁽²⁾

\$13.9B
+26.5%
Total Deposits

Credit

0.24%
-24 bps
NPA Ratio

1.61%
-59 bps
Reserve Coverage⁽¹⁾⁽²⁾

(1) Non-GAAP Measure, refer to Appendix for reconciliation.

(2) Excluding PPP.

Start up - to >\$13Bn in assets in ~11 years

- The Bank was effectively launched in 2010 to clean up a \$250 million-in-assets failing bank
- Growth was paused for two years to build capital, take advantage of the Durbin exemption
- BankMobile Technologies, Inc. (“BMT”) divestiture closed on January 4, 2021.

Tech focused, Relationship driven

- Single point of contact model: “Private Banking for Privately Held Businesses”
- Industry leading in-house digital bank supported by a digital lending platform
- Continuously improving the quality of the balance sheet and franchise
- Continuing to invest in people and technology to focus on future customer needs

Asset quality & Deposit Growth

- Keen focus on asset quality
 - NPA ratio of 0.24%
 - Reserve coverage ratio of 1.61%⁽¹⁾
- Core deposit growth at 46% year over year
- Noninterest bearing DDAs are 19.5% and CDs are 4.5% of total deposits

Experienced Management Team

- Management team averages 30+ years in banking and financial services
- Significant technology experience
- Sam Sidhu appointed Customers Bank CEO effective July 1, 2021
- Continue to recruit new teams
 - In 2021 added key hires across teams including C&I teams, Fund Finance, RTP, Technology and Digital

(1) Non-GAAP Measure, refer to Appendix for reconciliation.

II. Business Highlights

Customers  Bancorp, Inc.



2Q 2021 vs. 2Q 2020 Highlights

Strong Earnings

- Diluted EPS of \$1.72 in 2Q 2021 versus \$0.61 in 2Q 2020
- Core EPS⁽²⁾ of \$1.76 in 2Q 2021 versus \$0.68 in 2Q 2020
- GAAP Net income of \$58.0M
- Core Earnings⁽²⁾ of \$59.3M in 2Q 2021

PPP Revenue

- Expect to earn over \$400+ million in total pre-tax net revenue
- \$118 million of pre-tax net revenue recognized to date

High Asset Quality

- The NPAs ratio was 0.24% and coverage ratio excluding PPP was 1.61%⁽²⁾.
- Provision expense of \$3.3M in 2Q 2021 compared to a provision benefit of (\$2.9)M in the prior quarter
- Total P&I deferrals were only 0.91% of total loans and leases, excluding PPP balances⁽²⁾

Growing Loan Portfolio

- Total loans and leases increased \$1.7B or 11% over 2Q 2020
- Core C&I growth at 13.1% over 2Q 2020
- Consumer installment growth at 25.4% over 2Q 2020

Deposit Growth

- Total deposit growth of \$2.9B up 27% over 2Q 2020
- Demand deposits up 52% over 2Q 2020
- Total average cost of deposits down 44 bps YOY to 0.47%

Profitability

- NIM of 3.0%⁽²⁾ in 2Q 2021, up 33 bps over 2Q 2020
- NIM excl. PPP of 3.3%⁽²⁾ in 2Q 2021 up 33 bps over 2Q 2020
- Core efficiency ratio of 44.3%⁽²⁾ in 2Q 2021 versus 47.8% in 2Q 2020

Bank Capital Ratios⁽¹⁾

- CET 1: 12.4%
- Tier 1 Risk Based Capital: 12.4%
- Total Risk Based Capital: 13.7%
- Tier 1 Leverage: 9.07%
- CUBI TCE: 5.2%⁽²⁾
- CUBI TCE (excl. PPP): 7.7%⁽²⁾

Tangible Book Value

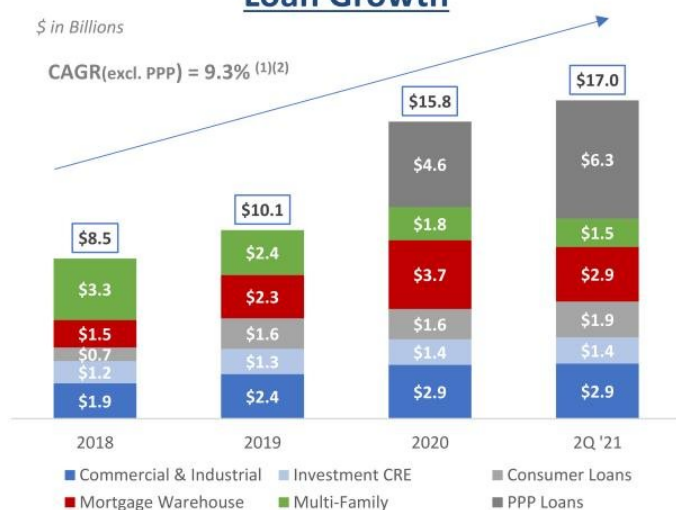
- Tangible Book Value⁽²⁾ at \$31.82 up 29% over 2Q 2020
- Tangible Equity of \$1.2 billion⁽²⁾
 - \$1.0 billion Common Equity
 - \$217 million Preferred Equity

(1) The Bank's Regulatory Capital Ratios are estimated pending final Call Report.
(2) Non-GAAP Measure, refer to Appendix for reconciliation.

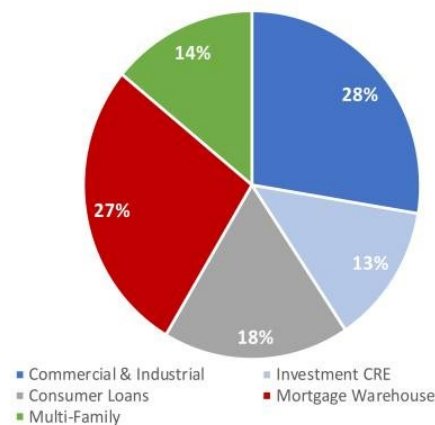
Loan Growth

\$ in Billions

CAGR(excl. PPP) = 9.3% ⁽¹⁾⁽²⁾



2Q 2021 Loan Mix⁽¹⁾



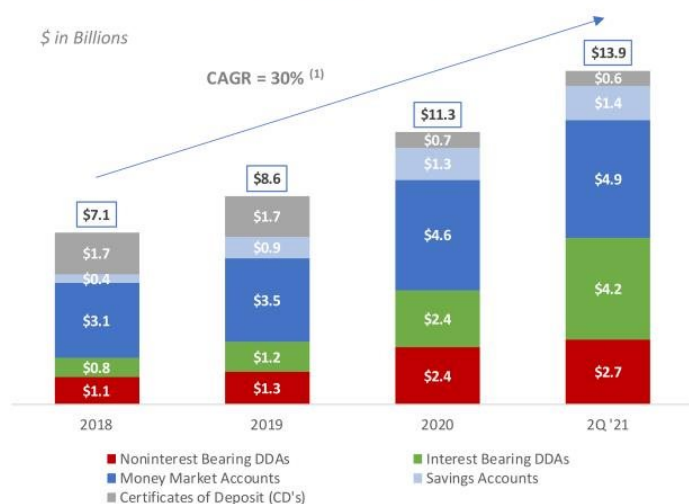
Highly Diversified Portfolio with Core C&I and Consumer Installment Loan Growth YoY of 17% - Strong and Growing Pipeline

- Management re-affirms loan growth expectations in the mid to high single digit growth rate for 2021
- Strong core C&I growth of \$342 million or 13.1% over 2Q 2020
- Strong consumer installment growth of \$320 million or 25.4% over 2Q 2020
- Targeting total consumer loans of 15-20% of loan portfolio
- Pipelines remain strong; on track to hit 2021 growth targets

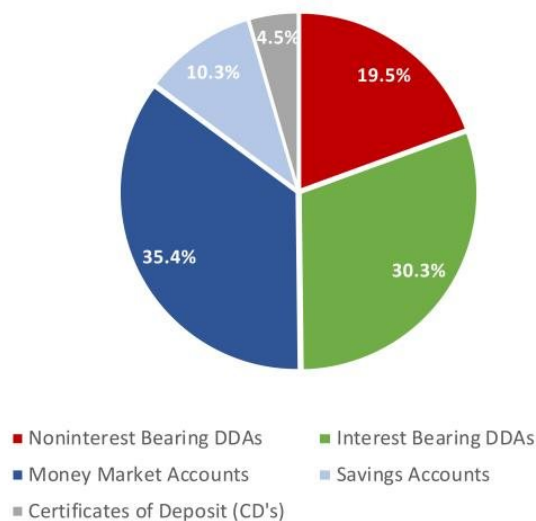
(1) Excludes PPP loan balances, Non-GAAP Measure, refer to Appendix for reconciliation.

(2) CAGR calculated based on 2.5 years.

Deposit Growth



2Q 2021 Deposit Mix

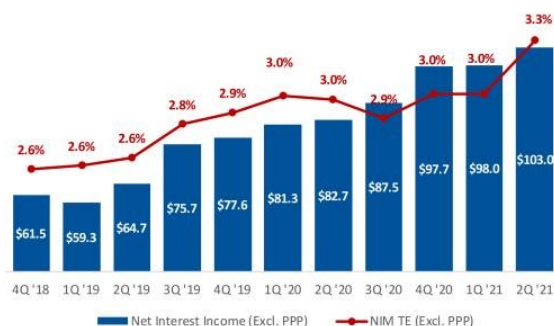


Continued Significant Funding Mix Improvement Achieved

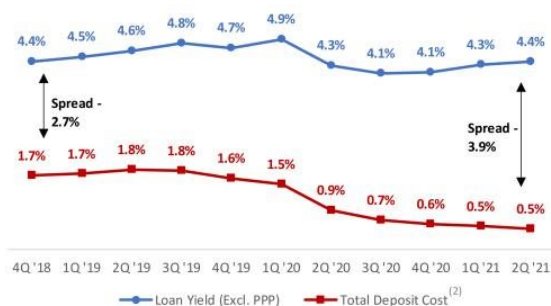
- Total deposit growth of \$2.9B (27%) YoY, which included \$2.4B (52%) increase in demand deposits
- CD's declined \$1.2B (66%) YoY, making up only 4.5% of total deposits at 6/30/2021
- Average cost of deposits dropped to 0.47% for 2Q 2021 from 0.91% in the year-ago quarter
- Spot cost of deposits as of July 15, 2021 of 0.44%
- Took action to extend and lock in \$200 million of core deposits for 7 years; expected to provide future margin benefit

(1) CAGR calculated based on 2.5 years.

Net Interest Margin Growth (Excl. PPP)⁽¹⁾



Loan Yield (Excl. PPP)⁽¹⁾ & Deposit Cost



Significant Improvement Achieved Due to Maintaining Loan Yields While Reducing Funding Costs

- Net interest income (excl. PPP) was \$103.0M⁽¹⁾ and increased 25% over 2Q20
- Net interest margin (excl. PPP)⁽¹⁾ improved to 3.3%
 - Overall loan yields increased by 8 basis points over 2Q 2020 due to efforts to improve the loan mix and maintaining credit quality during the pandemic rate environment
 - Total deposit cost declined by 44 basis points over 2Q 2020 as a result of on-going efforts to reduce deposit cost

(1) Excludes PPP loan balances, Non-GAAP Measure, refer to Appendix for reconciliation

(2) Total Deposit Cost includes non-interest bearing deposits

Commercial	Geographic Expansion	<ul style="list-style-type: none"> Added new teams in Florida, Texas and Pennsylvania and a reboot of Chicago Conversations to add additional teams within next 6-12 months
	SBA Growth	<ul style="list-style-type: none"> Planned launch of digital 7(a) program in 3Q 2021 Capitalize on increase to 90% guaranty on traditional 7(a) 2021 GOS revenue expected to be 4x 2020 levels
	Deepen Specialty Lending	<ul style="list-style-type: none"> Added Fund Finance Team Pipelines building across nearly all specialty lending verticals Target ~10% growth across most verticals
Consumer	Gain on Sale Revenue	<ul style="list-style-type: none"> First sale in 2Q 2021 resulted in \$475K GOS revenue Continued sales to occur quarterly in 2021
	Fintech Banking	<ul style="list-style-type: none"> Seek to become partner bank with existing MPL partners in 2022 Potential to add several million dollars in annual fee income
	New Products	<ul style="list-style-type: none"> Enhanced credit card launch in next 6 months Evaluating additional loan verticals to be launched in 4Q 2021/1Q 2022
Digital	Tech Reorg. and Talent Acquisition	<ul style="list-style-type: none"> Flattened technology organization increasing agility: turning cost center into profit center Introduced product ownership and delivery groups commonly used in technology industry Key hires include Head of Digital Marketing, Head of RTP Platform, CDO, CTO, engineers
	Digital SMB	<ul style="list-style-type: none"> New products to include digital 7(a), term loan, credit card as part of digital SMB bundle Expect to begin launching products in 3Q 2021
	Realtime Payments (RTP)	<ul style="list-style-type: none"> Expected soft launch within the next 60 days Full launch expected in 4Q 2021
	Branding and Website Re-Launch	<ul style="list-style-type: none"> Engaged leading digital consultancy to rebrand and relaunch omnichannel online presence Expect to implement by year end

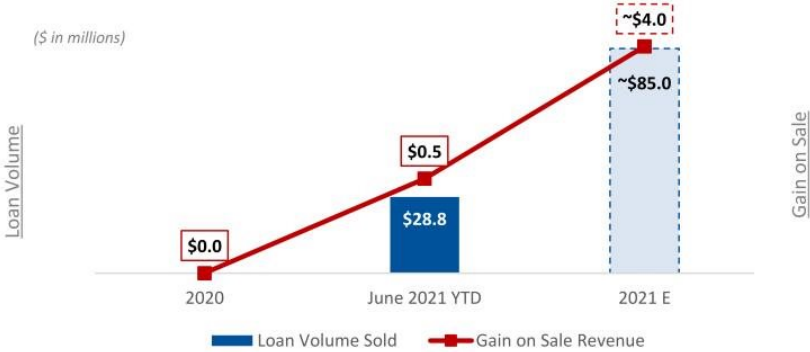
SBA Revenue Summary



Significant fee revenue growth opportunities across SBA 7(a) and consumer installment loan portfolios enabled by Tech team

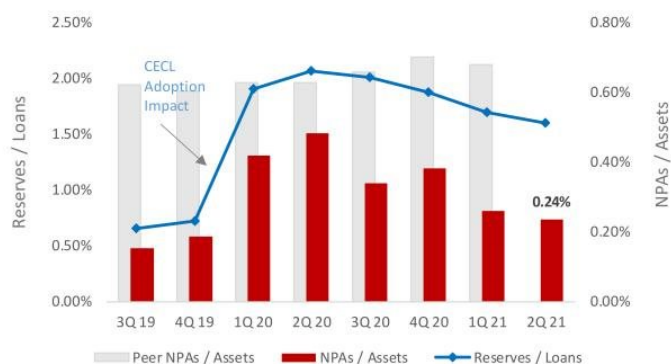
- YTD gain on sale revenue from these products has already far surpassed 2020 levels
- Expected to earn up to \$10 million in combined gain on sale revenue in 2021
- Both products are expected to continue to grow in the coming years

Consumer Installment Fee Revenue Initiative



2020 volume excludes PPP

Recent Credit Quality Metrics



Highlights:

- Credit quality remains strong as evidenced by NPAs/Total Assets of only 0.24% at 6/30/21.
- Bolstered by the adoption of CECL on January 1, 2020, the coverage ratio, excluding PPP loans⁽¹⁾, was 1.61% at 6/30/21.
- Due to the Bank's history of focusing on lower credit risk businesses, we expect near-term credit outlook to remain stable.

Note: The coverage of credit losses reserves for loans and leases held for investment, excludes PPP loans, mortgage warehouse loans reported at fair value, and loans held for sale.

(1) Non-GAAP Measure, refer to Appendix for reconciliation.

(\$'s in millions)	Total Loan & Lease Deferments			
	3/31/21		6/30/21 ⁽¹⁾	
	Principal Deferred	% of Portfolio ⁽²⁾	Principal Deferred	% of Portfolio ⁽²⁾
C&I and Investment CRE:				
Commercial & Industrial	\$5.4	0.2%	\$0.0	0.0%
SBA	\$7.3	7.6%	\$3.4	3.5%
Investment CRE & Multi-Family	\$13.7	0.6%	\$4.4	0.2%
Hotels	\$125.9	31.4%	\$59.2	14.8%
Equipment Finance:				
Motor Coach	\$22.7	63.1%	\$21.7	61.4%
Transportation	\$1.1	1.0%	\$1.1	1.0%
Franchise	\$0.0	0.0%	\$0.0	0.0%
Equipment Finance - Other	\$0.0	0.0%	\$0.0	0.0%
Mortgage Warehouse:				
Mortgage Warehouse	\$0.0	0.0%	\$0.0	0.0%
Consumer:				
Consumer Installment	\$6.7	0.5%	\$4.9	0.3%
Residential Mortgage	\$5.7	1.9%	\$3.4	1.2%
Manufactured Housing	\$0.6	1.0%	\$0.1	0.2%
Total Deferred	\$189.1	1.7%	\$98.2	0.9%

- Principal deferments were only 0.9% of total portfolio (excluding PPP)
- Loans in COVID-19 At Risk Industries represent only 10% of total loans and deferrals in these industries totaled only 0.6% of total loans

(1) The 6/30/2021 figures are all actual deferrals with none pending.

(2) "% of Portfolio" ratio excludes PPP loans.

Credit: Allowance for Credit Losses for Loans and Leases

	CECL Method ⁽¹⁾			
	June 30, 2021			
		Allowance for Credit		Annualized Net
(\$ in thousands)	Amortized Cost	Losses	Lifetime Loss Rate	Charge Off Ratio
Loans and Leases Receivable:				
Commercial				
Multi-Family	\$1,497,485	\$5,028	0.34%	0.00%
Commercial & Industrial	\$2,360,656	\$8,127	0.35%	-0.05%
Commercial Real Estate Owner Occupied	\$653,649	\$4,464	0.68%	0.00%
Commercial Real Estate Non-Owner Occupied	\$1,206,646	\$7,374	0.61%	-0.02%
Construction	\$179,198	\$2,643	1.47%	-0.25%
Total Commercial Loans and Leases Receivable	\$5,897,634	\$27,636	0.64%	-0.03%
Consumer				
Consumer Installment	\$1,549,693	\$91,129	5.90%	1.82%
Residential Mortgage	\$266,911	\$2,299	0.84%	-0.02%
Manufactured Housing	\$57,904	\$4,372	7.55%	0.00%
Total Consumer Loans Receivable	\$1,874,508	\$97,800	5.26%	1.50%
Total Loans and Leases HFI ⁽²⁾	\$7,772,142	\$125,436	1.61%	0.34%

(1) Utilized Moody's June 2021 Baseline forecast with qualitative adjustments for 2Q 2021 provision.

(2) Excludes Mortgage Warehouse loans reported at fair value, loans held for sale and PPP Loans.

IV. Technology Driven Business Model

Customers  Bancorp, Inc.



Branch light / Private Banking Teams

- Among the least branch-reliant banks in the U.S. Private Banking Teams work out of Private Banking Offices.
- The Bank maintains 12 branches, yielding an average of \$1.2 billion in deposits per branch at June 30, 2021
- Customers Bank ranked among the top 10 best digital banks of 2021 according to Bankrate.com

Digital Lending & Deposits

- Digitally originate consumer installment loans directly
- Implemented a gain on sale strategy in 2Q 2021
- Launching small business and SBA lending digital programs in 2021
- Online deposit product (CB Max Savings) targeted at High-Net-Worth clients
- Proprietary online deposit products

Superior Digital Capabilities

- Among top tech focused PPP lenders in the United States
- Fully automated commercial deposit onboarding platform
- Utilize top-tier technology platforms to digitize processes from the front office to the back office

Embedded Finance / Banking-as-a- Service

- Deposit offerings for Fintechs and non-banking organizations
- Full banking partnership with selected market-place lenders ("MPL's")

Paycheck Protection Program

\$400M+ in Anticipated Pre-Tax Revenue

Industry-Leading PPP Program

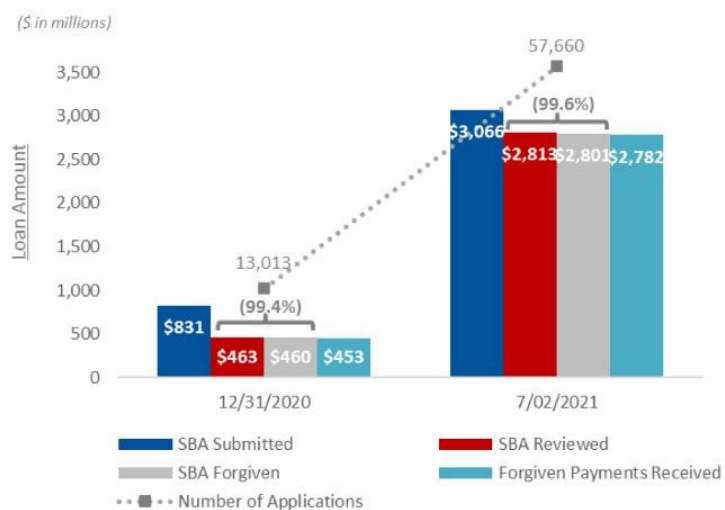
- Completed approximately 325,000 PPP loan applications totaling about \$9.5 billion⁽¹⁾
- Focused on providing access to the smallest and most underserved businesses with an average loan size of ~\$30,000
- Top 5 bank by number of loans
- Forgiveness efforts are well underway, have processed 55% of PPP1/2 and have achieved 99.6% forgiveness
- To date, industry analysis suggests the SBA has forgiven approximately 50% of PPP loans

Program Overview⁽¹⁾

	Loan Volume (\$B)	Loan Count	Avg. Loan Size
PPP 1/2	\$5.11	102,799	\$49,732
PPP 3	\$4.37	222,057	\$19,692
Total PPP	\$9.49	324,856	\$29,198

(1) As of 07/19/2021 Includes all PPP loans facilitated by Customers Bank (originated and purchased)

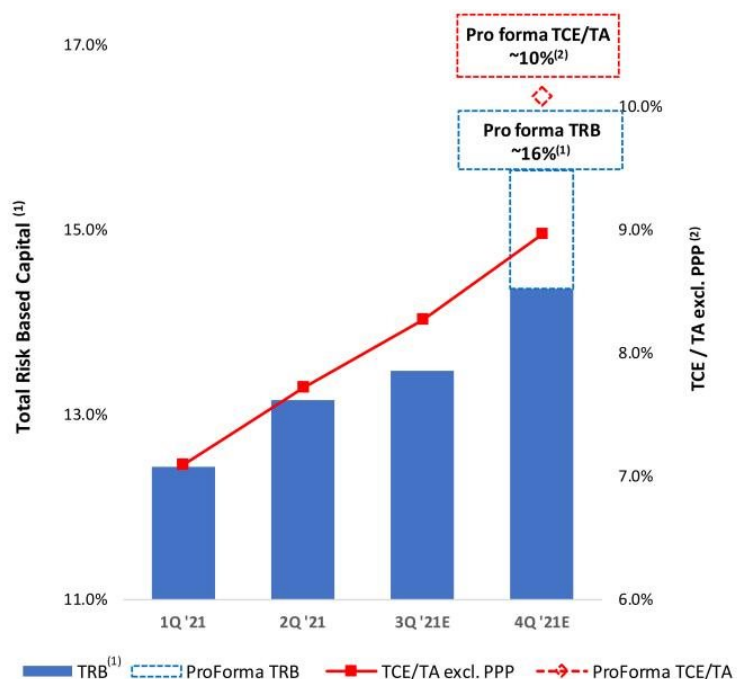
PPP Portfolio Forgiveness Status



V. Outlook

Sling Shot – Increase in Tangible Common Equity & Total Risk Based Capital

Customers Bancorp: Actual & Projected Capital Metrics



(1) 2Q 21 Total Capital Ratio estimated pending Final Call Report & FRY9C.

(2) Refers to tangible common equity-to-tangible assets excluding PPP loans. This is a non-GAAP measure; refer to the Appendix for reconciliation.

Highlights:

- Our participation in the Paycheck Protection Program, as well as strong core earnings, will have a “sling shot” effect on tangible common equity⁽²⁾.
- TCE/TA Ratio⁽²⁾ excluding PPP loans is expected to be ~9% and Total Risk Based Capital Ratio is expected to be ~14% by year-end 2021.
- Pro forma for full expected PPP net revenue, year-end 2021 TCE/TA Ratio⁽²⁾ excluding PPP loans would be ~10%

Note: The “Actual & Projected Capital Metrics” chart includes our estimates of future performance and does not consider any stock buyback or redemptions. Please refer to the Forward-Looking Statements slide for more information.

Tangible Book Value Per Share⁽¹⁾

29.0% YoY Growth



TBV/Share⁽¹⁾

\$31.82

Stock Price⁽²⁾

\$37.73

Value Proposition

Trading at 119% of TBV

Highlights:

- Significant potential upside based on peer trading levels

(1) Non-GAAP Measure, refer to Appendix for reconciliation.
(2) As of July 27, 2021.

- The balance of commercial loans to mortgage companies is expected to decline to \$1.6-\$2.4 billion at December 31, 2021.
- Continued NIM expansion driven by combination of increased yield and lower funding costs
- Increasing 2021 and 2022 Core EPS guidance to \$6.00
- Meaningful capital accretion continuing through core earnings and PPP revenue recognition

Metric	YE 2020	2021 YE Outlook
Loans excl. PPP & Mortgage Warehouse ⁽¹⁾	\$7.6B	Mid to High Single Digit Growth
Net Interest Margin excl. PPP ⁽²⁾	2.96%	3.25% - 3.50%
Core EPS ⁽²⁾	\$3.49	\$6.00
Core EPS excl. PPP ⁽²⁾	\$2.20	\$4.00
Total Risk Based Capital ⁽³⁾ / TCE excl. PPP ⁽²⁾	11.9% / 6.4%	14.0% / 9.0%
Effective Tax Rate	24.7%	23% - 25%

(1) Excludes PPP & Mortgage warehouse loan balances, Non-GAAP Measure, refer to Appendix for reconciliation.

(2) Non-GAAP Measure, refer to Appendix for reconciliation.

(3) 2Q 21 Total Capital Ratio estimated pending Final Call Report & FRY9C.

Path to Core EPS of \$6.00 in 2025

Position at 6/30/21

- \$13.3 billion in core assets⁽¹⁾
- 33.7 million average diluted shares outstanding

Growth Assumptions

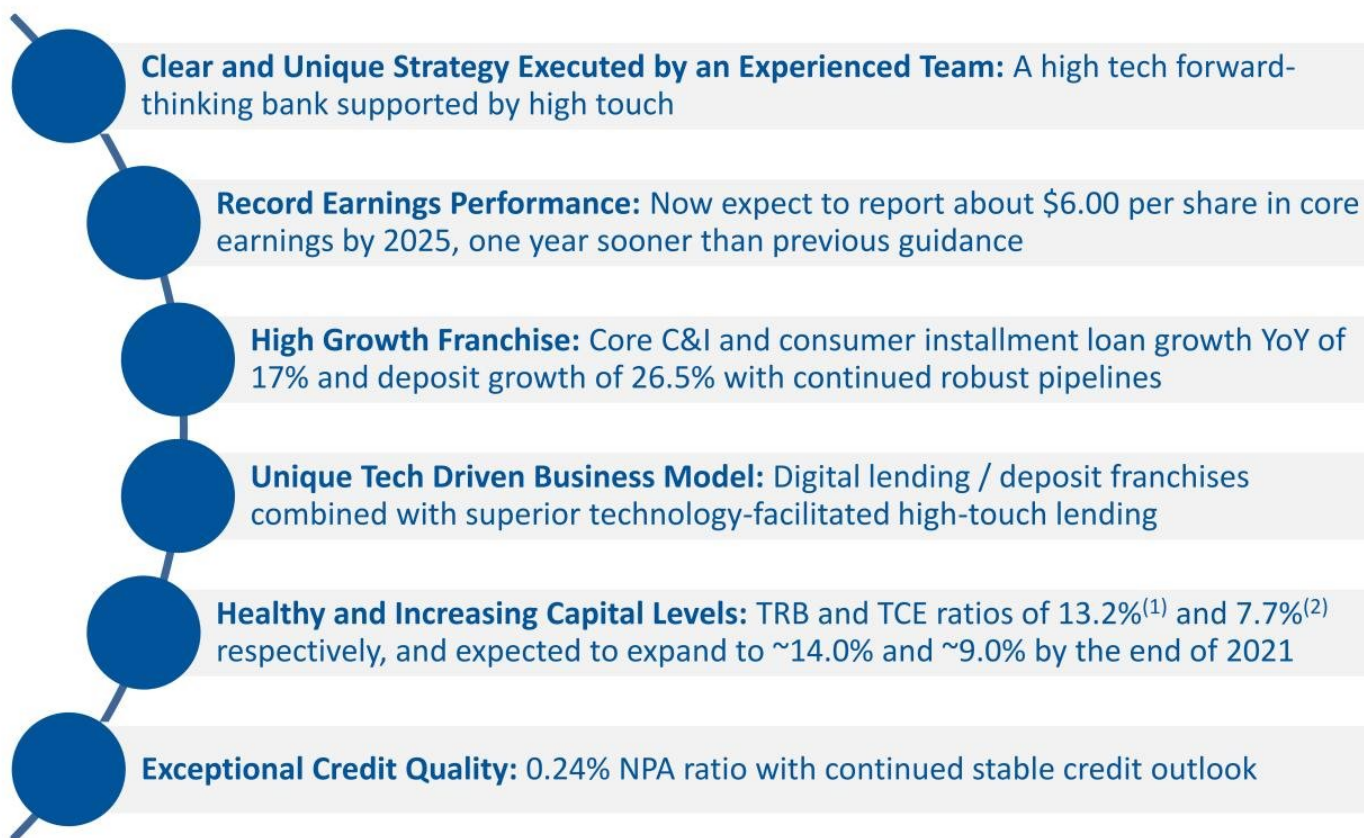
- Asset growth of 7.0%-10.0% per year on average in the 2021-2025 period
- Diluted shares outstanding growth of 1.0% per annum

Expectations in 2025

- \$18-\$20 billion in assets with about \$1.9 billion in common equity
- ~35.2 million average diluted shares outstanding
- At a Return on Assets of ~1.10%
- ~\$210 million in core net income
- ~\$6.00 in Core EPS annualized

Note: The "Path to Core EPS of \$6.00 by 2025" includes our estimates of future performance. Please refer to the Forward-Looking Statements slide for more information.

(1) Excludes PPP loan balances, a non-GAAP measure. Please refer to the Appendix for reconciliation.



(1) As of June 30, 2021. Consolidated Bancorp, Inc. Total Capital Ratio estimated pending Final Call Report & FRY9C.

(2) As of June 30, 2021. Refers to Consolidated Bancorp, Inc. tangible common equity to tangible assets excluding PPP loans. This is a non-GAAP measure; refer to the Appendix for reconciliation.

VI. Appendix



Environmental, social and governance (ESG) considerations are integrated across our business units and incorporated into the policies and principles that govern how our company operates. We continuously seek to address some of the practical challenges in balancing short- and long-term business trade-offs in order to ensure that our stakeholders and shareholders prosper together. Customers Bank's approach to ESG management includes promoting sound corporate governance, risk management and controls, investing in our Team Members and cultivating a diverse and inclusive work environment, strengthening the communities in which our Team Members live and work, and operating our business in a way that demonstrates Customers' dedication to environmental sustainability.



Our Communities

Use of investment and philanthropic capital to expand access to economic opportunity in the communities where we do business has been core to Customers since its founding more than 10 years ago.



Our Team Members

Customers Bank is committed to developing high performing Team Members and fostering a richly diverse and inclusive workplace culture.



Our Environment

Customers Bank provides financing solutions that generate positive environmental and social impacts and actively manages the environmental impacts of the company's branches and office locations.



Our Risk Culture

Customers Bank's tone at the top and risk culture underpins our ability to function with integrity and accountability and to systematically and independently review risks and opportunities while building sustainable value for the company.



Our Corporate Governance & Ethics

Supported by unwavering management commitment and an engaged Board, Customers Bank is continually focused on enhancing the structures, processes and controls in place that support and promote accountability, transparency and ethical behavior.

Customers Bank contributed nearly **\$400,000** to help feed those most in need during the pandemic.

In addition to combating food insecurity, Customers Bank contributed an additional **\$250,000** to other pandemic-related programs including supplying PPE for hospitals and educational opportunities for inner-city children.

Customers has become an active lender for several land-based wind projects, providing **\$126 million** in financing.

Just days after the death of George Floyd, the bank held a company-wide virtual **“Family Meeting”** to provide an outlet of support to our Team Members. Executive leaders addressed over 600 Team Members who were then invited to share their stories, feelings and concerns.

Customers Bank was one of the nation’s leading lenders in the Paycheck Protection Program (PPP). From passage of the CARES act on March 27, 2020 to date, the Bank funded approximately 325 thousand loans totaling \$9.5 billion⁽¹⁾. These loans helped save hundreds of thousands of jobs.

Customers Bank joined the Federal Home Loan Bank of Pittsburgh in making **120 First Front Door home loans worth more than \$12 million**, providing affordable housing to families across the market.

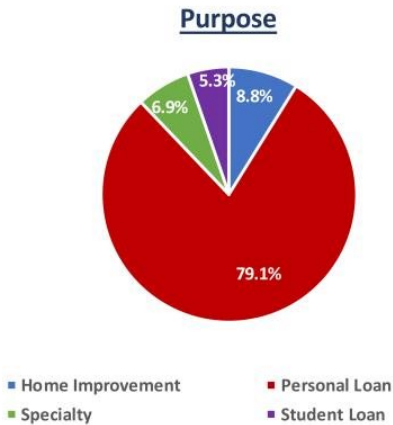
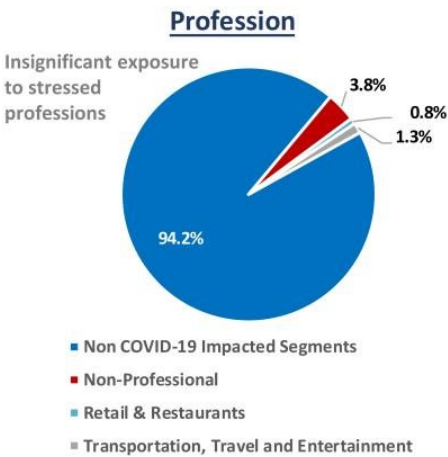
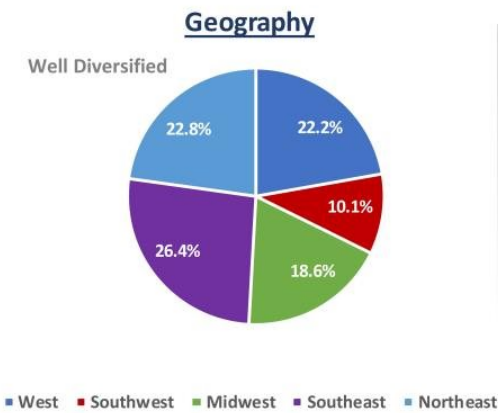
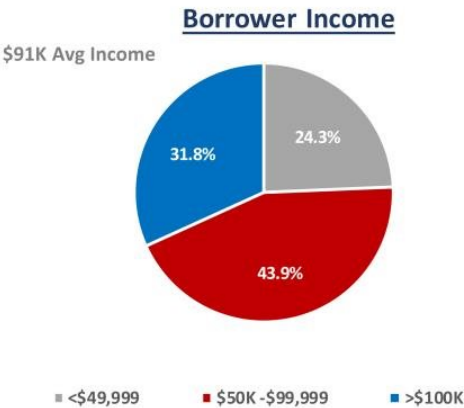
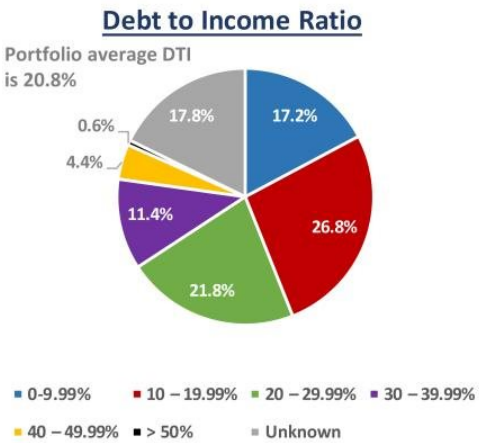
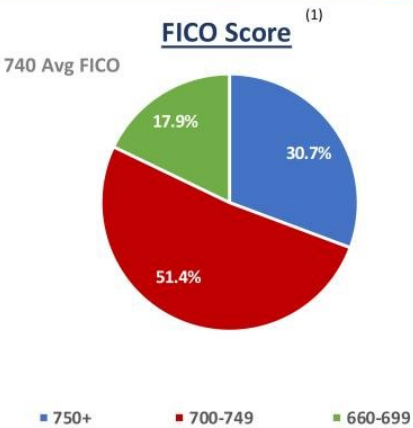
In total, Customers Bank invested **more than \$2.6 million** in 2020 through CRA investments, charitable donations, and community sponsorships.

Customers Bank was the winner of the highly coveted **2020 Best Example of Making an Impact on Business Award** presented by Everbridge, an organization focused on lifesaving efforts through its global Critical Event Management (CEM) platform. The bank stood out for its commitment to life safety, operational resilience and business continuity due to its efforts to communicate with Team Members, clients and the community during the onset of the pandemic.

* As of 6/30/2021

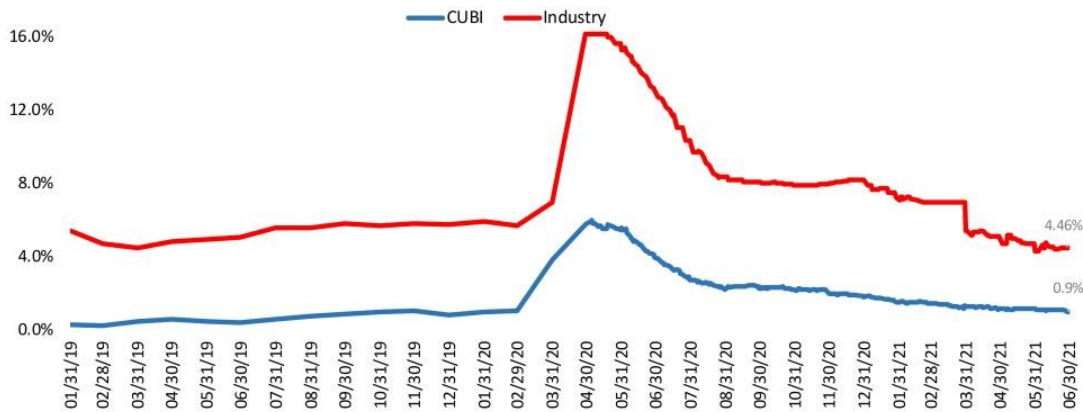
(1) As of 07/19/2021 Includes all PPP loans facilitated by Customers Bank (originated and purchased)

Liquidity Sources (\$000's)	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	YOY Change
Cash and Cash Equivalents	\$1,022,753	\$325,594	\$615,264	\$512,241	\$393,663	(\$629,090)
FHLB Available Borrowing Capacity	\$1,078,520	\$929,508	\$684,936	\$713,673	\$1,466,067	\$387,547
FRB Available Borrowing Capacity	\$152,410	\$215,000	\$220,000	\$180,000	\$197,000	\$44,590
Investments (MV)						
US Gov't & Agency	\$0	\$40,008	\$20,034	\$20,053	\$20,114	\$20,114
MBS & CMO	\$290,137	\$333,845	\$361,850	\$590,485	\$661,823	\$371,686
Municipals	\$18,389	\$18,260	\$18,291	\$18,527	\$8,554	(\$9,836)
Corporates	\$356,232	\$363,872	\$396,744	\$257,924	\$350,420	(\$5,812)
ABS	\$0	\$375,381	\$409,512	\$550,087	\$485,881	\$485,881
Other AFS	\$16,623	\$2,466	\$3,853	\$4,827	\$0	(\$16,623)
Less: Pledged Securities	(\$16,924)	(\$20,053)	(\$18,849)	(\$17,589)	(\$15,988)	\$936
Net Unpledged Securities	\$664,458	\$1,113,778	\$1,191,436	\$1,424,314	\$1,510,804	\$846,346
	\$2,918,141	\$2,583,881	\$2,711,636	\$2,830,229	\$3,567,534	\$649,393



(1) FICO score at time of origination.
Note: Data as of June 30, 2021.

Consumer Installment Payment Impairments



Continued Outperformance

- At industry peak for consumer forbearance, CB overall remained less than half the industry average
- Further, CB Direct was approximately 70% below industry average

Note: Customers Bancorp’s impairment percentages are considered 1 day+ delinquent or in forbearance. Industry chart is from DV01 Insights COVID-19 Performance Report dated June 30, 2021.

Q2 2021 Overview

The following table presents a summary of key earnings and performance metrics for the quarter ended June 30, 2021 and the preceding four quarters:

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
EARNINGS SUMMARY - UNAUDITED

(Dollars in thousands, except per share data and stock price data)	Q2	Q1	Q4	Q3	Q2	Six Months Ended June 30,	
	2021	2021	2020	2020	2020	2021	2020
GAAP Profitability Metrics:							
Net income available to common shareholders (from continuing and discontinued operations)	\$ 58,042	\$ 33,204	\$ 52,831	\$ 47,085	\$ 19,137	\$ 91,246	\$ 18,621
Per share amounts:							
Earnings per share - basic	\$ 1.80	\$ 1.04	\$ 1.67	\$ 1.49	\$ 0.61	\$ 2.84	\$ 0.59
Earnings per share - diluted	\$ 1.72	\$ 1.01	\$ 1.65	\$ 1.48	\$ 0.61	\$ 2.74	\$ 0.59
Book value per common share ⁽¹⁾	\$ 31.94	\$ 30.13	\$ 28.37	\$ 26.43	\$ 25.08	\$ 31.94	\$ 25.08
CUBI stock price ⁽¹⁾	\$ 38.99	\$ 31.82	\$ 18.18	\$ 11.20	\$ 12.02	\$ 38.99	\$ 12.02
CUBI stock price as % of book value ⁽¹⁾	122 %	106 %	64 %	42 %	48 %	122 %	48 %
Average shares outstanding - basic	32,279,625	31,883,946	31,638,447	31,517,504	31,477,591	32,082,878	31,434,371
Average shares outstanding - diluted	33,741,468	32,841,711	31,959,100	31,736,311	31,625,771	33,294,075	31,625,669
Shares outstanding ⁽¹⁾	32,353,256	32,238,762	31,705,088	31,555,124	31,510,287	32,353,256	31,510,287
Return on average assets ("ROAA")	1.27 %	0.80 %	1.23 %	1.12 %	0.62 %	1.04 %	0.40 %
Return on average common equity ("ROCE")	23.22 %	14.66 %	24.26 %	23.05 %	9.97 %	19.15 %	4.74 %
Efficiency ratio	46.59 %	48.89 %	43.56 %	46.76 %	50.73 %	47.64 %	52.52 %
Non-GAAP Profitability Metrics ⁽²⁾:							
Core earnings	\$ 59,303	\$ 70,308	\$ 54,588	\$ 38,439	\$ 21,413	\$ 129,611	\$ 26,499
Adjusted pre-tax pre-provision net income	\$ 86,467	\$ 86,769	\$ 77,896	\$ 64,146	\$ 53,931	\$ 173,236	\$ 98,154
Per share amounts:							
Core earnings per share - diluted	\$ 1.76	\$ 2.14	\$ 1.71	\$ 1.21	\$ 0.68	\$ 3.89	\$ 0.84
Tangible book value per common share ⁽¹⁾	\$ 31.82	\$ 30.01	\$ 27.92	\$ 25.97	\$ 24.62	\$ 31.82	\$ 24.62
CUBI stock price as % of tangible book value ⁽¹⁾	123 %	106 %	65 %	43 %	49 %	123 %	49 %
Core ROAA	1.30 %	1.61 %	1.26 %	0.93 %	0.68 %	1.45 %	0.52 %
Core ROCE	23.72 %	31.03 %	25.06 %	18.82 %	11.16 %	27.20 %	6.75 %
Adjusted ROAA - pre-tax and pre-provision	1.80 %	1.90 %	1.70 %	1.43 %	1.48 %	1.85 %	1.50 %
Adjusted ROCE - pre-tax and pre-provision	33.27 %	36.80 %	34.20 %	29.73 %	26.24 %	34.95 %	23.16 %
Net interest margin, tax equivalent	2.98 %	3.00 %	2.78 %	2.50 %	2.65 %	2.99 %	2.80 %
Net interest margin, tax equivalent, excluding PPP loans	3.30 %	2.99 %	3.04 %	2.86 %	2.97 %	3.14 %	2.98 %
Core efficiency ratio	44.33 %	41.13 %	42.89 %	46.10 %	47.84 %	42.76 %	50.25 %
Asset Quality:							
Net charge-offs	\$ 6,591	\$ 12,521	\$ 8,472	\$ 17,299	\$ 10,325	\$ 19,112	\$ 29,035
Annualized net charge-offs to average total loans and leases	0.16 %	0.33 %	0.21 %	0.45 %	0.32 %	0.24 %	0.52 %
Non-performing loans ("NPLs") to total loans and leases ⁽¹⁾	0.27 %	0.30 %	0.45 %	0.38 %	0.56 %	0.27 %	0.56 %
Reserves to NPLs ⁽¹⁾	269.96 %	264.21 %	204.48 %	244.70 %	185.36 %	269.96 %	185.36 %
Non-performing assets ("NPAs") to total assets	0.24 %	0.26 %	0.39 %	0.34 %	0.48 %	0.24 %	0.48 %
Customers Bank Capital Ratios ⁽³⁾:							
Common equity Tier 1 capital to risk-weighted assets	12.35 %	11.75 %	10.62 %	10.12 %	10.64 %	12.35 %	10.64 %
Tier 1 capital to risk-weighted assets	12.35 %	11.75 %	10.62 %	10.12 %	10.64 %	12.35 %	10.64 %
Total capital to risk-weighted assets	13.72 %	13.11 %	12.06 %	11.62 %	12.30 %	13.72 %	12.30 %
Tier 1 capital to average assets (leverage ratio)	9.07 %	9.35 %	9.21 %	9.29 %	9.59 %	9.07 %	9.59 %

⁽¹⁾ Metric is a spot balance for the last day of each quarter presented.

⁽²⁾ Non-GAAP measures exclude net loss from discontinued operations, unrealized gains (losses) on loans held for sale, investment securities gains and losses, loss on cash flow hedge derivative terminations, severance expense, merger and acquisition-related expenses, losses realized from the sale of non-QM residential mortgage loans, loss upon acquisition of interest-only GNMA securities, legal reserves, credit valuation adjustments on derivatives, risk participation agreement mark-to-market adjustments, and goodwill and intangible assets. These non-GAAP measures are not included in Customers' disclosures of core earnings and other core profitability metrics. Please note that not each of the aforementioned adjustments affected the reported amount in each of the periods presented. Customers' reasons for the use of these non-GAAP measures and a detailed reconciliation between the non-GAAP measures and the comparable GAAP amounts are included at the end of this document.

⁽³⁾ Regulatory capital ratios are estimated for Q2 2021 and actual for the remaining periods. In accordance with regulatory capital rules, Customers elected an option to delay the estimated impact of CECL on its regulatory capital over a five-year transition period ending January 1, 2025. As a result, capital ratios and amounts as of Q2 2021 exclude the impact of the increased allowance for credit losses on loan and leases and unfunded loan commitments attributed to the adoption of CECL, and 25% of the quarterly provision for credit losses for subsequent quarters through Q4 2021.

Customers believes that the non-GAAP measurements disclosed within this document are useful for investors, regulators, management and others to evaluate our core results of operations and financial condition relative to other financial institutions. These non-GAAP financial measures are frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in Customers' industry. These non-GAAP financial measures exclude from corresponding GAAP measures the impact of certain elements that we do not believe are representative of our ongoing financial results, which we believe enhance an overall understanding of our performance and increases comparability of our period to period results. Investors should consider our performance and financial condition as reported under GAAP and all other relevant information when assessing our performance or financial condition. The non-GAAP measures presented are not necessarily comparable to non-GAAP measures that may be presented by other financial institutions. Although non-GAAP financial measures are frequently used in the evaluation of a company, they have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results of operations or financial condition as reported under GAAP.

The following tables present reconciliations of GAAP to non-GAAP measures disclosed within this document.

Reconciliation of Non-GAAP Measures – Unaudited (Cont.)

Core Earnings - Customers Bancorp
(\$ in thousands, not including per share amounts)

	Q2 2021		Q1 2021		Q4 2020		Q3 2020		Q2 2020	
	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share
GAAP net income to common shareholders	\$58,042	\$ 1.72	\$33,204	\$ 1.01	\$52,831	\$ 1.65	\$47,085	\$ 1.48	\$19,137	\$ 0.61
Reconciling items (after tax):										
Net loss from discontinued operations	-	-	38,036	1.16	2,317	0.07	532	0.02	2,258	0.07
Severance expense	1,517	0.04	-	-	-	-	-	-	-	-
Merger and acquisition related expenses	-	-	320	0.01	508	0.02	530	0.02	-	-
Legal reserves	-	-	-	-	-	-	258	0.01	-	-
(Gains) losses on investment securities	(2,694)	(0.08)	(18,773)	(0.57)	(1,419)	(0.04)	(9,662)	(0.30)	(4,543)	(0.14)
(Gain) losses on sale of foreign subsidiaries	2,150	0.06	-	-	-	-	-	-	-	-
Loss on cash flow hedge derivative terminations	-	-	18,716	0.57	-	-	-	-	-	-
Derivative credit valuation adjustment	288	0.01	(1,195)	(0.04)	(448)	(0.01)	(304)	(0.01)	4,527	0.14
Risk participation agreement mark-to-market adjustment	-	-	-	-	-	-	-	-	(1,080)	(0.03)
Unrealized losses on loans held for sale	-	-	-	-	799	0.03	-	-	1,114	0.04
Core earnings	\$59,303	\$ 1.76	\$70,308	\$ 2.14	\$54,588	\$ 1.71	\$38,439	\$ 1.21	\$21,413	\$ 0.68

Core Return on Average Asset
(\$ in thousands)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP net income	\$ 61,341	\$ 36,595	\$ 56,245	\$ 50,515	\$ 22,718
Reconciling items (after tax):					
Net loss from discontinued operations	-	38,036	2,317	532	2,258
Severance expense	1,517	-	-	-	-
Merger and acquisition related expenses	-	320	508	530	-
Legal reserves	-	-	-	258	-
(Gains) losses on investment securities	(2,694)	(18,773)	(1,419)	(9,662)	(4,543)
Loss on sale of foreign subsidiaries	2,150	-	-	-	-
Loss on cash flow hedge derivative terminations	-	18,716	-	-	-
Derivative credit valuation adjustment	288	(1,195)	(448)	(304)	4,527
Risk participation agreement mark-to-market adjustment	-	-	-	-	(1,080)
Unrealized losses on loans held for sale	-	-	799	-	1,114
Core net income	\$ 62,602	\$ 73,699	\$ 58,002	\$ 41,869	\$ 24,994
Average total assets	\$ 19,306,948	\$ 18,525,721	\$ 18,250,719	\$ 17,865,574	\$ 14,675,584
Core return on average assets	1.30%	1.61%	1.26%	0.93%	0.68%

Reconciliation of Non-GAAP Measures – Unaudited (Cont.)

Adjusted Net Income and Adjusted ROAA -
Pre-Tax Pre-Provision - Customers Bancorp
(\$ in thousands)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP net income	\$ 61,341	\$ 36,595	\$ 56,245	\$ 50,515	\$ 22,718
Reconciling items (after tax):					
Income tax expense	20,124	17,560	23,447	12,016	7,980
Provision (benefit) for credit losses on loans and leases	3,291	(2,919)	(2,913)	12,955	20,946
Provision (benefit) for credit losses on unfunded commitments	45	(1,286)	(968)	(527)	(356)
Severance expense	2,004	-	-	-	-
Net loss from discontinued operations	-	38,036	2,317	532	2,258
Merger and acquisition related expenses	-	418	709	658	-
Legal reserves	-	-	-	320	-
(Gains) losses on investment securities	(3,558)	(24,540)	(1,431)	(11,945)	(5,553)
(Gain) losses on sale of foreign subsidiaries	2,840	-	-	-	-
(Gains) losses on hedge derivative terminations	-	24,467	-	-	-
Derivative credit valuation adjustment	380	(1,562)	(625)	(378)	5,895
Risk participation agreement mark-to-market adjustment	-	-	-	-	(1,407)
Unrealized losses on loans held for sale	-	-	1,115	-	1,450
Adjusted net income - pre-tax pre-provision	\$ 86,467	\$ 86,769	\$ 77,896	\$ 64,146	\$ 53,931
Average total assets	\$19,306,948	\$18,525,721	\$18,250,719	\$17,865,574	\$14,675,584
Adjusted ROAA - pre-tax pre-provision	1.80%	1.90%	1.70%	1.43%	1.48%

Core Return on Average Common Equity
(\$ in thousands)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP net income to common shareholders	\$ 58,042	\$ 33,204	\$ 52,831	\$ 47,085	\$ 19,137
Reconciling items (after tax):					
Net loss from discontinued operations	-	38,036	2,317	532	2,258
Severance expense	1,517	-	-	-	-
Merger and acquisition related expenses	-	320	508	530	-
Legal reserves	-	-	-	258	-
(Gains) losses on investment securities	(2,694)	(18,773)	(1,419)	(9,662)	(4,543)
Loss on sale of foreign subsidiaries	2,150	-	-	-	-
Loss on cash flow hedge derivative terminations	0	18,716	-	-	-
Derivative credit valuation adjustment	288	(1,195)	(448)	(304)	4,527
Risk participation agreement mark-to-market adjustment	-	-	-	-	(1,080)
Unrealized losses on loans held for sale	-	-	799	-	1,114
Core earnings	\$ 59,303	\$ 70,308	\$ 54,588	\$ 38,439	\$ 21,413
Average total common shareholders' equity	\$ 1,002,624	\$ 918,795	\$ 866,411	\$ 812,577	\$ 771,663
Core return on average common equity	23.72%	31.03%	25.06%	18.82%	11.16%

Reconciliation of Non-GAAP Measures – Unaudited (Cont.)

Core Efficiency Ratio
(\$ in thousands)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP net interest income	\$138,757	\$132,731	\$122,946	\$107,439	\$ 91,982
GAAP non-interest income	\$ 16,822	\$ 18,468	\$ 16,083	\$ 24,864	\$ 11,711
(Gains) losses on investment securities	(3,558)	(24,540)	(1,431)	(11,945)	(5,553)
Derivative credit valuation adjustment	380	(1,562)	(625)	(378)	5,895
Risk participation agreement mark-to-market adjustment	-	-	-	-	(1,407)
Unrealized losses on loans held for sale	-	-	1,115	-	1,450
Loss on cash flow hedge derivative terminations	-	24,467	-	-	-
Loss on sale of foreign subsidiaries	2840	-	-	-	-
Core non-interest income	16,484	16,833	15,142	12,541	12,096
Core revenue	\$155,241	\$149,564	\$138,088	\$119,980	\$104,078
GAAP non-interest expense	\$ 70,823	\$ 61,927	\$ 59,933	\$ 56,285	\$ 49,791
Severance expense	\$ (2,004)	-	-	-	-
Legal reserves	-	-	-	(320)	-
Merger and acquisition related expenses	-	(418)	(709)	(658)	-
Core non-interest expense	\$ 68,819	\$ 61,509	\$ 59,224	\$ 55,307	\$ 49,791
Core efficiency ratio ⁽¹⁾	44.33%	41.13%	42.89%	46.10%	47.84%

(1) Core efficiency ratio calculated as core non-interest expense divided by core revenue.

Reconciliation of Non-GAAP Measures – Unaudited (Cont.)

Tangible Equity (\$ in thousands)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP - Total shareholders' equity	\$ 1,250,729	\$ 1,188,721	\$ 1,117,086	\$ 1,051,491	\$ 1,007,847
Reconciling items:					
Goodwill and other intangibles ⁽¹⁾	(3,853)	(3,911)	(14,298)	(14,437)	(14,575)
Tangible equity	<u>\$ 1,246,876</u>	<u>\$ 1,184,810</u>	<u>\$ 1,102,788</u>	<u>\$ 1,037,054</u>	<u>\$ 993,272</u>

Tangible Book Value per Common Share - Customers Bancorp (\$ in thousands, except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP -Total shareholders' equity	\$ 1,250,729	\$ 1,188,721	\$ 1,117,086	\$ 1,051,491	\$ 1,007,847
Reconciling items:					
Preferred stock	(217,471)	(217,471)	(217,471)	(217,471)	(217,471)
Goodwill and other intangibles ⁽¹⁾	(3,853)	(3,911)	(14,298)	(14,437)	(14,575)
Tangible common equity	<u>\$ 1,029,405</u>	<u>\$ 967,339</u>	<u>\$ 885,317</u>	<u>\$ 819,583</u>	<u>\$ 775,801</u>
Common shares outstanding	32,353,256	32,238,762	31,705,088	31,555,124	31,510,287
Tangible book value per common share	\$ 31.82	\$ 30.01	\$ 27.92	\$ 25.97	\$ 24.62

(1) Includes goodwill and other intangibles reported in assets of discontinued operations.

Reconciliation of Non-GAAP Measures – Unaudited (Cont.)

Tangible Common Equity to Tangible Assets -
Customers Bancorp
(\$ in thousands)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP - Total shareholders' equity	\$ 1,250,729	\$ 1,188,721	\$ 1,117,086	\$ 1,051,491	\$ 1,007,847
Reconciling items:					
Preferred stock	(217,471)	(217,471)	(217,471)	(217,471)	(217,471)
Goodwill and other intangibles ⁽¹⁾	(3,853)	(3,911)	(14,298)	(14,437)	(14,575)
Tangible common equity	\$ 1,029,405	\$ 967,339	\$ 885,317	\$ 819,583	\$ 775,801
GAAP - Total assets	\$ 19,635,108	\$ 18,817,660	\$ 18,439,248	\$ 18,778,727	\$ 17,903,118
Reconciling items:					
Goodwill and other intangibles	(3,853)	(3,911)	(14,298)	(14,437)	(14,575)
Tangible assets	\$ 19,631,255	\$ 18,813,749	\$ 18,424,950	\$ 18,764,290	\$ 17,888,543
Tangible common equity to tangible assets	5.24%	5.14%	4.80%	4.37%	4.34%

Tangible Common Equity to Tangible Assets,
Excluding PPP - Customers Bancorp
(\$ in thousands)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP - Total shareholders' equity	\$ 1,250,729	\$ 1,188,721	\$ 1,117,086	\$ 1,051,491	\$ 1,007,847
Reconciling items:					
Preferred stock	(217,471)	(217,471)	(217,471)	(217,471)	(217,471)
Goodwill and other intangibles ⁽¹⁾	(3,853)	(3,911)	(14,298)	(14,437)	(14,575)
Tangible common equity	\$ 1,029,405	\$ 967,339	\$ 885,317	\$ 819,583	\$ 775,801
GAAP - Total assets	\$ 19,635,108	\$ 18,817,660	\$ 18,439,248	\$ 18,778,727	\$ 17,903,118
Reconciling items:					
Goodwill and other intangibles ⁽¹⁾	(3,853)	(3,911)	(3,911)	(14,298)	(14,437)
PPP loans	(6,305,056)	(5,178,089)	(4,561,365)	(4,964,105)	(4,760,427)
Tangible assets	\$ 13,326,199	\$ 13,635,660	\$ 13,873,972	\$ 13,800,324	\$ 13,128,254
Tangible common equity to tangible assets	7.72%	7.09%	6.39%	5.94%	5.91%

(1) Includes goodwill and other intangibles reported in assets of discontinued operations.

Reconciliation of Non-GAAP Measures – Unaudited (Cont.)

Core Assets

(\$ in thousands)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP - Total assets	\$ 19,635,108	\$ 18,817,660	\$ 18,439,248	\$ 18,778,727	\$ 17,903,118
Reconciling items:					
Loans receivable, PPP	(6,305,056)	(5,178,089)	(4,561,365)	(4,964,105)	(4,760,427)
Core assets	\$ 13,330,052	\$ 13,639,571	\$ 13,877,883	\$ 13,814,622	\$ 13,142,691

Total loans and leases, excluding PPP

(\$ in thousands)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Total loans and leases	\$ 16,967,022	\$ 16,168,306	\$ 15,832,251	\$ 16,605,279	\$ 15,290,202
PPP loans	(6,305,056)	(5,178,089)	(4,561,365)	(4,964,105)	(4,760,427)
Loans and leases, excluding PPP	\$ 10,661,966	\$ 10,990,217	\$ 11,270,886	\$ 11,641,174	\$ 10,529,775

Total loans and leases, excluding PPP & mortgage warehouse

Mortgage warehouse loans	\$ 2,922,217	\$ 3,463,490	\$ 3,657,350	\$ 3,947,828	\$ 2,832,112
Loans and leases, excluding PPP & mortgage warehouse	\$ 7,739,749	\$ 7,526,727	\$ 7,613,536	\$ 7,693,346	\$ 7,697,663

Coverage of credit loss reserves for loans and leases held for investment, excluding PPP

(\$ in thousands)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Loans and leases receivable	\$ 14,077,198	\$ 12,714,578	\$ 12,136,733	\$ 12,664,997	\$ 12,032,874
Loans receivable, PPP	(6,305,056)	(5,178,089)	(4,561,365)	(4,964,105)	(4,760,427)
Loans and leases held for investment, excluding PPP	\$ 7,772,142	\$ 7,536,489	\$ 7,575,368	\$ 7,700,892	\$ 7,272,447
Allowance for credit losses on loans and leases	\$ 125,436	\$ 128,736	\$ 144,176	\$ 155,561	\$ 159,905

Coverage of credit loss reserves for loans and leases held for investment, excluding PPP

	1.61%	1.71%	1.90%	2.02%	2.20%
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Reconciliation of Non-GAAP Measures – Unaudited (Cont.)

Net Interest Margin, Tax Equivalent, Excluding PPP -
Customers Bancorp
(\$ in thousands, except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
GAAP net interest income	\$ 138,757	\$ 132,731	\$ 122,946	\$ 107,439	\$ 91,982
PPP net interest income	(35,785)	(34,842)	(25,257)	(20,018)	(9,308)
Tax-equivalent adjustment	289	292	219	225	225
Net interest income, tax equivalent, excluding PPP	<u>\$ 103,261</u>	<u>\$ 98,181</u>	<u>\$ 97,908</u>	<u>\$ 87,646</u>	<u>\$ 82,899</u>
GAAP average total interest earning assets	\$ 18,698,996	\$ 17,943,944	\$ 17,601,999	\$ 17,121,145	\$ 13,980,021
Average PPP loans	(6,133,184)	(4,623,213)	(4,782,606)	(4,909,197)	(2,754,920)
Adjusted average total interest earning assets	<u>\$ 12,565,812</u>	<u>\$ 13,320,731</u>	<u>\$ 12,819,393</u>	<u>\$ 12,211,948</u>	<u>\$ 11,225,101</u>
Net interest margin, tax equivalent, excluding PPP	3.30%	2.99%	3.04%	2.86%	2.97%

Loan Yield, excluding PPP
(\$ in thousands, except per share data)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Total interest on loans and lease	\$ 153,608	\$ 152,117	\$ 145,414	\$ 132,107	\$ 118,447
Interest on PPP loans	(41,137)	(38,832)	(29,465)	(24,337)	(11,706)
Interest on loans and leases, excluding PPP	<u>\$ 112,471</u>	<u>\$ 113,285</u>	<u>\$ 115,949</u>	<u>\$ 107,770</u>	<u>\$ 106,741</u>
Average loans and leases	\$ 16,482,802	\$ 15,329,111	\$ 15,987,095	\$ 15,403,838	\$ 12,791,633
Average PPP loans	(6,133,184)	(4,623,213)	(4,782,606)	(4,909,197)	(2,754,920)
Adjusted average total interest earning assets	<u>\$ 10,349,618</u>	<u>\$ 10,705,898</u>	<u>\$ 11,204,489</u>	<u>\$ 10,494,641</u>	<u>\$ 10,036,713</u>
Loan yield, excluding PPP	4.36%	4.29%	4.12%	4.09%	4.28%

Reconciliation of Non-GAAP Measures – Unaudited (Cont.)

Deferments to Total loans and leases, excluding
PPP
(\$ in thousands)

	Q2 2021	Q1 2021
Total loans and leases	\$ 16,967,022	\$ 16,168,306
PPP loans	(6,305,056)	(5,178,089)
Loans and leases, excluding PPP	<u>\$ 10,661,966</u>	<u>\$ 10,990,217</u>
Commercial deferments	\$ 89,800	\$ 176,100
Consumer deferments	8,400	13,000
Total deferments	<u>\$ 98,200</u>	<u>\$ 189,100</u>
Commercial deferments to total loans and leases, excluding PPP	0.8%	1.7%
Consumer deferments to total loans and leases, excluding PPP	<u>0.1%</u>	<u>0.1%</u>
Total deferments to total loans and leases, excluding PPP	<u>0.9%</u>	<u>1.7%</u>

Leadership:

Carla Leibold
CFO of Customers Bancorp, Inc and Customers Bank

Jay Sidhu
Chairman & CEO of Customers Bancorp, Inc and Executive Chairman of Customers Bank

Sam Sidhu
President of Customers Bancorp, Inc and President & CEO of Customers Bank

Andrew Bowman
EVP & Chief Credit Officer

Analysts:

B. Riley Financial
Steve Moss

D.A. Davidson Company
Russell Gunther

Hovde Group
Will Curtiss

Jefferies LLC
Casey Haire

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Michael Perito

Maxim Group
Michael Diana

Piper Sandler Companies
Frank Schiraldi

Wedbush
Peter Winter

