
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (date of earliest event reported): October 26, 2022



**customers
bancorp**

(Exact name of registrant as specified in its charter)
Customers Bancorp, Inc.

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 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 October 26, 2022, Customers Bancorp, Inc. (the "Company") issued a press release announcing unaudited financial information for the quarter ended September 30, 2022, 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 October 26, 2022
Exhibit 99.2	Slide presentation dated October 2022

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: October 26, 2022

EXHIBIT INDEX

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Exhibit 99.1



Customers Bancorp, Inc. (NYSE:CUBI)
701 Reading Avenue
West Reading, PA 19611

Contact:

David W. Patti, Communications Director 610-451-9452

Customers Bancorp Reports Results for Third Quarter 2022

Third Quarter 2022 Results

Earnings	Earnings Per Share	Return on Assets	Return on Common Equity
\$61.4 million	\$1.85	1.24%	19.33%
Net Income	Diluted Earnings Per Share	ROAA	ROCE
\$82.3 million	\$2.48	1.64%	25.91%
Core Earnings*	Core Earnings Per Diluted Share*	Core ROAA*	Core ROCE*
\$76.4 million	\$2.30	1.95%	31.01%
Core Earnings, excluding PPP*	Core Earnings Per Diluted Share, excluding PPP*	Pre-tax and Pre-provision Adjusted ROAA*	Pre-tax and Pre-provision Adjusted ROCE*

Third Quarter 2022 Highlights

- Q3 2022 net income available to common shareholders was \$61.4 million, or \$1.85 per diluted share; ROAA was 1.24% and ROCE was 19.33%.
- Q3 2022 core earnings* were \$82.3 million, or \$2.48 per diluted share; Core ROAA* was 1.64% and Core ROCE* was 25.91%.
- Q3 2022 core earnings excluding Paycheck Protection Program* ("PPP") were \$76.4 million, or \$2.30 per diluted share, up 134.9% over Q3 2021, and bringing year-to-date core earnings (excluding PPP)* to \$5.15.
- Q3 2022 adjusted pre-tax pre-provision net income* was \$101.0 million; ROAA* was 1.95%, ROCE* was 31.01%.
- Year-over-year loan growth (excluding loans to mortgage companies and PPP*) was \$4.5 billion, or 57.3%, led by our low-risk variable rate specialty lending verticals.

* Non-GAAP measure. Customers' reasons for the use of the non-GAAP measure and a detailed reconciliation between the non-GAAP measure and the comparable GAAP amount is included at the end of this document.

- Year-over-year deposit growth was \$551.4 million, up 3.2%. Total demand deposits increased \$141.0 million, or 1.4% year-over-year. Time deposits increased \$1.3 billion, or 220.0%. CBIT-related deposits had a balance of \$1.9 billion at September 30, 2022, down \$191.7 million from June 30, 2022.
- Q3 2022 net interest margin, tax equivalent* was 3.16%. Q3 2022 net interest margin, tax equivalent, excluding the impact of PPP loans* was 3.18%.
- Onboarded 111 new CBIT customers in Q3 2022, bringing total customers to 301.
- Total operating expenses were flat in Q3 2022 compared to Q2 2022 and down \$3.8 million over Q3 2021.
- Q3 2022 benefit to provision for credit losses on loans and leases of \$7.8 million was largely driven by the sale of \$500.0 million of consumer installment loans, offset in part by the impact of loan growth and our recognition of weaker macroeconomic forecasts.
- Non-performing assets were \$28.0 million, or 0.14% of total assets, at September 30, 2022 compared to \$28.2 million, or 0.14% of total assets, at June 30, 2022 and \$52.4 million, or 0.27% of total assets, at September 30, 2021. Allowance for credit losses on loans and leases equaled 466% of non-performing loans at September 30, 2022, compared to 558% at June 30, 2022 and 253% at September 30, 2021.
- Extended one-year common stock repurchase program an additional year, resulting in approximately 2.0 million shares available to be repurchased through September 2023.
- Tangible book value per share* grew year over year by \$3.23, or 9.2%, despite increased AOCI losses of \$157.6 million over the same time period. Tangible book value per share* has grown by 74.5% over the past 5 years.

CEO Commentary

West Reading, PA, October 26, 2022 - “We delivered another solid quarter and are extremely pleased with our third quarter results despite the challenging interest rate and economic environment,” remarked Customers Bancorp Chairman and CEO, Jay Sidhu. “We remain laser focused on our responsible organic growth strategy and have taken prudent risk management strategic actions over the past several quarters to ensure we are well positioned from a capital, credit, liquidity and earnings perspective. We are also pleased to report that we have already beat our 2022 core earnings per share, excluding PPP* target of \$4.75 - \$5.00. Core earnings per share, excluding PPP* for third quarter 2022 were \$2.30, bringing year-to-date September 2022 core earnings per share, excluding PPP* to \$5.15. In addition, core ROAA* was 1.64% and core ROCE* was 25.91% for the third quarter. Q3 2022 net interest income generated by the core bank was up 2% (~10% annualized) over Q2 2022 and 38% year-over-year. Core loan growth was led by increases in low-risk variable rate specialty lending verticals of \$0.5 billion, which were largely offset by a decline in loans to mortgage companies of \$0.3 billion and a sale of \$0.5 billion of consumer installment loans executed as part of our balance sheet optimization initiatives. Asset quality remains exceptional and credit reserves are robust. Our loan and deposit pipelines remain strong and we are very focused on maintaining our margins, moderating our growth, improving our capital ratios, and controlling our expenses. We remain very optimistic about our future,” Mr. Jay Sidhu continued.

Financial Highlights

	At or Three Months Ended				Nine Months Ended									
	September 30, 2022		September 30, 2021		Increase (Decrease)		September 30, 2022		September 30, 2021		Increase (Decrease)			
<i>(Dollars in thousands, except per share data)</i>														
Profitability Metrics:														
Net income available for common shareholders	\$	61,364	\$	110,241	\$	(48,877)	(44.3)%	\$	192,779	\$	201,487	\$	(8,708)	(4.3)%
Diluted earnings per share	\$	1.85	\$	3.25	\$	(1.40)	(43.1)%	\$	5.72	\$	6.02	\$	(0.30)	(5.0)%
Core earnings*	\$	82,270	\$	113,876	\$	(31,606)	(27.8)%	\$	217,047	\$	243,487	\$	(26,440)	(10.9)%
Core earnings per share*	\$	2.48	\$	3.36	\$	(0.88)	(26.2)%	\$	6.44	\$	7.27	\$	(0.83)	(11.4)%
Core earnings, excluding PPP*	\$	76,424	\$	32,539	\$	43,885	134.9 %	\$	173,422	\$	112,759	\$	60,663	53.8 %
Core earnings per share, excluding PPP*	\$	2.30	\$	0.96	\$	1.34	139.6 %	\$	5.15	\$	3.37	\$	1.78	52.8 %
Return on average assets ("ROAA")		1.24 %		2.33 %		(1.09)			1.34 %		1.49 %		(0.15)	
Core ROAA*		1.64 %		2.35 %		(0.71)			1.50 %		1.76 %		(0.26)	
Return on average common equity ("ROCE")		19.33 %		40.82 %		(21.49)			20.58 %		26.99 %		(6.41)	
Core ROCE*		25.91 %		42.16 %		(16.25)			23.17 %		32.61 %		(9.44)	
Adjusted pre-tax pre-provision net income*	\$	100,994	\$	167,215	\$	(66,221)	(39.6)%	\$	319,335	\$	340,451	\$	(21,116)	(6.2)%
Net interest margin, tax equivalent*		3.16 %		4.59 %		(1.43)			3.38 %		3.55 %		(0.17)	
Net interest margin, tax equivalent, excluding PPP loans*		3.18 %		3.24 %		(0.06)			3.27 %		3.17 %		0.10	
Loan yield, excluding PPP*		5.15 %		4.42 %		0.73			4.75 %		4.36 %		0.39	
Cost of deposits		1.48 %		0.42 %		1.06			0.80 %		0.47 %		0.33	
Efficiency ratio		50.00 %		33.42 %		16.58			43.46 %		41.07 %		2.39	
Core efficiency ratio*		42.57 %		30.36 %		12.21			41.23 %		37.31 %		3.92	
Balance Sheet Trends:														
Total assets	\$	20,367,621	\$	19,108,922	\$	1,258,699	6.6 %							
Total assets, excluding PPP*	\$	19,212,989	\$	14,151,565	\$	5,061,424	35.8 %							
Total loans and leases	\$	15,336,688	\$	15,515,537	\$	(178,849)	(1.2)%							
Total loans and leases, excluding PPP*	\$	14,182,056	\$	10,558,180	\$	3,623,876	34.3 %							
Non-interest bearing demand deposits	\$	2,993,793	\$	4,954,331	\$	(1,960,538)	(39.6)%							
Total deposits	\$	17,522,438	\$	16,971,025	\$	551,413	3.2 %							
Capital Metrics:														
Common Equity	\$	1,249,137	\$	1,146,505	\$	102,632	9.0 %							
Tangible Common Equity*	\$	1,245,508	\$	1,142,711	\$	102,797	9.0 %							
Tangible Common Equity to Tangible Assets*		6.12 %		5.98 %		0.14								
Tangible Common Equity to Tangible Assets, excluding PPP*		6.48 %		8.08 %		(1.60)								
Tangible Book Value per common share*	\$	38.35	\$	35.12	\$	3.23	9.2 %							
Common equity Tier 1 capital ratio ⁽¹⁾		10.1 %		10.4 %		(0.3)								
Total risk based capital ratio ⁽¹⁾		12.8 %		13.6 %		(0.8)								

(1) Regulatory capital ratios as of September 30, 2022 are estimates.

* Non-GAAP measure. Customers' reasons for the use of the non-GAAP measure and a detailed reconciliation between the non-GAAP measure and the comparable GAAP amount is included at the end of this document.

Customers Bank Instant Token (CBIT™)

"Despite significant market volatility that continues in the digital asset space, we are very pleased with our progress to date. In Q3 2022, we onboarded 111 new CBIT-related customers to the Digital Bank, once again beating our internal target, and bringing total customers to 301. Our digital asset-related deposits have stabilized and ended the third quarter at \$1.9 billion. We continue to expect digital asset-related deposits to grow in fourth quarter 2022 as our pipelines remain strong, giving us an opportunity to further transform our deposits into a high quality, low-cost, stable and growing deposit franchise. We believe our technology, compliance and customer service and support systems remain among the best in the country," commented Mr. Sam Sidhu, President and CEO of Customers Bank.

Paycheck Protection Program (PPP)

We funded, either directly or indirectly, about 256,000 PPP loans totaling \$5.2 billion in 2021, bringing total PPP loans funded to approximately 358,000 and \$10.3 billion. We also earned close to \$350 million of deferred origination fees from the SBA through the PPP loans, which is significantly accretive to our earnings and capital levels as these loans are forgiven by the government. In Q3 2022, we recognized \$11 million of these fees in earnings, bringing total fees recognized to date to \$318 million, resulting in approximately \$30 million remaining to be recognized throughout 2022 and early 2023. "As we've stated previously, it is difficult to predict the timing of PPP forgiveness. We expect most of the fees to be recognized over the next two quarters," commented Customers Bancorp CFO, Carla Leibold.

Key Balance Sheet Trends

Loans and Leases

The following table presents the composition of total loans and leases as of the dates indicated:

	September 30, 2022		June 30, 2022		September 30, 2021	
		% of Total		% of Total		% of Total
<i>(Dollars in thousands)</i>						
Commercial:						
Specialty lending	\$ 5,103,974	33.3 %	\$ 4,599,640	29.4 %	\$ 1,736,966	11.2 %
Other commercial & industrial	1,064,332	7.0	1,037,443	6.6	867,401	5.6
Multi-family	2,267,376	14.8	2,012,920	12.9	1,387,166	8.9
Loans to mortgage companies	1,708,587	11.1	1,975,189	12.6	2,626,483	16.9
Commercial real estate owner occupied	726,670	4.7	710,577	4.5	656,044	4.2
Loans receivable, PPP	1,154,632	7.5	1,570,160	10.0	4,957,357	32.0
Commercial real estate non-owner occupied	1,263,211	8.2	1,152,869	7.4	1,144,643	7.4
Construction	136,133	0.9	195,687	1.2	198,607	1.3
Total commercial loans and leases	13,424,915	87.5	13,254,485	84.6	13,574,667	87.5
Consumer:						
Residential	466,888	3.0	460,228	2.9	260,820	1.7
Manufactured housing	46,990	0.3	48,570	0.3	55,635	0.3
Personal	1,079,267	7.0	1,641,748	10.5	1,342,650	8.7
Other	318,628	2.2	259,322	1.7	281,765	1.8
Total consumer loans	1,911,773	12.5	2,409,868	15.4	1,940,870	12.5
Total loans and leases	\$ 15,336,688	100.0 %	\$ 15,664,353	100.0 %	\$ 15,515,537	100.0 %

C&I loans and leases, including specialty lending, increased \$3.6 billion, or 136.8% year-over-year, to \$6.2 billion. Practically all of the increases in outstanding balances were in the low-risk variable rate secured categories of Fund Finance and Lender Finance. Multi-family loans increased \$880.2 million, or 63.5%, to \$2.3 billion, residential loans increased \$206.1 million, or 79.0%, to \$466.9 million, commercial real estate non-owner occupied loans increased \$118.6 million, or 10.4% year-over-year to \$1.3 billion and commercial real estate owner occupied loans increased \$70.6 million, or 10.8%, to \$726.7 million. These increases in loans and leases were partially offset by a decrease in total consumer installment loans of \$226.5 million, or 13.9%, to \$1.4 billion primarily due to the sale of a \$500.0 million of consumer installment loans and a decrease in construction loans of \$62.5 million, or 31.5%, to \$136.1 million.

Allowance for Credit Losses on Loans and Leases

The following table presents allowance for credit losses on loans and leases (information as of the dates and periods indicated):

	At or Three Months Ended			At or Three Months Ended		
	September 30, 2022	June 30, 2022	Increase (Decrease)	September 30, 2022	September 30, 2021	Increase (Decrease)
<i>(Dollars in thousands)</i>						
Allowance for credit losses on loans and leases	\$ 130,197	\$ 156,530	\$ (26,333)	\$ 130,197	\$ 131,496	\$ (1,299)
Provision (benefit) for credit losses on loans and leases	(7,836)	24,164	(32,000)	(7,836)	13,164	(21,000)
Net charge-offs (recoveries)	18,498	13,481	5,017	18,498	7,104	11,394
Annualized net charge-offs (recoveries) to average loans and leases	0.47 %	0.36 %		0.47 %	0.17 %	
Coverage of credit loss reserves for loans and leases held for investment	0.95 %	1.14 %		0.95 %	1.02 %	
Coverage of credit loss reserves for loans and leases held for investment, excluding PPP*	1.03 %	1.28 %		1.03 %	1.65 %	

* Non-GAAP measure. Customers' reasons for the use of the non-GAAP measure and a detailed reconciliation between the non-GAAP measure and the comparable GAAP amount is included at the end of this document.

The increase in net charge-offs in Q3 2022 compared to Q2 2022 was primarily due to a partial charge-off of \$7.0 million for one performing commercial real estate collateral dependent loan that we felt prudent in exiting at this time. Our consumer net charge-offs were flat in Q3 2022 compared to Q2 2022.

Provision (Benefit) for Credit Losses

	Three Months Ended		
	September 30, 2022	June 30, 2022	Increase (Decrease)
<i>(Dollars in thousands)</i>			
Provision (benefit) for credit losses on loans and leases	\$ (7,836)	\$ 24,164	\$ (32,000)
Provision (benefit) for credit losses on unfunded commitments	254	608	(354)
Provision (benefit) for credit losses on available for sale debt securities	(158)	(317)	159
Total provision (benefit) for credit losses	<u>\$ (7,740)</u>	<u>\$ 24,455</u>	<u>\$ (32,195)</u>

The benefit to provision for credit losses on loans and leases in Q3 2022 was \$7.8 million, compared to provision expense of \$24.2 million in Q2 2022. The benefit to provision in Q3 2022 was primarily due to the sale of \$500.0 million of unsecured consumer installment loans in connection with the Company's balance sheet optimization initiatives, partially offset by loan growth and our recognition of weaker macroeconomic forecasts. This sale transaction resulted in approximately \$36.8 million of release in allowance for credit losses, which is included in core earnings*. The benefit to provision for credit losses on available for sale investment securities in Q3 2022 was \$0.2 million compared to \$0.3 million in Q2 2022.

Asset Quality

The following table presents asset quality metrics as of the dates indicated:

(Dollars in thousands)

	September 30, 2022	June 30, 2022	Increase (Decrease)	September 30, 2022	September 30, 2021	Increase (Decrease)
Non-performing assets ("NPAs"):						
Nonaccrual / non-performing loans ("NPLs")	\$ 27,919	\$ 28,064	\$ (145)	\$ 27,919	\$ 52,041	\$ (24,122)
Non-performing assets	27,965	28,150	(185)	27,965	52,377	(24,412)
NPLs to total loans and leases ⁽¹⁾	0.18 %	0.18 %		0.18 %	0.34 %	
Reserves to NPLs ⁽¹⁾	466.34 %	557.76 %		466.34 %	252.68 %	
NPAs to total assets	0.14 %	0.14 %		0.14 %	0.27 %	
Loans and leases risk ratings:						
Commercial loans and leases ⁽¹⁾						
Pass	\$ 10,262,647	\$ 9,355,846	\$ 906,801	\$ 10,262,647	\$ 5,586,462	\$ 4,676,185
Special Mention	104,560	106,566	(2,006)	104,560	195,663	(91,103)
Substandard	329,878	343,175	(13,297)	329,878	260,271	69,607
Total commercial loans and leases	10,697,085	9,805,587	891,498	10,697,085	6,042,396	4,654,689
Consumer loans						
Performing	1,893,977	2,392,852	(498,875)	1,893,977	1,912,393	(18,416)
Non-performing	16,680	14,556	2,124	16,680	15,810	870
Total consumer loans	1,910,657	2,407,408	(496,751)	1,910,657	1,928,203	(17,546)
Loans and leases receivable	\$ 12,607,742	\$ 12,212,995	\$ 394,747	\$ 12,607,742	\$ 7,970,599	\$ 4,637,143

(1) Excludes loan receivable, PPP, as PPP loans are fully guaranteed by the Small Business Administration.

Over the last decade, we have developed a suite of commercial loan products with one particularly important common denominator: relatively low credit risk assumption. The Bank's C&I, loans to mortgage companies, corporate and specialty lending 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 incredibly 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, we employ a bottom-up data driven approach to analyze the commercial portfolio. Exposure to industry segments and CRE significantly impacted by COVID-19 initially is not substantial.

Total consumer installment loans were approximately 6.9% of total assets at September 30, 2022 and 9.9% of core loans* were supported by an allowance for credit losses of \$71.7 million. At September 30, 2022, our consumer installment portfolio had the following characteristics: average original FICO score of 736, average debt-to-income of 17.9% and average borrower income of \$106 thousand.

Non-performing loans at September 30, 2022 were essentially flat at 0.18% of total loans and leases, compared to 0.18% at June 30, 2022 and 0.34% at September 30, 2021.

Deposits

The following table presents the composition of our deposit portfolio as of the dates indicated:

(Dollars in thousands)

	September 30, 2022	% of Total	June 30, 2022	% of Total	September 30, 2021	% of Total
Demand, non-interest bearing	\$ 2,993,793	17.1 %	\$ 4,683,030	27.6 %	\$ 4,954,331	29.2 %
Demand, interest bearing	7,124,663	40.7	6,644,398	39.2	5,023,081	29.6
Total demand deposits	10,118,456	57.8	11,327,428	66.8	9,977,412	58.8
Savings	592,002	3.4	640,062	3.8	1,310,343	7.7
Money market	4,913,967	28.0	4,254,205	25.1	5,090,121	30.0
Time deposits	1,898,013	10.8	723,024	4.3	593,149	3.5
Total deposits	\$ 17,522,438	100.0 %	\$ 16,944,719	100.0 %	\$ 16,971,025	100.0 %

Total deposits increased \$551.4 million, or 3.2%, to \$17.5 billion at September 30, 2022 as compared to a year ago. Time deposits increased \$1.3 billion, or 220.0%, to \$1.9 billion and total demand deposits increased \$141.0 million, or 1.4%, to \$10.1 billion. These increases were offset partially by decreases in savings deposits of \$718.3 million, or 54.8%, to \$592.0 million and money market deposits of \$176.2 million, or 3.5%, to \$4.9 billion. The total cost of deposits increased by 106 basis points to 1.48% in Q3 2022 from 0.42% in the prior year primarily due to higher market interest rates and a shift in deposit mix.

Capital

The following table presents certain capital amounts and ratios as of the dates indicated:

(Dollars in thousands except per share data)

	September 30, 2022	June 30, 2022	September 30, 2021
Customers Bancorp, Inc.			
Common Equity	\$ 1,249,137	\$ 1,215,596	\$ 1,146,505
Tangible Common Equity*	1,245,508	1,211,967	1,142,711
Tangible Common Equity to Tangible Assets*	6.12 %	5.99 %	5.98 %
Tangible Common Equity to Tangible Assets, excluding PPP*	6.48 %	6.49 %	8.08 %
Tangible Book Value per common share*	\$ 38.35	\$ 37.35	\$ 35.12
Common equity Tier 1 capital ratio ⁽¹⁾	10.1 %	9.7 %	10.4 %
Total risk based capital ratio ⁽¹⁾	12.8 %	12.6 %	13.6 %

(1) Regulatory capital ratios as of September 30, 2022 are estimates.

* Non-GAAP measure. Customers' reasons for the use of the non-GAAP measure and a detailed reconciliation between the non-GAAP measure and the comparable GAAP amount is included at the end of this document.

Customers Bancorp's tangible common equity* increased \$102.8 million to \$1.2 billion at September 30, 2022 compared to a year ago, as earnings of \$291.4 million more than offset a negative impact to accumulated other comprehensive income ("AOCT") from increased unrealized losses on investment securities of \$157.6 million (net of taxes). Similarly, tangible book value per common share* increased to \$38.35 at September 30, 2022 from \$35.12 at September 30, 2021. Customers remains well capitalized by all regulatory measures.

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*, were 12.8% and 6.48%, respectively, at September 30, 2022. "We expect our TCE ratio to be about 7.5% over the next 3 - 4 quarters, supported by growth in retained earnings and prudent balance sheet management," stated Mr. Sam Sidhu.

At the Customers Bank level, capital levels remained strong and well above regulatory minimums. At September 30, 2022, estimated Tier 1 capital and total risk-based capital were 11.7% and 13.0%, respectively.

Key Profitability Trends

Net Interest Income

Net interest income totaled \$159.0 million in Q3 2022, a decrease of \$5.8 million from Q2 2022, primarily due to lower PPP interest income of \$5.9 million resulting from reduced recognition of deferred fees of \$4.8 million driven by lower loan forgiveness in Q3 2022. This decrease was offset in part by increased net interest income earned by the core bank of \$3.5 million, up 2% (~10% annualized) over Q2 2022, including increased interest income on investment securities and core loans* of \$5.1 million and \$37.4 million, respectively, mostly due to higher average balances. In addition, higher expenses paid on deposits, fed funds, FHLB advances and other borrowings of \$45.4 million resulted mainly from a shift in deposit mix and higher interest rates during Q3 2022. Excluding PPP loans, average interest-earning assets increased \$1.0 billion. Interest-earning asset growth was primarily driven by increases in C&I loans and leases, mostly in specialty lending, and some lower-yielding multi-family loans that didn't close until Q3 2022. Compared to Q2 2022, total loan yields increased 54 basis points to 5.08% primarily due to higher interest rates on variable rate loans in specialty lending. Excluding PPP loans, the Q3 2022 total loan yield was 59 basis points higher than Q2 2022 reflecting increased interest rates and the variable rate nature of the loan portfolio.

Non-Interest Income

The following table presents details of non-interest income for the periods indicated:

(Dollars in thousands)

Interchange and card revenue
Deposit fees
Commercial lease income
Bank-owned life insurance
Mortgage warehouse transactional fees
Gain (loss) on sale of SBA and other loans
Loss on sale of consumer installment loans
Loan fees
Mortgage banking income (loss)
Gain (loss) on sale of investment securities
Unrealized gain (loss) on investment securities
Unrealized gain (loss) on derivatives
Other
Total non-interest income

Three Months Ended		
September 30, 2022	June 30, 2022	Increase (Decrease)
\$ 72	\$ 24	\$ 48
989	964	25
7,097	6,592	505
3,449	1,947	1,502
1,545	1,883	(338)
106	1,542	(1,436)
(23,465)	—	(23,465)
3,008	2,618	390
125	173	(48)
(2,135)	(3,029)	894
(259)	(203)	(56)
563	821	(258)
(112)	(586)	474
<u>\$ (9,017)</u>	<u>\$ 12,746</u>	<u>\$ (21,763)</u>

Non-interest income totaled \$(9.0) million for Q3 2022, a decrease of \$21.8 million compared to Q2 2022. The decrease was primarily due to \$23.5 million of loss realized from the sale of \$500 million of consumer installment loans as part of our balance sheet optimization initiatives, which included the write-off of deferred origination costs and other transaction-related expenses, and lower gains realized on sales of SBA loans in Q3 2022 compared to Q2 2022, partially offset by higher bank-owned life insurance income primarily due to death benefits, lower realized losses from the sale of investment securities and higher commercial lease income and loan fees from continued growth.

Non-Interest Expense

The following table presents details of non-interest expense for the periods indicated:

(Dollars in thousands)

Salaries and employee benefits
Technology, communication and bank operations
Professional services
Occupancy
Commercial lease depreciation
FDIC assessments, non-income taxes and regulatory fees
Loan servicing
Loan workout
Advertising and promotion
Other
Total non-interest expense

Three Months Ended		
September 30, 2022	June 30, 2022	Increase (Decrease)
\$ 31,230	\$ 25,334	\$ 5,896
19,588	22,738	(3,150)
6,269	7,415	(1,146)
2,605	4,279	(1,674)
5,966	5,552	414
2,528	1,619	909
3,851	4,341	(490)
217	179	38
762	353	409
3,182	4,395	(1,213)
<u>\$ 76,198</u>	<u>\$ 76,205</u>	<u>\$ (7)</u>

The management of non-interest expenses remains a priority for us. However, this will not be at the expense of not making adequate investments with new technologies to support efficient and responsible growth.

Non-interest expenses totaled \$76.2 million in Q3 2022, relatively unchanged from Q2 2022 and \$3.8 million lower than Q3 2021. The offsetting items this quarter included a \$3.2 million decrease in technology, processing and deposit servicing-related expenses mostly due to lower deposit servicing fees paid to BM Technologies, \$1.7 million decrease in occupancy mostly due to \$0.9 million of impairment charges for consolidation of five branches into other existing locations in Southeastern Pennsylvania recorded in Q2 2022 and \$1.1 million decrease in professional fees primarily associated with the PPP loan forgiveness. These decreases were offset in part by higher salaries and employee benefits of \$5.9 million primarily due to higher average headcount, incentives and \$1.4 million in one-time severance expenses.

Taxes

Income tax expense from continuing operations decreased by \$1.0 million to \$17.9 million in Q3 2022 from \$18.9 million in Q2 2022 primarily due to higher investment tax credits and death benefits on bank owned life insurance policies. The effective tax rate from continuing operations for Q3 2022 and for the nine months ended September 30, 2022 was 22%. Customers expects the full-year 2022 effective tax rate from continuing operations to be approximately 21% to 23%.

Outlook

"Looking ahead, we envision moderate sustainable and responsible organic core growth, maintenance of our margins, improved capital ratios, and higher profitability and are very optimistic about the prospects of our company. We are focused on improving the quality of our balance sheet and deposit franchise and are not focused on growth just for the sake of growth. With about \$500 million of loan growth expected in our low-risk specialty lending verticals in fourth quarter 2022, we will have mostly completed our portfolio remix into lower credit risk variable rate loans. As such, we believe that our margin will likely trough in 2022 and we expect margin expansion in 2023 or through the projected rate-hike cycle. Through a combination of revenue growth and prudent expense management, we expect our efficiency ratio to be in the low to mid 40's by early 2023. Customers Bancorp stock at the close of business on October 21, 2022 was trading at \$31.17, only 0.8 times tangible book value* at September 30, 2022. Even after selling \$500 million of higher yielding consumer installment loans, we continue to expect over \$6.00 of core earnings in 2023, two to three years ahead of our previous guidance of \$6.00 by 2025/2026," concluded Mr. Jay Sidhu.

* Non-GAAP measure. Customers' reasons for the use of the non-GAAP measure and a detailed reconciliation between the non-GAAP measure and the comparable GAAP amount is included at the end of this document.

Webcast

Date: Thursday, October 27, 2022
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 3rd Quarter Earnings Webcast.

You may submit questions in advance of the live webcast by emailing our Communications 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 Bank Investor Relations page and available beginning approximately two hours after the conclusion of the live event.

Institutional Background

Customers Bancorp, Inc. (NYSE:CUBI) is one of the nation's top-performing banking companies with over \$20 billion in assets, making it one of the 100 largest bank holding companies in the US. Through its primary subsidiary, Customers Bank, commercial and consumer clients benefit from a full suite of technology-enabled tailored product experience delivered by best-in-class customer service. A pioneer in Banking-as-a-Service and digital banking products, Customers Bank is one of the very few banks that provides a blockchain-based 24/7/365 digital payment solution. In addition to traditional lines such as C&I lending, commercial real estate lending, and multi-family lending, Customers Bank also provides a number of national corporate banking services for Lender Finance, Fund Finance, Financial Institutions, Technology and Venture, and Healthcare clients. Major accolades include:

- #3 top-performing bank with over \$10 billion in assets at year-end 2021 per S&P Global S&P Global Market Intelligence,
- #6 in top-performing banks with assets between \$10 billion and 50 billion in 2021 per American Banker, and
- #21 out of the 100 largest publicly traded banks in 2022 per Forbes.

A member of the Federal Reserve System with deposits insured by the Federal Deposit Insurance Corporation, Customers Bank is an equal opportunity lender. Learn more: www.customersbank.com.

"Safe Harbor" Statement

In addition to historical information, this press release may contain "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements with respect to Customers Bancorp, Inc.'s strategies, goals, beliefs, expectations, estimates, intentions, capital raising efforts, financial condition and results of operations, future performance and business. Statements preceded by, followed by, or that include the words "may," "could," "should," "pro forma," "looking forward," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," 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 impact of the ongoing pandemic on the U.S. economy and customer behavior, the impact that changes in the economy have on the performance of our loan and lease portfolio, the market value of our investment securities, the continued success and acceptance of our blockchain payments system, 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, higher inflation and its impacts, 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, 2021, 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.

Q3 2022 Overview

The following table presents a summary of key earnings and performance metrics for the quarter ended September 30, 2022 and the preceding four quarters:

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

EARNINGS SUMMARY - UNAUDITED

	Q3		Q2		Q1		Q4		Q3		Nine Months Ended September 30,			
	2022		2022		2022		2021		2021		2022		2021	
(Dollars in thousands, except per share data and stock price data)														
GAAP Profitability Metrics:														
Net income available to common shareholders (from continuing and discontinued operations)	\$	61,364	\$	56,519	\$	74,896	\$	98,647	\$	110,241	\$	192,779	\$	201,487
Per share amounts:														
Earnings per share - basic	\$	1.89	\$	1.73	\$	2.27	\$	3.02	\$	3.40	\$	5.89	\$	6.26
Earnings per share - diluted	\$	1.85	\$	1.68	\$	2.18	\$	2.87	\$	3.25	\$	5.72	\$	6.02
Book value per common share ⁽¹⁾	\$	38.46	\$	37.46	\$	37.61	\$	37.32	\$	35.24	\$	38.46	\$	35.24
CUBI stock price ⁽¹⁾	\$	29.48	\$	33.90	\$	52.14	\$	65.37	\$	43.02	\$	29.48	\$	43.02
CUBI stock price as % of book value ⁽¹⁾		77 %		90 %		139 %		175 %		122 %		77 %		122 %
Average shares outstanding - basic		32,455,814		32,712,616		32,957,033		32,625,960		32,449,853		32,706,652		32,206,547
Average shares outstanding - diluted		33,226,607		33,579,013		34,327,065		34,320,327		33,868,553		33,706,864		33,487,672
Shares outstanding ⁽¹⁾		32,475,502		32,449,486		32,957,847		32,913,267		32,537,976		32,475,502		32,537,976
Return on average assets ("ROAA")		1.24 %		1.17 %		1.63 %		2.08 %		2.33 %		1.34 %		1.49 %
Return on average common equity ("ROCE")		19.33 %		18.21 %		24.26 %		33.18 %		40.82 %		20.58 %		26.99 %
Efficiency ratio		50.00 %		42.14 %		39.42 %		38.70 %		33.42 %		43.46 %		41.07 %
Non-GAAP Profitability Metrics ⁽²⁾ :														
Core earnings	\$	82,270	\$	59,367	\$	75,410	\$	101,213	\$	113,876	\$	217,047	\$	243,487
Adjusted pre-tax pre-provision net income	\$	100,994	\$	105,692	\$	112,649	\$	130,595	\$	167,215	\$	319,335	\$	340,451
Per share amounts:														
Core earnings per share - diluted	\$	2.48	\$	1.77	\$	2.20	\$	2.95	\$	3.36	\$	6.44	\$	7.27
Tangible book value per common share ⁽¹⁾	\$	38.35	\$	37.35	\$	37.50	\$	37.21	\$	35.12	\$	38.35	\$	35.12
CUBI stock price as % of tangible book value ⁽¹⁾		77 %		91 %		139 %		176 %		122 %		77 %		122 %
Core ROAA		1.64 %		1.23 %		1.64 %		2.13 %		2.35 %		1.50 %		1.76 %
Core ROCE		25.91 %		19.13 %		24.43 %		34.04 %		42.16 %		23.17 %		32.61 %
Adjusted ROAA - pre-tax and pre-provision		1.95 %		2.11 %		2.39 %		2.70 %		3.36 %		2.14 %		2.37 %
Adjusted ROCE - pre-tax and pre-provision		31.01 %		33.37 %		35.89 %		43.25 %		60.81 %		33.40 %		44.30 %
Net interest margin, tax equivalent		3.16 %		3.39 %		3.60 %		4.14 %		4.59 %		3.38 %		3.55 %
Net interest margin, tax equivalent, excluding PPP loans		3.18 %		3.32 %		3.32 %		3.12 %		3.24 %		3.27 %		3.17 %
Core efficiency ratio		42.57 %		41.74 %		39.47 %		38.14 %		30.36 %		41.23 %		37.31 %
Asset Quality:														
Net charge-offs	\$	18,498	\$	13,481	\$	7,226	\$	7,582	\$	7,104	\$	39,205	\$	26,216
Annualized net charge-offs to average total loans and leases		0.47 %		0.36 %		0.21 %		0.21 %		0.17 %		0.36 %		0.22 %
Non-performing loans ("NPLs") to total loans and leases ⁽¹⁾		0.18 %		0.18 %		0.31 %		0.34 %		0.34 %		0.18 %		0.34 %
Reserves to NPLs ⁽¹⁾		466.34 %		557.76 %		333.15 %		277.72 %		252.68 %		466.34 %		252.68 %
Non-performing assets ("NPAs") to total assets		0.14 %		0.14 %		0.23 %		0.25 %		0.27 %		0.14 %		0.27 %
Customers Bank Capital Ratios ⁽³⁾ :														
Common equity Tier 1 capital to risk-weighted assets		11.73 %		11.46 %		11.60 %		11.83 %		12.77 %		11.73 %		12.77 %
Tier 1 capital to risk-weighted assets		11.73 %		11.46 %		11.60 %		11.83 %		12.77 %		11.73 %		12.77 %
Total capital to risk-weighted assets		12.98 %		12.91 %		13.03 %		13.11 %		14.16 %		12.98 %		14.16 %
Tier 1 capital to average assets (leverage ratio)		8.10 %		8.09 %		8.21 %		7.93 %		8.66 %		8.10 %		8.66 %

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

(2) 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 Q3 2022 and actual for the remaining periods. In accordance with regulatory capital rules, Customers elected to apply the CECL capital transition provisions which delayed the effects of CECL on regulatory capital for two years until January 1, 2022, followed by a three-year transition period. The cumulative CECL capital transition impact as of December 31, 2021 which amounted to \$61.6 million will be phased in at 25% per year beginning on January 1, 2022 through December 31, 2024. As of September 30, 2022, our regulatory capital ratios reflected 75%, or \$46.2 million, benefit associated with the CECL transition provisions.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED

(Dollars in thousands, except per share data)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Nine Months Ended September 30,	
						2022	2021
Interest income:							
Loans and leases	\$ 200,457	\$ 168,941	\$ 157,175	\$ 198,000	\$ 233,097	\$ 526,573	\$ 538,822
Investment securities	30,546	25,442	20,295	15,202	8,905	76,283	25,211
Other	4,913	1,951	6,006	835	849	12,870	2,814
Total interest income	235,916	196,334	183,476	214,037	242,851	615,726	566,847
Interest expense:							
Deposits	65,380	22,781	13,712	15,415	15,915	101,873	47,226
FHLB advances	4,684	2,316	—	51	5	7,000	6,160
Subordinated debt	2,689	2,689	2,689	2,688	2,689	8,067	8,067
FRB PPP liquidity facility, federal funds purchased and other borrowings	4,131	3,696	2,376	2,189	4,350	10,203	14,014
Total interest expense	76,884	31,482	18,777	20,343	22,959	127,143	75,467
Net interest income	159,032	164,852	164,699	193,694	219,892	488,583	491,380
Provision (benefit) for credit losses	(7,994)	23,847	15,997	13,890	13,164	31,850	13,536
Net interest income after provision (benefit) for credit losses	167,026	141,005	148,702	179,804	206,728	456,733	477,844
Non-interest income:							
Interchange and card revenue	72	24	76	84	83	172	252
Deposit fees	989	964	940	1,026	994	2,893	2,748
Commercial lease income	7,097	6,592	5,895	5,378	5,213	19,584	15,729
Bank-owned life insurance	3,449	1,947	8,326	1,984	1,988	13,722	6,432
Mortgage warehouse transactional fees	1,545	1,883	2,015	2,262	3,100	5,443	10,612
Gain (loss) on sale of SBA and other loans	106	1,542	1,507	2,493	5,359	3,155	8,834
Loss on sale of consumer installment loans	(23,465)	—	—	—	—	(23,465)	—
Loan fees	3,008	2,618	2,545	2,513	1,909	8,171	5,015
Mortgage banking income (loss)	125	173	481	262	425	779	1,274
Gain (loss) on sale of investment securities	(2,135)	(3,029)	(1,063)	(49)	6,063	(6,227)	31,441
Unrealized gain (loss) on investment securities	(259)	(203)	(276)	—	—	(738)	2,720
Loss on sale of foreign subsidiaries	—	—	—	—	—	—	(2,840)
Unrealized gain (loss) on derivatives	563	821	964	586	524	2,348	2,622
Loss on cash flow hedge derivative terminations	—	—	—	—	—	—	(24,467)
Other	(112)	(586)	(212)	452	(72)	(910)	504
Total non-interest income	(9,017)	12,746	21,198	16,991	25,586	24,927	60,876
Non-interest expense:							
Salaries and employee benefits	31,230	25,334	26,607	29,940	26,268	83,171	78,262
Technology, communication and bank operations	19,588	22,738	24,068	22,657	21,281	66,394	60,887
Professional services	6,269	7,415	6,956	7,058	6,871	20,640	19,630
Occupancy	2,605	4,279	3,050	4,336	2,704	9,934	7,807
Commercial lease depreciation	5,966	5,552	4,942	4,625	4,493	16,460	13,199
FDIC assessments, non-income taxes and regulatory fees	2,528	1,619	2,383	2,427	2,313	6,530	7,634
Loan servicing	3,851	4,341	2,371	4,361	4,265	10,563	6,402
Merger and acquisition related expenses	—	—	—	—	—	—	418
Loan workout	217	179	(38)	226	198	358	39
Advertising and promotion	762	353	315	344	302	1,430	1,176
Deposit relationship adjustment fees	—	—	—	—	6,216	—	6,216
Other	3,182	4,395	3,153	5,574	5,098	10,730	11,089
Total non-interest expense	76,198	76,205	73,807	81,548	80,009	226,210	212,759
Income before income tax expense	81,811	77,546	96,093	115,247	152,305	255,450	325,961
Income tax expense	17,899	18,896	19,332	12,993	36,263	56,127	73,947
Net income from continuing operations	\$ 63,912	\$ 58,650	\$ 76,761	\$ 102,254	\$ 116,042	\$ 199,323	\$ 252,014

(continued)

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED (CONTINUED)

(Dollars in thousands, except per share data)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Nine Months Ended September 30,	
						2022	2021
Loss from discontinued operations before income taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (20,354)
Income tax expense (benefit) from discontinued operations	—	—	—	1,585	—	—	17,682
Net loss from discontinued operations	—	—	—	(1,585)	—	—	(38,036)
Net income	63,912	58,650	76,761	100,669	116,042	199,323	213,978
Preferred stock dividends	2,548	2,131	1,865	2,022	2,981	6,544	9,671
Loss on redemption of preferred stock	—	—	—	—	2,820	—	2,820
Net income available to common shareholders	<u>\$ 61,364</u>	<u>\$ 56,519</u>	<u>\$ 74,896</u>	<u>\$ 98,647</u>	<u>\$ 110,241</u>	<u>\$ 192,779</u>	<u>\$ 201,487</u>
Basic earnings per common share from continuing operations	\$ 1.89	\$ 1.73	\$ 2.27	\$ 3.07	\$ 3.40	\$ 5.89	\$ 7.44
Basic earnings per common share	1.89	1.73	2.27	3.02	3.40	5.89	6.26
Diluted earnings per common share from continuing operations	1.85	1.68	2.18	2.92	3.25	5.72	7.15
Diluted earnings per common share	1.85	1.68	2.18	2.87	3.25	5.72	6.02

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

(Dollars in thousands)

	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
ASSETS					
Cash and due from banks	\$ 41,520	\$ 66,703	\$ 55,515	\$ 35,238	\$ 51,169
Interest earning deposits	362,945	178,475	219,085	482,794	1,000,885
Cash and cash equivalents	404,465	245,178	274,600	518,032	1,052,054
Investment securities, at fair value	2,943,694	3,144,882	4,169,853	3,817,150	1,866,697
Investment securities held to maturity	886,294	495,039	—	—	—
Loans held for sale	5,224	6,595	3,003	16,254	29,957
Loans receivable, mortgage warehouse, at fair value	1,569,090	1,874,603	1,755,758	2,284,325	2,557,624
Loans receivable, PPP	1,154,632	1,570,160	2,195,902	3,250,008	4,957,357
Loans and leases receivable	12,607,742	12,212,995	10,118,855	9,018,298	7,970,599
Allowance for credit losses on loans and leases	(130,197)	(156,530)	(145,847)	(137,804)	(131,496)
Total loans and leases receivable, net of allowance for credit losses on loans and leases	15,201,267	15,501,228	13,924,668	14,414,827	15,354,084
FHLB, Federal Reserve Bank, and other restricted stock	64,112	74,626	54,553	64,584	57,184
Accrued interest receivable	107,621	98,727	94,669	92,239	93,514
Bank premises and equipment, net	6,610	6,755	8,233	8,890	9,944
Bank-owned life insurance	336,130	335,153	332,239	333,705	331,423
Goodwill and other intangibles	3,629	3,629	3,678	3,736	3,794
Other assets	408,575	340,184	298,212	305,611	310,271
Total assets	\$ 20,367,621	\$ 20,251,996	\$ 19,163,708	\$ 19,575,028	\$ 19,108,922
LIABILITIES AND SHAREHOLDERS' EQUITY					
Demand, non-interest bearing deposits	\$ 2,993,793	\$ 4,683,030	\$ 4,594,428	\$ 4,459,790	\$ 4,954,331
Interest bearing deposits	14,528,645	12,261,689	11,821,132	12,318,134	12,016,694
Total deposits	17,522,438	16,944,719	16,415,560	16,777,924	16,971,025
Federal funds purchased	365,000	770,000	700,000	75,000	—
FHLB advances	500,000	635,000	—	700,000	—
Other borrowings	123,515	123,450	223,230	223,086	223,151
Subordinated debt	181,882	181,812	181,742	181,673	181,603
Accrued interest payable and other liabilities	287,855	243,625	265,770	251,128	448,844
Total liabilities	18,980,690	18,898,606	17,786,302	18,208,811	17,824,623
Preferred stock	137,794	137,794	137,794	137,794	137,794
Common stock	34,948	34,922	34,882	34,722	33,818
Additional paid in capital	549,066	545,670	542,402	542,391	525,894
Retained earnings	898,511	837,147	780,628	705,732	607,085
Accumulated other comprehensive income (loss), net	(156,126)	(124,881)	(62,548)	(4,980)	1,488
Treasury stock, at cost	(77,262)	(77,262)	(55,752)	(49,442)	(21,780)
Total shareholders' equity	1,386,931	1,353,390	1,377,406	1,366,217	1,284,299
Total liabilities and shareholders' equity	\$ 20,367,621	\$ 20,251,996	\$ 19,163,708	\$ 19,575,028	\$ 19,108,922

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

AVERAGE BALANCE SHEET / NET INTEREST MARGIN - UNAUDITED

(Dollars in thousands)

	Three Months Ended								
	September 30, 2022			June 30, 2022			September 30, 2021		
	Average Balance	Interest Income or Expense	Average Yield or Cost (%)	Average Balance	Interest Income or Expense	Average Yield or Cost (%)	Average Balance	Interest Income or Expense	Average Yield or Cost (%)
Assets									
Interest earning deposits	\$ 528,001	\$ 2,949	2.22%	\$ 434,950	\$ 919	0.85%	\$ 1,279,983	\$ 490	0.15%
Investment securities ⁽¹⁾	3,770,922	30,546	3.24%	4,104,463	25,442	2.48%	1,511,319	8,905	2.36%
Loans and leases:									
Commercial & industrial:									
Specialty lending loans and leases ⁽²⁾	5,064,730	64,753	5.07%	4,068,175	39,160	3.86%	1,732,323	16,393	3.75%
Other commercial & industrial loans ⁽²⁾	1,585,136	18,794	4.70%	1,509,655	14,706	3.91%	1,292,297	12,259	3.76%
Commercial loans to mortgage companies	1,623,624	17,092	4.18%	1,898,554	15,615	3.30%	2,658,020	21,065	3.14%
Multi-family loans	2,206,953	20,427	3.67%	1,845,527	17,313	3.76%	1,443,846	13,259	3.64%
Loans receivable, PPP	1,349,403	14,666	4.31%	1,863,429	20,572	4.43%	5,778,367	117,102	8.04%
Non-owner occupied commercial real estate loans	1,372,244	15,595	4.51%	1,307,995	12,749	3.91%	1,346,629	12,656	3.73%
Residential mortgages	513,694	5,008	3.87%	515,612	4,898	3.81%	325,851	2,874	3.50%
Installment loans	1,938,199	44,122	9.03%	1,909,551	43,928	9.23%	1,615,411	37,489	9.21%
Total loans and leases ⁽¹⁾	15,653,983	200,457	5.08%	14,918,498	168,941	4.54%	16,192,744	233,097	5.71%
Other interest-earning assets	68,549	1,964	11.37%	68,025	1,032	6.09%	49,780	359	2.86%
Total interest-earning assets	20,021,455	235,916	4.68%	19,525,936	196,334	4.03%	19,033,826	242,851	5.06%
Non-interest-earning assets	492,911			530,084			705,514		
Total assets	\$ 20,514,366			\$ 20,056,020			\$ 19,739,340		
Liabilities									
Interest checking accounts	6,669,787	33,685	2.00%	6,409,617	13,644	0.85%	4,537,421	7,677	0.67%
Money market deposit accounts	5,789,991	24,348	1.67%	4,704,767	7,523	0.64%	5,131,433	5,569	0.43%
Other savings accounts	625,908	1,818	1.15%	695,176	758	0.44%	1,376,077	1,750	0.50%
Certificates of deposit	1,141,970	5,529	1.92%	530,180	856	0.65%	614,404	919	0.59%
Total interest-bearing deposits ⁽⁴⁾	14,227,656	65,380	1.82%	12,339,740	22,781	0.74%	11,659,335	15,915	0.54%
Federal funds purchased	513,011	2,871	2.22%	642,747	1,429	0.89%	—	—	—
FRB PPP liquidity facility	—	—	—%	—	—	—%	2,788,897	2,460	0.35%
Borrowings	874,497	8,633	3.92%	940,068	7,272	3.10%	371,077	4,584	4.90%
Total interest-bearing liabilities	15,615,164	76,884	1.95%	13,922,555	31,482	0.91%	14,819,309	22,959	0.62%
Non-interest-bearing deposits ⁽⁴⁾	3,245,963			4,491,574			3,335,198		
Total deposits and borrowings	18,861,127		1.62%	18,414,129		0.69%	18,154,507		0.50%
Other non-interest-bearing liabilities	255,735			259,279			310,519		
Total liabilities	19,116,862			18,673,408			18,465,026		
Shareholders' equity	1,397,504			1,382,612			1,274,314		
Total liabilities and shareholders' equity	\$ 20,514,366			\$ 20,056,020			\$ 19,739,340		
Net interest income		159,032			164,852			219,892	
Tax-equivalent adjustment ⁽⁵⁾		334			270			290	
Net interest earnings	\$ 159,366			\$ 165,122			\$ 220,182		
Interest spread		3.06%			3.35%			4.56%	
Net interest margin		3.16%			3.38%			4.58%	
Net interest margin tax equivalent ⁽⁵⁾		3.16%			3.39%			4.59%	
Net interest margin tax equivalent excl. PPP ⁽⁶⁾		3.18%			3.32%			3.24%	

(continued)

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES**AVERAGE BALANCE SHEET / NET INTEREST MARGIN - UNAUDITED (CONTINUED)***(Dollars in thousands)*

(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 1.48%, 0.54% and 0.42% for the three months ended September 30, 2022, June 30, 2022 and September 30, 2021, respectively.

(5) Non-GAAP tax-equivalent basis, using an estimated marginal tax rate of 26% for the three months ended September 30, 2022, June 30, 2022 and September 30, 2021, 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 September 30, 2022, June 30, 2022 and September 30, 2021, 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 (CONTINUED)

(Dollars in thousands)

		Nine Months Ended					
		September 30, 2022			September 30, 2021		
		Average Balance	Interest Income or Expense	Average Yield or Cost (%)	Average Balance	Interest Income or Expense	Average Yield or Cost (%)
Assets							
Interest earning deposits		\$ 595,305	\$ 4,197	0.94%	\$ 1,034,923	\$ 980	0.13%
Investment securities ⁽¹⁾		3,969,809	76,283	2.56%	1,461,070	25,211	2.30%
Loans and leases:							
Commercial & industrial:							
Specialty lending loans and leases ⁽²⁾		3,963,180	127,304	4.29%	1,560,615	43,658	3.74%
Other commercial & industrial loans ⁽²⁾		1,496,772	46,768	4.18%	1,357,028	38,631	3.81%
Commercial loans to mortgage companies		1,785,495	46,713	3.50%	2,837,549	65,925	3.11%
Multi-family loans		1,863,915	51,506	3.69%	1,560,565	44,120	3.78%
Loans receivable, PPP		1,946,651	72,132	4.95%	5,515,819	197,071	4.78%
Non-owner occupied commercial real estate loans		1,331,037	40,551	4.07%	1,354,745	38,637	3.81%
Residential mortgages		482,263	13,586	3.77%	348,369	9,486	3.64%
Installment loans		1,881,160	128,013	9.10%	1,470,024	101,294	9.21%
Total loans and leases ⁽³⁾		14,750,473	526,573	4.77%	16,004,714	538,822	4.50%
Other interest-earning assets		62,955	8,673	NM ⁽⁷⁾	62,205	1,834	3.94%
Total interest-earning assets		19,378,542	615,726	4.25%	18,562,912	566,847	4.08%
Non-interest-earning assets		526,437			632,202		
Total assets		\$ 19,904,979			\$ 19,195,114		
Liabilities							
Interest checking accounts		\$ 6,286,224	\$ 55,059	1.17%	\$ 3,584,223	\$ 19,929	0.74%
Money market deposit accounts		5,128,270	36,545	0.95%	4,811,540	17,278	0.48%
Other savings accounts		732,801	3,359	0.61%	1,415,595	6,227	0.59%
Certificates of deposit		710,130	6,910	1.30%	646,257	3,792	0.78%
Total interest-bearing deposits ⁽⁴⁾		12,857,425	101,873	1.06%	10,457,615	47,226	0.60%
Federal funds purchased		416,344	4,374	1.40%	29,286	15	0.07%
FRB PPP liquidity facility		—	—	—%	3,525,560	9,229	0.35%
Borrowings		783,644	20,896	3.57%	659,334	18,997	3.85%
Total interest-bearing liabilities		14,057,413	127,143	1.21%	14,671,795	75,467	0.69%
Non-interest-bearing deposits ⁽⁴⁾		4,206,778			3,016,837		
Total deposits and borrowings		18,264,191		0.93%	17,688,632		0.57%
Other non-interest-bearing liabilities		250,783			295,752		
Total liabilities		18,514,974			17,984,384		
Shareholders' equity		1,390,005			1,210,730		
Total liabilities and shareholders' equity		\$ 19,904,979			\$ 19,195,114		
Net interest income			488,583			491,380	
Tax-equivalent adjustment ⁽⁵⁾			843			871	
Net interest earnings		\$ 489,426			\$ 492,251		
Interest spread				3.32%			3.51%
Net interest margin				3.37%			3.54%
Net interest margin tax equivalent ⁽⁶⁾				3.38%			3.55%
Net interest margin tax equivalent excl. PPP ⁽⁶⁾				3.27%			3.17%

(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 0.80% and 0.47% for the nine months ended September 30, 2022 and 2021, respectively.

(continued)

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES**AVERAGE BALANCE SHEET / NET INTEREST MARGIN - UNAUDITED (CONTINUED)***(Dollars in thousands)*

- (5) Non-GAAP tax-equivalent basis, using an estimated marginal tax rate of 26% for the nine months ended September 30, 2022 and 2021, 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 nine months ended September 30, 2022 and 2021, 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.
- (7) Not meaningful.

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

	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Commercial:					
Commercial & industrial:					
Specialty lending	\$ 5,103,974	\$ 4,599,640	\$ 2,973,544	\$ 2,403,991	\$ 1,736,966
Other commercial & industrial	1,064,332	1,037,443	947,895	942,679	867,401
Multi-family	2,267,376	2,012,920	1,705,027	1,486,308	1,387,166
Loans to mortgage companies	1,708,587	1,975,189	1,830,121	2,362,438	2,626,483
Commercial real estate owner occupied	726,670	710,577	701,893	654,922	656,044
Loans receivable, PPP	1,154,632	1,570,160	2,195,902	3,250,008	4,957,357
Commercial real estate non-owner occupied	1,263,211	1,152,869	1,140,311	1,121,238	1,144,643
Construction	136,133	195,687	161,024	198,981	198,607
Total commercial loans and leases	13,424,915	13,254,485	11,655,717	12,420,565	13,574,667
Consumer:					
Residential	466,888	460,228	469,426	350,984	260,820
Manufactured housing	46,990	48,570	50,669	52,861	55,635
Installment:					
Personal	1,079,267	1,641,748	1,618,096	1,433,538	1,342,650
Other	318,628	259,322	279,610	310,937	281,765
Total consumer loans	1,911,773	2,409,868	2,417,801	2,148,320	1,940,870
Total loans and leases	\$ 15,336,688	\$ 15,664,353	\$ 14,073,518	\$ 14,568,885	\$ 15,515,537

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

	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Demand, non-interest bearing	\$ 2,993,793	\$ 4,683,030	\$ 4,594,428	\$ 4,459,790	\$ 4,954,331
Demand, interest bearing	7,124,663	6,644,398	5,591,468	6,488,406	5,023,081
Total demand deposits	10,118,456	11,327,428	10,185,896	10,948,196	9,977,412
Savings	592,002	640,062	802,395	973,317	1,310,343
Money market	4,913,967	4,254,205	4,981,077	4,349,073	5,090,121
Time deposits	1,898,013	723,024	446,192	507,338	593,149
Total deposits	\$ 17,522,438	\$ 16,944,719	\$ 16,415,560	\$ 16,777,924	\$ 16,971,025

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

ASSET QUALITY - UNAUDITED

(Dollars in thousands)	As of September 30, 2022					As of June 30, 2022					As of September 30, 2021				
	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															
Commercial & industrial, including specialty lending ⁽¹⁾	\$ 6,307,803	\$ 4,078	\$ 15,131	0.06 %	371.04 %	\$ 5,737,670	\$ 4,061	\$ 11,081	0.07 %	272.86 %	\$ 2,673,226	\$ 6,951	\$ 10,860	0.26 %	156.24 %
Multi-family	2,263,268	1,158	14,244	0.05 %	1230.05 %	2,008,784	1,153	9,765	0.06 %	846.92 %	1,369,876	24,524	4,397	1.79 %	17.93 %
Commercial real estate owner occupied	726,670	2,198	6,220	0.30 %	282.98 %	710,577	2,913	4,745	0.41 %	162.89 %	656,044	2,412	3,617	0.37 %	149.96 %
Commercial real estate non-owner occupied	1,263,211	—	11,332	— %	— %	1,152,869	—	8,880	— %	— %	1,144,643	2,845	7,375	0.25 %	259.23 %
Construction	136,133	—	1,614	— %	— %	195,687	—	1,179	— %	— %	198,607	—	886	— %	— %
Total commercial loans and leases receivable	10,697,085	7,434	48,541	0.07 %	652.96 %	9,805,587	8,127	35,650	0.08 %	438.66 %	6,042,396	36,732	27,135	0.61 %	73.87 %
Residential	465,772	6,438	5,453	1.38 %	84.70 %	457,768	6,258	5,578	1.37 %	89.13 %	248,153	7,738	1,912	3.12 %	24.71 %
Manufactured housing	46,990	2,584	4,482	5.50 %	173.45 %	48,570	3,071	4,080	6.32 %	132.86 %	55,635	3,520	4,410	6.33 %	125.28 %
Installment	1,397,895	6,848	71,721	0.49 %	1047.33 %	1,901,070	5,965	111,222	0.31 %	1864.58 %	1,624,415	3,544	98,039	0.22 %	2766.34 %
Total consumer loans receivable	1,910,657	15,870	81,656	0.83 %	514.53 %	2,407,408	15,294	120,880	0.64 %	790.38 %	1,928,203	14,802	104,361	0.77 %	705.05 %
Loans and leases receivable	12,607,742	23,304	130,197	0.18 %	558.69 %	12,212,995	23,421	156,530	0.19 %	668.33 %	7,970,599	51,534	131,496	0.65 %	255.16 %
Loans receivable, PPP	1,154,632	—	—	— %	— %	1,570,160	—	—	— %	— %	4,957,357	—	—	— %	— %
Loans receivable, mortgage warehouse, at fair value	1,569,090	—	—	— %	— %	1,874,603	—	—	— %	— %	2,557,624	—	—	— %	— %
Total loans held for sale	5,224	4,615	—	88.34 %	— %	6,595	4,643	—	70.40 %	— %	29,957	507	—	1.69 %	— %
Total portfolio	\$ 15,336,688	\$ 27,919	\$ 130,197	0.18 %	466.34 %	\$ 15,664,353	\$ 28,064	\$ 156,530	0.18 %	557.76 %	\$ 15,515,537	\$ 52,041	\$ 131,496	0.34 %	252.68 %

(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)

	Q3	Q2	Q1	Q4	Q3	Nine Months Ended September 30,	
	2022	2022	2022	2021	2021	2022	2021
<i>Loan type</i>							
Commercial & industrial, including specialty lending	\$ 2,581	\$ (416)	\$ (59)	\$ 240	\$ 116	\$ 2,106	\$ 208
Multi-family	—	1,990	(337)	—	—	1,653	1,132
Commercial real estate owner occupied	—	(42)	(7)	66	50	(49)	183
Commercial real estate non-owner occupied	4,831	159	(8)	(14)	943	4,982	874
Construction	(10)	(103)	(113)	(3)	(3)	(226)	(122)
Residential	(13)	(39)	(2)	(6)	54	(54)	82
Installment	11,109	11,932	7,752	7,299	5,944	30,793	23,859
Total net charge-offs (recoveries) from loans held for investment	\$ 18,498	\$ 13,481	\$ 7,226	\$ 7,582	\$ 7,104	\$ 39,205	\$ 26,216

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP MEASURES - UNAUDITED

We believe 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 our 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.

Core Earnings - Customers Bancorp	Q3 2022		Q2 2022		Q1 2022		Q4 2021		Q3 2021		Nine Months Ended September 30,			
											2022		2021	
	USD	Per share	USD	Per share	USD	Per share	USD	Per share	USD	Per share	USD	Per share	USD	Per share
GAAP net income to common shareholders	\$ 61,364	\$ 1.85	\$ 56,519	\$ 1.68	\$ 74,896	\$ 2.18	\$ 98,647	\$ 2.87	\$ 110,241	\$ 3.25	\$ 192,779	\$ 5.72	\$ 201,487	\$ 6.02
Reconciling items (after tax):														
Net loss from discontinued operations	—	—	—	—	—	—	1,585	0.05	—	—	—	—	38,036	1.14
Severance expense	1,058	0.03	—	—	—	—	—	—	—	—	1,058	0.03	1,517	0.05
Impairments on fixed assets and leases	126	0.00	705	0.02	220	0.01	1,118	0.03	—	—	1,051	0.03	—	—
Merger and acquisition related expenses	—	—	—	—	—	—	—	—	—	—	—	—	320	0.01
Loss on sale of consumer installment loans	18,221	0.55	—	—	—	—	—	—	—	—	18,221	0.54	—	—
Legal reserves	—	—	—	—	—	—	—	—	897	0.03	—	—	897	0.03
(Gains) losses on investment securities	1,859	0.06	2,494	0.07	1,030	0.03	43	0.00	(4,591)	(0.14)	5,383	0.16	(26,058)	(0.78)
Loss on sale of foreign subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	2,150	0.06
Loss on cash flow hedge derivative terminations	—	—	—	—	—	—	—	—	—	—	—	—	18,716	0.56
Derivative credit valuation adjustment	(358)	(0.01)	(351)	(0.01)	(736)	(0.02)	(180)	(0.01)	(198)	(0.01)	(1,445)	(0.04)	(1,105)	(0.03)
Deposit relationship adjustment fees	—	—	—	—	—	—	—	—	4,707	0.14	—	—	4,707	0.14
Loss on redemption of preferred stock	—	—	—	—	—	—	—	—	2,820	0.08	—	—	2,820	0.08
Core earnings	\$ 82,270	\$ 2.48	\$ 59,367	\$ 1.77	\$ 75,410	\$ 2.20	\$ 101,213	\$ 2.95	\$ 113,876	\$ 3.36	\$ 217,047	\$ 6.44	\$ 243,487	\$ 7.27

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP MEASURES - UNAUDITED (CONTINUED)

(Dollars in thousands, except per share data)

Core Earnings, excluding PPP - Customers Bancorp (Dollars in thousands except per share data)	Q3 2022		Q2 2022		Q1 2022		Q4 2021		Q3 2021		Nine Months Ended September 30,			
											2022		2021	
	USD	Per share	USD	Per share	USD	Per share	USD	Per share	USD	Per share	USD	Per share	USD	Per share
GAAP net income to common shareholders	\$ 61,364	\$ 1.85	\$ 56,519	\$ 1.68	\$ 74,896	\$ 2.18	\$ 98,647	\$ 2.87	\$ 110,241	\$ 3.25	\$ 192,779	\$ 5.72	\$ 201,487	\$ 6.02
Less: PPP net income (after tax)	5,846	0.18	13,066	0.39	24,713	0.72	64,323	1.87	81,337	2.40	43,625	1.29	130,728	3.90
Net income to common shareholders, excluding PPP	55,518	1.67	43,453	1.29	50,183	1.46	34,324	1.00	28,904	0.85	149,154	4.43	70,759	2.11
Reconciling items (after tax):														
Net loss from discontinued operations	—	—	—	—	—	—	1,585	0.05	—	—	—	—	38,036	1.14
Severance expense	1,058	0.03	—	—	—	—	—	—	—	—	1,058	0.03	1,517	0.05
Impairments on fixed assets and leases	126	0.00	705	0.02	220	0.01	1,118	0.03	—	—	1,051	0.03	—	—
Merger and acquisition related expenses	—	—	—	—	—	—	—	—	—	—	—	—	320	0.01
Loss on sale of consumer installment loans	18,221	0.55	—	—	—	—	—	—	—	—	18,221	0.54	—	—
Legal reserves	—	—	—	—	—	—	—	—	897	0.03	—	—	897	0.03
(Gains) losses on investment securities	1,859	0.06	2,494	0.07	1,030	0.03	43	0.00	(4,591)	(0.14)	5,383	0.16	(26,058)	(0.78)
Loss on sale of foreign subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	2,150	0.06
Loss on cash flow hedge derivative terminations	—	—	—	—	—	—	—	—	—	—	—	—	18,716	0.56
Derivative credit valuation adjustment	(358)	(0.01)	(351)	(0.01)	(736)	(0.02)	(180)	(0.01)	(198)	(0.01)	(1,445)	(0.04)	(1,105)	(0.03)
Deposit relationship adjustment fees	—	—	—	—	—	—	—	—	4,707	0.14	—	—	4,707	0.14
Loss on redemption of preferred stock	—	—	—	—	—	—	—	—	2,820	0.08	—	—	2,820	0.08
Core earnings, excluding PPP	\$ 76,424	\$ 2.30	\$ 46,301	\$ 1.38	\$ 50,697	\$ 1.48	\$ 36,890	\$ 1.07	\$ 32,539	\$ 0.96	\$ 173,422	\$ 5.15	\$ 112,759	\$ 3.37

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)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Nine Months Ended September 30,	
						2022	2021
GAAP net income	\$ 63,912	\$ 58,650	\$ 76,761	\$ 100,669	\$ 116,042	\$ 199,323	\$ 213,978
Reconciling items (after tax):							
Net loss from discontinued operations	—	—	—	1,585	—	—	38,036
Severance expense	1,058	—	—	—	—	1,058	1,517
Impairments on fixed assets and leases	126	705	220	1,118	—	1,051	—
Merger and acquisition related expenses	—	—	—	—	—	—	320
Loss on sale of consumer installment loans	18,221	—	—	—	—	18,221	—
Legal reserves	—	—	—	—	897	—	897
(Gains) losses on investment securities	1,859	2,494	1,030	43	(4,591)	5,383	(26,058)
Loss on sale of foreign subsidiaries	—	—	—	—	—	—	2,150
Loss on cash flow hedge derivative terminations	—	—	—	—	—	—	18,716
Derivative credit valuation adjustment	(358)	(351)	(736)	(180)	(198)	(1,445)	(1,105)
Deposit relationship adjustment fees	—	—	—	—	4,707	—	4,707
Core net income	<u>\$ 84,818</u>	<u>\$ 61,498</u>	<u>\$ 77,275</u>	<u>\$ 103,235</u>	<u>\$ 116,857</u>	<u>\$ 223,591</u>	<u>\$ 253,158</u>
Average total assets	\$ 20,514,366	\$ 20,056,020	\$ 19,129,330	\$ 19,214,241	\$ 19,739,340	\$ 19,904,979	\$ 19,195,114
Core return on average assets	1.64 %	1.23 %	1.64 %	2.13 %	2.35 %	1.50 %	1.76 %

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

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Nine Months Ended September 30,	
						2022	2021
GAAP net income	\$ 63,912	\$ 58,650	\$ 76,761	\$ 100,669	\$ 116,042	\$ 199,323	\$ 213,978
Reconciling items:							
Income tax expense	17,899	18,896	19,332	12,993	36,263	56,127	73,947
Provision (benefit) for credit losses	(7,994)	23,847	15,997	13,890	13,164	31,850	13,536
Provision (benefit) for credit losses on unfunded commitments	254	608	(109)	352	669	753	(572)
Severance expense	1,363	—	—	—	—	1,363	2,004
Net loss from discontinued operations	—	—	—	1,585	—	—	38,036
Impairments on fixed assets and leases	162	914	286	1,260	—	1,362	—
Merger and acquisition related expenses	—	—	—	—	—	—	418
Loss on sale of consumer installment loans	23,465	—	—	—	—	23,465	—
Legal reserves	—	—	—	—	1,185	—	1,185
(Gains) losses on investment securities	2,394	3,232	1,339	49	(6,063)	6,965	(34,161)
Loss on sale of foreign subsidiaries	—	—	—	—	—	—	2,840
Loss on cash flow hedge derivative terminations	—	—	—	—	—	—	24,467
Derivative credit valuation adjustment	(461)	(455)	(957)	(203)	(261)	(1,873)	(1,443)
Deposit relationship adjustment fees	—	—	—	—	6,216	—	6,216
Adjusted net income - pre-tax pre-provision	<u>\$ 100,994</u>	<u>\$ 105,692</u>	<u>\$ 112,649</u>	<u>\$ 130,595</u>	<u>\$ 167,215</u>	<u>\$ 319,335</u>	<u>\$ 340,451</u>
Average total assets	\$ 20,514,366	\$ 20,056,020	\$ 19,129,330	\$ 19,214,241	\$ 19,739,340	\$ 19,904,979	\$ 19,195,114
Adjusted ROAA - pre-tax pre-provision	1.95 %	2.11 %	2.39 %	2.70 %	3.36 %	2.14 %	2.37 %

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)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Nine Months Ended September 30,	
						2022	2021
GAAP net income to common shareholders	\$ 61,364	\$ 56,519	\$ 74,896	\$ 98,647	\$ 110,241	\$ 192,779	\$ 201,487
Reconciling items (after tax):							
Net loss from discontinued operations	—	—	—	1,585	—	—	38,036
Severance expense	1,058	—	—	—	—	1,058	1,517
Impairments on fixed assets and leases	126	705	220	1,118	—	1,051	—
Merger and acquisition related expenses	—	—	—	—	—	—	320
Loss on sale of consumer installment loans	18,221	—	—	—	—	18,221	—
Legal reserves	—	—	—	—	897	—	897
(Gains) losses on investment securities	1,859	2,494	1,030	43	(4,591)	5,383	(26,058)
Loss on sale of foreign subsidiaries	—	—	—	—	—	—	2,150
Loss on cash flow hedge derivative terminations	—	—	—	—	—	—	18,716
Derivative credit valuation adjustment	(358)	(351)	(736)	(180)	(198)	(1,445)	(1,105)
Deposit relationship adjustment fees	—	—	—	—	4,707	—	4,707
Loss on redemption of preferred stock	—	—	—	—	2,820	—	2,820
Core earnings	<u>\$ 82,270</u>	<u>\$ 59,367</u>	<u>\$ 75,410</u>	<u>\$ 101,213</u>	<u>\$ 113,876</u>	<u>\$ 217,047</u>	<u>\$ 243,487</u>
Average total common shareholders' equity	\$ 1,259,711	\$ 1,244,819	\$ 1,252,022	\$ 1,179,478	\$ 1,071,566	\$ 1,252,212	\$ 998,221
Core return on average common equity	25.91 %	19.13 %	24.43 %	34.04 %	42.16 %	23.17 %	32.61 %

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

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Nine Months Ended September 30,	
						2022	2021
GAAP net income to common shareholders	\$ 61,364	\$ 56,519	\$ 74,896	\$ 98,647	\$ 110,241	\$ 192,779	\$ 201,487
Reconciling items:							
Income tax expense	17,899	18,896	19,332	12,993	36,263	56,127	73,947
Provision (benefit) for credit losses	(7,994)	23,847	15,997	13,890	13,164	31,850	13,536
Provision (benefit) for credit losses on unfunded commitments	254	608	(109)	352	669	753	(572)
Net loss from discontinued operations	—	—	—	1,585	—	—	38,036
Severance expense	1,363	—	—	—	—	1,363	2,004
Impairments on fixed assets and leases	162	914	286	1,260	—	1,362	—
Merger and acquisition related expenses	—	—	—	—	—	—	418
Loss on sale of consumer installment loans	23,465	—	—	—	—	23,465	—
Legal reserves	—	—	—	—	1,185	—	1,185
(Gains) losses on investment securities	2,394	3,232	1,339	49	(6,063)	6,965	(34,161)
Loss on sale of foreign subsidiaries	—	—	—	—	—	—	2,840
Loss on cash flow hedge derivative terminations	—	—	—	—	—	—	24,467
Derivative credit valuation adjustment	(461)	(455)	(957)	(203)	(261)	(1,873)	(1,443)
Deposit relationship adjustment fees	—	—	—	—	6,216	—	6,216
Loss on redemption of preferred stock	—	—	—	—	2,820	—	2,820
Pre-tax pre-provision adjusted net income available to common shareholders	<u>\$ 98,446</u>	<u>\$ 103,561</u>	<u>\$ 110,784</u>	<u>\$ 128,573</u>	<u>\$ 164,234</u>	<u>\$ 312,791</u>	<u>\$ 330,780</u>
Average total common shareholders' equity	\$ 1,259,711	\$ 1,244,819	\$ 1,252,022	\$ 1,179,478	\$ 1,071,566	\$ 1,252,212	\$ 998,221
Adjusted ROCE - pre-tax pre-provision	31.01 %	33.37 %	35.89 %	43.25 %	60.81 %	33.40 %	44.30 %

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)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Nine Months Ended September 30,	
						2022	2021
GAAP net interest income	\$ 159,032	\$ 164,852	\$ 164,699	\$ 193,694	\$ 219,892	\$ 488,583	\$ 491,380
Tax-equivalent adjustment	334	270	239	276	290	843	871
Net interest income tax equivalent	<u>\$ 159,366</u>	<u>\$ 165,122</u>	<u>\$ 164,938</u>	<u>\$ 193,970</u>	<u>\$ 220,182</u>	<u>\$ 489,426</u>	<u>\$ 492,251</u>
Average total interest earning assets	\$ 20,021,455	\$ 19,525,936	\$ 18,572,308	\$ 18,576,433	\$ 19,033,826	\$ 19,378,542	\$ 18,562,912
Net interest margin, tax equivalent	3.16 %	3.39 %	3.60 %	4.14 %	4.59 %	3.38 %	3.55 %

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

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Nine Months Ended September 30,	
						2022	2021
GAAP net interest income	\$ 159,032	\$ 164,852	\$ 164,699	\$ 193,694	\$ 219,892	\$ 488,583	\$ 491,380
PPP net interest income	(9,632)	(18,946)	(34,615)	(78,647)	(112,005)	(63,193)	(182,632)
Tax-equivalent adjustment	334	270	239	276	290	843	871
Net interest income, tax equivalent, excluding PPP	<u>\$ 149,734</u>	<u>\$ 146,176</u>	<u>\$ 130,323</u>	<u>\$ 115,323</u>	<u>\$ 108,177</u>	<u>\$ 426,233</u>	<u>\$ 309,619</u>
GAAP average total interest earning assets	\$ 20,021,455	\$ 19,525,936	\$ 18,572,308	\$ 18,576,433	\$ 19,033,826	\$ 19,378,542	\$ 18,562,912
Average PPP loans	<u>(1,349,403)</u>	<u>(1,863,429)</u>	<u>(2,641,318)</u>	<u>(3,898,607)</u>	<u>(5,778,367)</u>	<u>(1,946,651)</u>	<u>(5,515,819)</u>
Adjusted average total interest earning assets	<u>\$ 18,672,052</u>	<u>\$ 17,662,507</u>	<u>\$ 15,930,990</u>	<u>\$ 14,677,826</u>	<u>\$ 13,255,459</u>	<u>\$ 17,431,891</u>	<u>\$ 13,047,093</u>
Net interest margin, tax equivalent, excluding PPP	3.18 %	3.32 %	3.32 %	3.12 %	3.24 %	3.27 %	3.17 %

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

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Nine Months Ended September 30,	
						2022	2021
Interest income on loans and leases	\$ 200,457	\$ 168,941	\$ 157,175	\$ 198,000	\$ 233,097	\$ 526,573	\$ 538,822
PPP interest income	(14,666)	(20,572)	(36,894)	(82,086)	(117,102)	(72,132)	(197,071)
Interest income on core loans (Loans and leases, excluding PPP)	<u>\$ 185,791</u>	<u>\$ 148,369</u>	<u>\$ 120,281</u>	<u>\$ 115,914</u>	<u>\$ 115,995</u>	<u>\$ 454,441</u>	<u>\$ 341,751</u>
Average total loans and leases	\$ 15,653,983	\$ 14,918,498	\$ 13,656,991	\$ 14,335,370	\$ 16,192,744	\$ 14,750,473	\$ 16,004,714
Average PPP loans	<u>(1,349,403)</u>	<u>(1,863,429)</u>	<u>(2,641,318)</u>	<u>(3,898,607)</u>	<u>(5,778,367)</u>	<u>(1,946,651)</u>	<u>(5,515,819)</u>
Adjusted average total loans and leases	<u>\$ 14,304,580</u>	<u>\$ 13,055,069</u>	<u>\$ 11,015,673</u>	<u>\$ 10,436,763</u>	<u>\$ 10,414,377</u>	<u>\$ 12,803,822</u>	<u>\$ 10,488,895</u>
Loan yield, excluding PPP	5.15 %	4.56 %	4.43 %	4.41 %	4.42 %	4.75 %	4.36 %

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

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Nine Months Ended September 30,	
						2022	2021
GAAP net interest income	\$ 159,032	\$ 164,852	\$ 164,699	\$ 193,694	\$ 219,892	\$ 488,583	\$ 491,380
GAAP non-interest income	\$ (9,017)	\$ 12,746	\$ 21,198	\$ 16,991	\$ 25,586	\$ 24,927	\$ 60,876
Loss on sale of consumer installment loans	23,465	—	—	—	—	23,465	—
(Gains) losses on investment securities	2,394	3,232	1,339	49	(6,063)	6,965	(34,161)
Derivative credit valuation adjustment	(461)	(455)	(957)	(203)	(261)	(1,873)	(1,443)
Loss on cash flow hedge derivative terminations	—	—	—	—	—	—	24,467
Loss on sale of foreign subsidiaries	—	—	—	—	—	—	2,840
Core non-interest income	16,381	15,523	21,580	16,837	19,262	53,484	52,579
Core revenue	\$ 175,413	\$ 180,375	\$ 186,279	\$ 210,531	\$ 239,154	\$ 542,067	\$ 543,959
GAAP non-interest expense	\$ 76,198	\$ 76,205	\$ 73,807	\$ 81,548	\$ 80,009	\$ 226,210	\$ 212,759
Severance expense	(1,363)	—	—	—	—	(1,363)	(2,004)
Impairments on fixed assets and leases	(162)	(914)	(286)	(1,260)	—	(1,362)	—
Legal reserves	—	—	—	—	(1,185)	—	(1,185)
Merger and acquisition related expenses	—	—	—	—	—	—	(418)
Deposit relationship adjustment fees	—	—	—	—	(6,216)	—	(6,216)
Core non-interest expense	\$ 74,673	\$ 75,291	\$ 73,521	\$ 80,288	\$ 72,608	\$ 223,485	\$ 202,936
Core efficiency ratio ⁽¹⁾	42.57 %	41.74 %	39.47 %	38.14 %	30.36 %	41.23 %	37.31 %

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

Tangible Common Equity to Tangible Assets - Customers Bancorp
(Dollars in thousands except per share data)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP total shareholders' equity	\$ 1,386,931	\$ 1,353,390	\$ 1,377,406	\$ 1,366,217	\$ 1,284,299
Reconciling items:					
Preferred stock	(137,794)	(137,794)	(137,794)	(137,794)	(137,794)
Goodwill and other intangibles	(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
Tangible common equity	\$ 1,245,508	\$ 1,211,967	\$ 1,235,934	\$ 1,224,687	\$ 1,142,711
GAAP total assets	\$ 20,367,621	\$ 20,251,996	\$ 19,163,708	\$ 19,575,028	\$ 19,108,922
Reconciling items:					
Goodwill and other intangibles	(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
Tangible assets	\$ 20,363,992	\$ 20,248,367	\$ 19,160,030	\$ 19,571,292	\$ 19,105,128
Tangible common equity to tangible assets	6.12 %	5.99 %	6.45 %	6.26 %	5.98 %

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, excluding PPP - Customers Bancorp
(Dollars in thousands except per share data)

GAAP total shareholders' equity
Reconciling items:
Preferred stock
Goodwill and other intangibles
Tangible common equity
GAAP total assets
Loans receivable, PPP
Total assets, excluding PPP
Reconciling items:
Goodwill and other intangibles
Tangible assets, excluding PPP
Tangible common equity to tangible assets, excluding PPP

Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
\$ 1,386,931	\$ 1,353,390	\$ 1,377,406	\$ 1,366,217	\$ 1,284,299
(137,794)	(137,794)	(137,794)	(137,794)	(137,794)
(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
\$ 1,245,508	\$ 1,211,967	\$ 1,235,934	\$ 1,224,687	\$ 1,142,711
\$ 20,367,621	\$ 20,251,996	\$ 19,163,708	\$ 19,575,028	\$ 19,108,922
(1,154,632)	(1,570,160)	(2,195,902)	(3,250,008)	(4,957,357)
\$ 19,212,989	\$ 18,681,836	\$ 16,967,806	\$ 16,325,020	\$ 14,151,565
(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
\$ 19,209,360	\$ 18,678,207	\$ 16,964,128	\$ 16,321,284	\$ 14,147,771
6.48 %	6.49 %	7.29 %	7.50 %	8.08 %

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

GAAP total shareholders' equity
Reconciling Items:
Preferred stock
Goodwill and other intangibles
Tangible common equity
Common shares outstanding
Tangible book value per common share

Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
\$ 1,386,931	\$ 1,353,390	\$ 1,377,406	\$ 1,366,217	\$ 1,284,299
(137,794)	(137,794)	(137,794)	(137,794)	(137,794)
(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
\$ 1,245,508	\$ 1,211,967	\$ 1,235,934	\$ 1,224,687	\$ 1,142,711
32,475,502	32,449,486	32,957,847	32,913,267	32,537,976
\$ 38.35	\$ 37.35	\$ 37.50	\$ 37.21	\$ 35.12

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

Total loans and leases
Loans receivable, PPP
Core Loans (Loans and leases, excluding PPP)

Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
\$ 15,336,688	\$ 15,664,353	\$ 14,073,518	\$ 14,568,885	\$ 15,515,537
(1,154,632)	(1,570,160)	(2,195,902)	(3,250,008)	(4,957,357)
\$ 14,182,056	\$ 14,094,193	\$ 11,877,616	\$ 11,318,877	\$ 10,558,180

Total loans and leases, excluding loans to mortgage companies and PPP
(Dollars in thousands except per share data)

Total loans and leases
Loans to mortgage companies
Loans receivable, PPP
Total loans and leases, excluding loans to mortgage companies and PPP

Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
\$ 15,336,688	\$ 15,664,353	\$ 14,073,518	\$ 14,568,885	\$ 15,515,537
(1,708,587)	(1,975,189)	(1,830,121)	(2,362,438)	(2,626,483)
(1,154,632)	(1,570,160)	(2,195,902)	(3,250,008)	(4,957,357)
\$ 12,473,469	\$ 12,119,004	\$ 10,047,495	\$ 8,956,439	\$ 7,931,697

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

Total assets
Loans receivable, PPP
Total assets, excluding PPP

Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
\$ 20,367,621	\$ 20,251,996	\$ 19,163,708	\$ 19,575,028	\$ 19,108,922
(1,154,632)	(1,570,160)	(2,195,902)	(3,250,008)	(4,957,357)
\$ 19,212,989	\$ 18,681,836	\$ 16,967,806	\$ 16,325,020	\$ 14,151,565

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)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Loans and leases receivable	\$ 13,762,374	\$ 13,783,155	\$ 12,314,757	\$ 12,268,306	\$ 12,927,956
Loans receivable, PPP	(1,154,632)	(1,570,160)	(2,195,902)	(3,250,008)	(4,957,357)
Loans and leases held for investment, excluding PPP	<u>\$ 12,607,742</u>	<u>\$ 12,212,995</u>	<u>\$ 10,118,855</u>	<u>\$ 9,018,298</u>	<u>\$ 7,970,599</u>
Allowance for credit losses on loans and leases	\$ 130,197	\$ 156,530	\$ 145,847	\$ 137,804	\$ 131,496
Coverage of credit loss reserves for loans and leases held for investment, excluding PPP	1.03 %	1.28 %	1.44 %	1.53 %	1.65 %



Let's take on tomorrow.

"A Digital-Forward Super-Community Bank"
Investor Presentation: Q3 2022

October 2022

Forward-Looking Statements

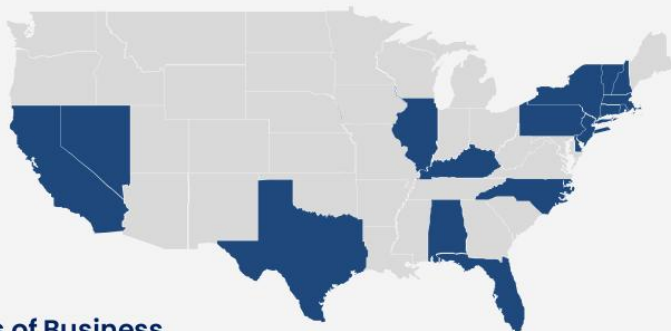


In addition to historical information, this presentation may contain “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements with respect to Customers Bancorp, Inc.’s strategies, 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,” “project”, 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 impact of the ongoing pandemic on the U.S. economy and customer behavior, the impact that changes in economy have 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 continued success and acceptance of our blockchain payments system; the effects of actions by the federal government, including the Board of Governors of the Federal Reserve System and other government agencies, that effect 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, higher inflation and its impacts, and the effects of 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, 2021, 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.



Customers Bancorp Snapshot

A Digital-Forward Super-Community Bank



Lines of Business

Community Banking

- C&I
- CRE
- Multi-Family
- SBA
- SMB Lending
- Residential Mortgage

Corporate & Specialty Banking

- Lender Finance
- Fund Finance
- Financial Institutions Group
- Real Estate Specialty Finance
- Loans to Mortgage Companies
- Equipment Finance
- Tech and Venture Banking
- Healthcare Lending

Digital Banking

Consumer

- Checking & Savings
- Personal Loan
- Student Loan
- Credit Card

BaaS

- MPL Program

Commercial

- Digital Asset Banking
- SMB Bundle
- Credit Card

Transaction Banking

- Treasury Services
- Payments

Customers Bancorp, Inc.

NYSE: CUBI

Headquarters	West Reading, PA
Offices ⁽¹⁾	39
FTE Employees	672
Market Capitalization As of 10/21/2022	\$1.0B
Total Assets	\$20.4B
Tangible Book Value ⁽²⁾	\$38.35
Share price As of 10/21/2022	\$31.17

Data as of 09/30/2022, unless otherwise noted.

(1) Offices includes branches, executive offices, Private Banking Offices and Loan Production Offices.
(2) Non-GAAP Measure, refer to Appendix for reconciliation.



Highlights – GAAP



Q3'22	Q3'22 (vs. Q3'21)		
Highlights	Profitability	Balance Sheet	Credit
Diluted EPS \$1.85	3.16% vs. 4.58% NIM	\$20.4B +7% Total Assets	0.14% -13 bps NPA Ratio³
Net Income ¹ \$61.4M	1.24% vs. 2.33% ROAA	\$15.3B -1% Total Loans and Leases	0.95% -07 bps Reserve Coverage
ROCE 19.3%	NA Adjusted PTPP ROAA²	\$17.5B +3% Total Deposits³	466.3% vs. 252.7% Reserves to NPLs³

1. Net income to common shareholders
2. ROAA is the GAAP metric
3. GAAP metric

Highlights – Adjusted/Core



Q3'22 (vs. Q3'21)		Q3'22 (vs. Q3'21)		
Highlights		Profitability	Balance Sheet	Credit
Core EPS ¹	Core EPS ex PPP ^{1,2}	3.18%	\$19.2B	0.14%
\$2.48	\$2.30	vs. 3.24%	+36%	-13 bps
-26%	+140%	NIM ^{1,2}	Core Assets ^{1,2}	NPA Ratio
Core Earnings ¹	Core Earnings ex PPP ^{1,2}	1.64%	\$14.2B	1.03%
\$82.3M	\$76.4 M	vs. 2.35%	+34%	-62 bps
-28%	+135%	Core ROAA ¹	Total Loans and Leases ^{1,2}	Reserve Coverage ^{1,2}
Core ROCE ¹		1.95%	\$17.5B	466.3%
25.9%		vs. 3.36%	+3%	vs. 252.7%
vs. 42.2%		Adjusted PTPP ROAA ¹	Total Deposits	Reserves to NPLs

1. Non-GAAP Measure, refer to Appendix for reconciliation.
2. Ex PPP

Strategic initiatives we have implemented to best position us for the current and future external environment



CREDIT & PORTFOLIO MIX

- **Growth focused in variable rate specialty lending¹ verticals** with extremely low credit risk.
- **Portfolio mix² shift to low risk verticals YoY**
 - Specialty Lending C&I: 19% to 37%
 - Consumer installment portfolio: 15% to 10%
- \$2.7B of the \$3.6B loan growth ex PPP YoY in specialty lending¹ is from low to no loss verticals **Lender Finance—\$1.6B, Fund Finance—\$1.0B and FIG—\$0.1B**
- **Enhanced loan level stress-testing activities and proprietary technology enabled portfolio monitoring** to proactively manage and take action, if needed

CAPITAL

- **Managing balance sheet size** by slowing outsized total asset growth: -0.1B, +1% QoQ and \$1.3B, +7% YoY
- **Sale of \$500 million of consumer installment loans** resulting in lower portfolio credit risk and capital boost
- **Transfer of \$500 million of AFS securities to HTM in Q2'22** avoided further potential material unrealized loss in AOCI
- **Earnings growth consistently benefitting capital** despite AOCI headwinds

MARGIN

- **Loan portfolio remix** expected to be complete in Q4 2022 **supporting NIM expansion in 2023**
- **Disciplined risk-adjusted pricing with targeted 3%+ spread** over projected funding cost
- **Strategic sales from lower yielding AFS book** redeployed in higher beta earning assets
- **Declining proportion of lower yielding PPP loans from 26% to 6% YoY** as percentage of total assets leaves additional room for **NIM expansion**

LIQUIDITY & FUNDING

- **Liquidity almost doubled YoY to ~\$10B while proactively paying down \$4.8B in PPPLF balances.**
- Significant core deposit opportunities by **onboarding teams and new product development** through transaction banking product and services
- Significant Liquidity and strong deposit pipeline to **fund future core loan growth and transition of the BMTX DSA**
- **Deposit growth of \$2.5B from FIG group since Q3'20**

TECHNOLOGY

- **Onboarded 300+ CBIT customers to-date** bringing in over \$1.9 billion in deposits
- Launch our initial **MPL Banking-as-a-Service** program pilot in Q4'22 and target \$10M+ in annual revenue
- Launched **Transaction Banking platform** to enable continued **low cost deposit generation** beginning in 2023
- Build out of proprietary **front-end digital platform to service the SMB Vendor/Dealer Market** to add to **SMB bundle** offering with expected launch **by Q1'23**

ORGANIZATIONAL EFFICIENCY

- **Organizational and leadership changes streamlined our structure while enhancing our ability to achieve our strategic business priorities**
- Despite significant growth, operating expenses did not increase over the prior quarter and a year ago quarter
- Realigned the scope and areas of responsibility to simplify the organization structure
- Better positioned to serve our clients while maintaining industry leading efficiency ratio of ~43%³

1. Includes owner occupied CRE (\$0.2B) for Q3'22. 2. Excludes the impact of PPP forgiveness
3. Core efficiency ratio for Q3'22. Non-GAAP measure. Refer to appendix for reconciliation

CUBI's proprietary tech-led product suite will drive:

1. Differentiated primary commercial banking relationships
2. Franchise value from sticky multi-product customer integrations
3. Low-cost deposit franchise of payments and reporting integrated operating accounts

Tech-Enabled Banking: Commercial Treasury Services, Payments and BaaS



We are reinventing banking through a cloud-based offering of 24/7 API enabled fully integrated Treasury, Payments and BaaS offerings

Fund Finance

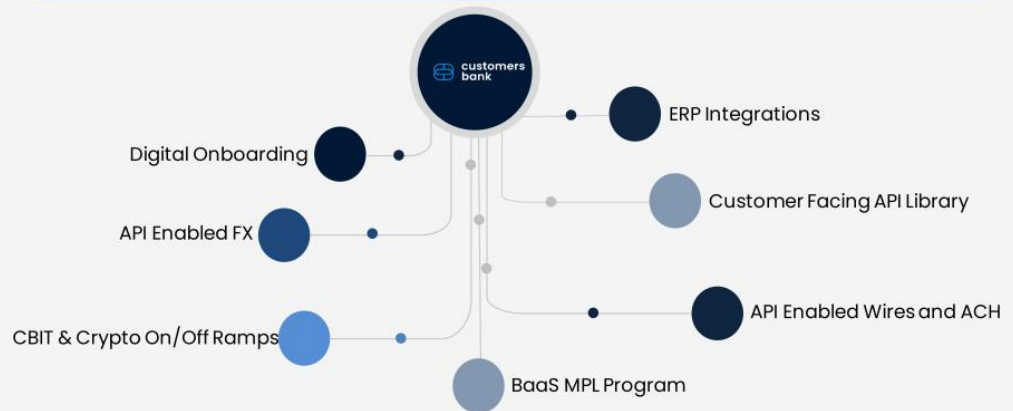
Financial Institutions Group

Digital Assets

Tech & Venture Banking

BaaS Integrations

API-enabled Digital Solutions

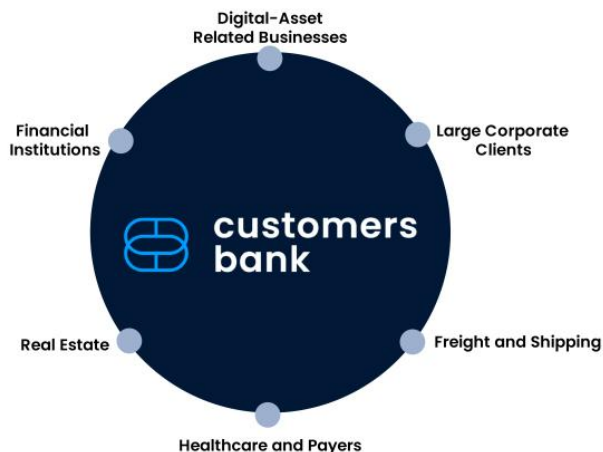


A Blockchain-based, instant payments platform to generate low-cost deposits



Customers Bank Instant Token (CBIT™)

An Instant Payments Tool to Serve Diverse Potential Commercial Clients in 2022 and Beyond



Overview

- API connected platform with customers
- CBIT deposits stable at ~\$1.9 billion over the last few quarters
- Onboarded 111 new customers in Q3'22 bring total customers to 301
- Compliance-first, best-in-class onboarding process.
- CBIT adoption central to our strategy. Digital banking team closely integrated with the business unit heads

Deposits

\$ billions



Number of CBIT customers

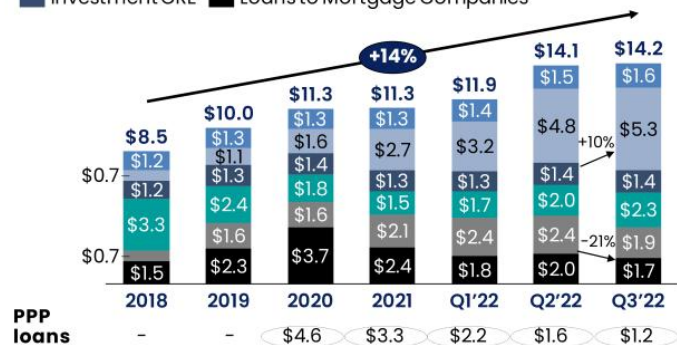


Balance Sheet: Loan Growth and Loan yield



Loans ex PPP¹ \$ billions

Community C&I Multifamily
Specialty C&I² Consumer³
Investment CRE Loans to Mortgage Companies



- Loan growth ex PPP: +\$0.1B QoQ, 1% QoQ, +\$3.6B YoY
- Specialty C&I: +\$0.5B QoQ, 10% QoQ, +\$3.3B YoY
- Net growth of \$0.1B this quarter driven by Specialty C&I (\$0.5B), Multifamily (\$0.3B) Community C&I (\$0.1B) offset in part by consumer installment loan sale of (\$0.5B) and loans to mortgage companies decline of (\$0.3B)

1. Non-GAAP Measure, refer to Appendix for reconciliation. 2. Includes owner occupied CRE (\$0.2B)
3. Includes consumer installment (\$1.4B), Mortgages (\$0.5B) and Manufactured housing

Loan yield ex PPP¹ percent



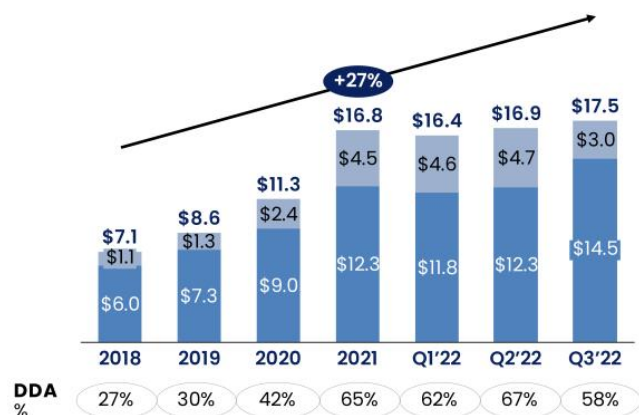
- Loan yield increased by ~59 bps in Q3'22 driven by higher proportion of floating rate loans

Balance Sheet: Deposit Growth & Deposit cost



Deposits \$ billions

Non-interest bearing deposits
Interest bearing deposits



- Total deposit growth: +\$0.6B QoQ, 3% QoQ, +\$0.6B YoY, 3% YoY
- Proportion of DDAs has increased from 27% in 2018 to 58% in Q3'22 and is well above the pre-pandemic levels

Deposit cost percent



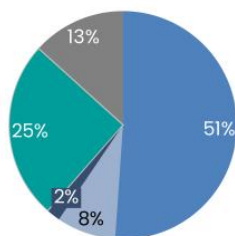
Interest Rate Sensitive Earning Asset Mix



Interest earning assets mix¹

Q3'22, percent

- Floating Loans
- Fixed Loans
- Floating Securities
- Fixed Securities
- Cash

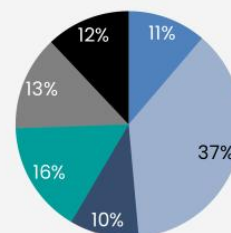


- ~62% of interest earning assets are market sensitive which is greater than the proportion of market sensitive liabilities

Loan mix ex PPP²

percent

- Community C&I
- Specialty C&I³
- Investment CRE
- Multifamily
- Consumer⁴
- Loans to Mortgage Companies



As of Q3'22

86% Commercial Loans

- Significant improvement in loan mix with greater proportion of lower credit risk verticals
- Pipeline remains strong especially in C&I
- Loan mix ex PPP²: Consumer installment (~10% declined from 15% YoY), Consumer mortgages⁵ (~4%)

1. Floating rate loans and securities are defined as assets with resets less than one year and include fixed loans maturing within one year (including PPP loans).
 2. Non-GAAP Measure, refer to Appendix for reconciliation. 3. Includes owner occupied CRE (\$0.2B)
 4. Includes consumer installment (\$1.4B), Mortgages (\$0.5B) and Manufactured housing 5. Includes Mortgages and Home Equity loans

Income Statement: Net interest income and margin



NII ex PPP¹
\$ millions



- Strong NII growth: +2% QoQ, +38% YoY
- NII growth driven by strong loan growth in C&I including specialty lending verticals

NIM ex PPP²
percent



- NIM excluding PPP consistently above 3.00%

1. Non-GAAP Measure, refer to Appendix for reconciliation
2. NIM excluding PPP, tax equivalent, refer to appendix for reconciliation

Paycheck Protection Program: Loans and Fees



PPP loans¹
\$ billions

■ Rounds 1 & 2 ■ Round 3



- Reduction of ~\$0.4B of PPP loans balance in Q3'22

Fee income recognized from PPP¹
\$ millions



- ~\$350 million of origination fee income from the program
- ~\$30 million of remaining deferred origination fees to be recognized

¹. As of 09/30/2022 includes all PPP loans facilitated by Customers Bank (originated and purchased).

Liquidity and Investment Securities Mix



Liquidity

\$ billions

■ Cash and Cash equivalents ■ Investment securities AFS
■ Investment securities HTM

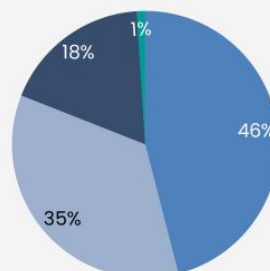


- Purchased \$400 million of senior notes from a securitization collateralized by associated sale of consumer loans

Investment Securities AFS Mix (~50% floating rate)

As of Q3' 2022, percent

■ MBS & CMO ■ ABS¹ ■ Corporates ■ Other



- Majority of investment securities are deployed in MBS & CMO and ABS¹
- Ample liquidity to fund future loan growth
- Portfolio characteristics (as of Q3'22)
 - Yield, net of hedges: ~3.7%
 - Effective Duration: ~1.7 years
 - Floating rate securities: ~50%

1. Includes CLOs

Capital: Strong Capital Position



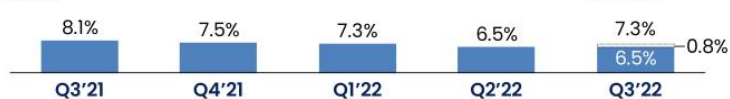
Total risk-based capital percent



CET1 risk-based capital percent



TCE/TA excl PPP² percent



Tangible book value³ per share



1. Capital ratios are estimated pending final regulatory report. 2. TCE/TA excl PPP negatively impacted by -0.8% due to AOCI
3. Non-GAAP Measure, refer to Appendix for reconciliation.

- AOCI negatively impacted TCE/TA excl. PPP² ~0.1% in Q3'22. Total cumulative impact of ~0.8% as of Q3'22
- Expect TBV per share of \$40+ by Q4'22E
- Expect TCE/TA excl PPP² to be ~7.5% over the next 3-4 quarters

Credit: Credit Quality and Reserves Remain Strong



NPL
\$ millions



NCO
percent



NPA as percent of total assets
percent



- Credit quality remains excellent as evidenced by NPAs/Total Assets of only 0.14% at Q3'22
- Reserves/NPLs was 466.3% at Q3'22
- The Bank has also undertaken several steps to minimize loss risk given the current and forward-looking economic environment:
 - Loan growth in in **low-risk business lines** (Lender Finance, Funds Finance and Financial Institutions Group)
 - Continued to remain **focused on limiting exposure** to Investment CRE Office (~\$132 million), Investment CRE Retail (~\$172 million) and Hospitality (~\$452 million)
 - **Enhanced loan level stress-testing activities** to proactively take action on credits that could be impacted in stressed economic conditions



**customers
bank**

Let's take on tomorrow.

Key Investment Highlights



Industry leading **core loan growth and deposit growth supported by best-in-class digital banking**



Moderating growth in this environment to **maintain/expand margin, improve capital ratios** while maintaining profitability. On track for \$6.00 or higher Core EPS in 2023.



Exceptional **credit quality**



Customer centric culture built around service and experience



Demonstrated industry leading proprietary technological capabilities as a high-tech, high-touch bank



Attractive valuation – Trading at ~0.8X¹ tangible book value and ~5X¹ 2023E consensus. We will consider buying back common stock at below tangible book

1. Based on share price as of October 21, 2022 (~\$31.17)



ANALYST COVERAGE

B. Riley Financial, Inc.

D.A. Davidson Companies

Peter Winter

Hovde Group

David Bishop

Jefferies Group LLC

Casey Haire

Keefe, Bruyette & Woods Inc.

Michael Perito

Maxim Group Inc.

Michael Diana

Piper Sandler Companies

Frank Schiraldi

Stephens Inc.

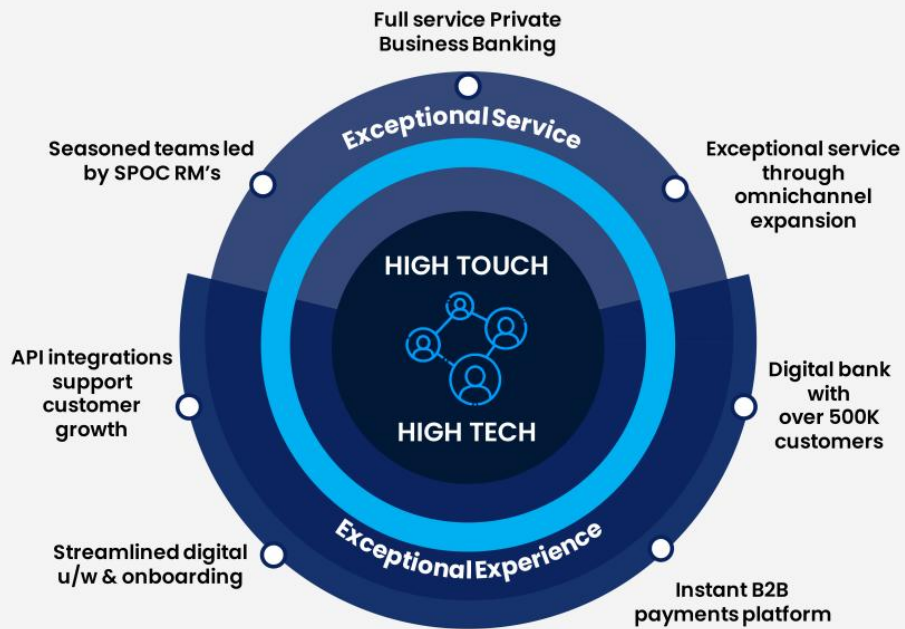
Matt Breese

Wedbush Securities Inc.

David Chiaverini



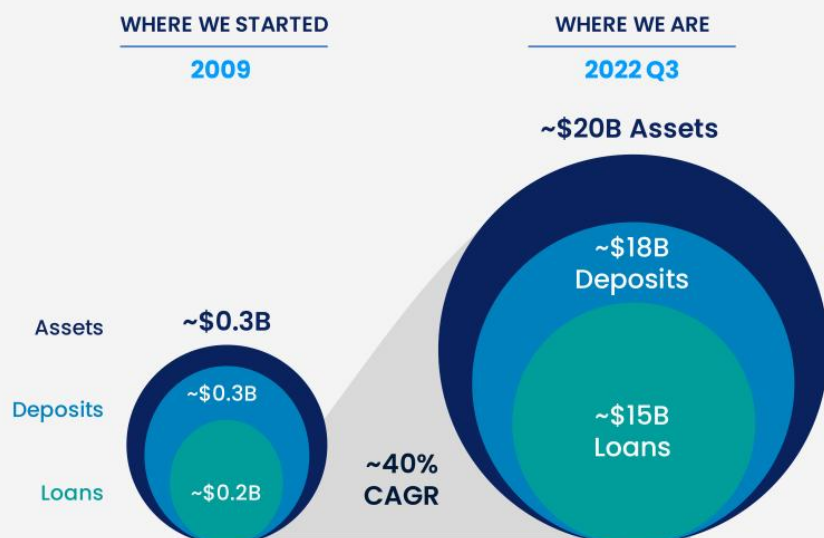
The customer is at the center of everything we do



- Single Point of Contact for customers (SPOC)
- Technology led customer experience
- Customer retention & referrals at an all time high
- Industry leading employee retention



Our vision for growth has remained a part of our story since the beginning



- A Digital-Forward Super-Community Bank
- Growth story remains committed to maintaining best in class credit quality
- Unique specialty lending strategy customizable to client needs
- Technology enhanced products and processes enable scalable loan and deposit growth





**customers
bank**

Let's take on tomorrow.

Environmental, Social & Governance Report



In total, **Customers Bank** contributed over \$4 million in 2021 through CRA-eligible donations, charitable donations, community sponsorships, and tax credit programs.

In addition to these contributions, **Customers Bank** made ~\$50 million of CRA-qualified investments (mutual funds and small business investment companies) to support affordable housing and economic development within the bank's footprint.

Customers Bank ultimately participated in over 350,000 Paycheck Protection Program (PPP) loans worth more than \$10 billion as an originator, funder, servicer, or lending partner. It is estimated that this work may have saved as many as 1 million jobs and tens of thousands of business establishments.

Pennsylvania Housing Finance Agency (PHFA) recognized **Customers Bank** as a top-10 producing lending partner across the state in 2021 for completing 241 mortgages totaling ~\$35 million

Customers Bank in 2021 financed over \$40 million of hydroelectric, solar and low emission domestic natural gas energy projects.

Customers Bank's SBA/Government Guaranteed Lending team ranked 36th in the nation in 2021 with ~\$56 million in loans to qualifying small businesses.

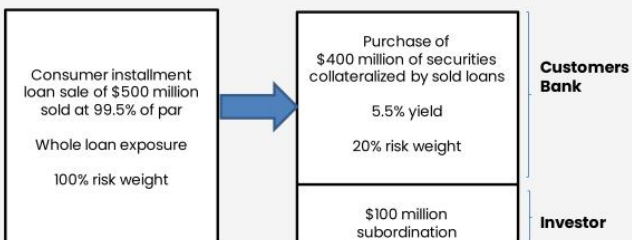
The **Board** created the **Environmental Social & Governance Committee** charging the members to drive a positive impact within the communities we serve and through the people and organizations with whom we do business.

Customers Bank was ranked as #1 "medium sized" employer in the Philadelphia region on the basis of its wellness program, culture and leadership commitment, foundational components, strategic planning, communication and marketing, programming and interventions, and reporting and analysis.

Consumer loan sale transaction results in significant capital build and lowers the perceived risk of the portfolio



Transaction Overview



Key benefits

- Financial benefits:** Capital build through reduction in RWA of ~\$420 million and CECL release of ~\$37 million. Total Q3'22 financial benefits of ~\$13 million pre-tax, which included CECL reserve release net of loss on sale of ~\$24 million, including deferred origination cost and other transaction related expenses
- Lowers the perceived credit risk of the consumer installment portfolio:** Sale of portfolio at 99.5% of par in the current environment validates the superior credit quality of CUBI's consumer installment loan portfolio

1. DTI and FICO score at time of origination.

Collateral Summary	Q2'22	Pool Sold	Q3'22
Total outstanding	\$1.9B	\$0.5B	\$1.4B
Credit Score¹	729	714	736
DTI (%)¹	17.4	21.8	17.9

Consumer Installment Loans

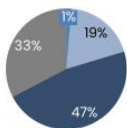
Weighted average life of ~1.7 years



FICO Score¹

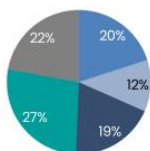
Average FICO Score¹ ~736

660-679 700-749
680-699 750+



Geography

West Southeast
Southwest Northeast
Midwest

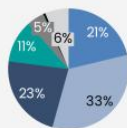


1. DTI and FICO score at time of origination.
Note: Data as of September 30, 2022

Debt to Income ratio

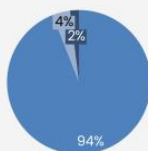
Average DTI ~17.9%

0-9.99% 40-49.99%
10-19.99% > 50%
20-29.99% Unknown
30-39.99%



Profession

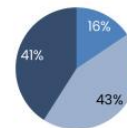
Non COVID-19 Impacted Segments
Non-Professional
Retail & Restaurants



Borrower Income

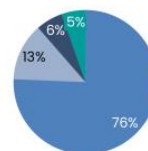
Average borrower income ~\$106k

<\$50K >\$100K
\$50K-\$100K



Purpose

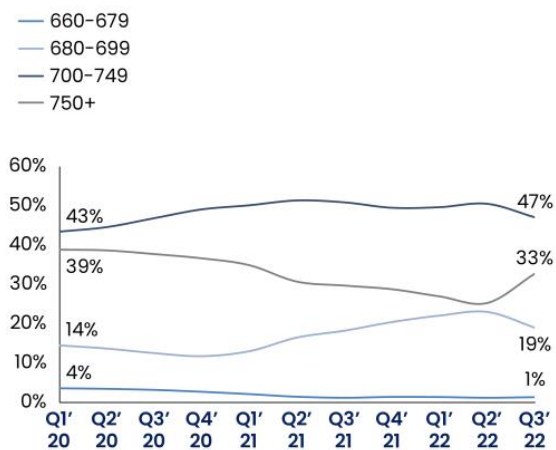
Personal Loan Home Improvement
Specialty Student Loan



CUBI Consumer Loans – Portfolio Characteristics



Portfolio FICO¹ score trends



- No consumer loans with FICO score < 660
- 80% of consumer loans with FICO score greater than 700
- Loans with FICO scores > 750 increase from 25% in Q2'22 to 33% in Q3'22

1. FICO score at time of origination.

Portfolio borrower income trends



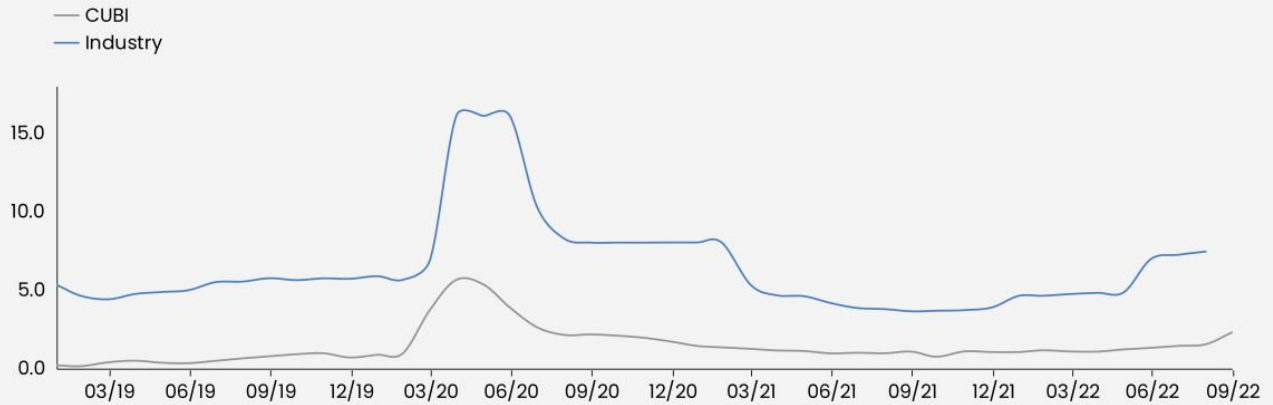
- 84% of consumer loans with borrower income greater than 50k
- 41% of consumer loans with borrower income greater than 100k

CUBI Consumer installment loans impairment remains well below industry levels



Impairment of consumer installment loans

Percent



- CUBI portfolio impairment well below industry levels

Note: Customers Bancorp's impairment percentages are considered 1 day+ delinquent or in forbearance. Industry chart is from DV01 Insights Performance Report-Consumer Credit Updated as of August 31, 2022 for Industry and 09/30/2022 for CUBI. September 22 Industry report yet to be released.

Credit: Allowance for Credit Losses for Loans and Leases



(\$ in thousands)	September 30, 2022		
	Amortized Cost	Allowance for Credit Losses	Lifetime Loss Rate
Loans and Leases Receivable:			
<u>Commercial:</u>			
Multi-Family	2,263,268	14,244	0.63%
Commercial and Industrial	6,307,803	15,131	0.24%
Commercial Real Estate Owner Occupied	726,670	6,220	0.86%
Commercial Real Estate Non-Owner Occupied	1,263,211	11,332	0.90%
Construction	136,133	1,614	1.19%
Total Commercial Loans and Leases Receivable	\$ 10,697,085	\$ 48,541	0.45%
<u>Consumer:</u>			
Residential real estate	\$ 465,772	\$ 5,453	1.17%
Manufactured housing	46,990	4,482	9.54%
Installment	1,397,895	71,721	5.13%
Total Consumer Loans Receivable	\$ 1,910,657	\$ 81,656	4.27%
Total Loans and Leases	\$ 12,607,742	\$ 130,197	1.03%

(1) Utilized Moody's September 2022 S1+S3 forecast with qualitative adjustments for Q2 2022 provision.
 (2) Excludes loans to mortgage companies reported at fair value, loans held for sale and PPP Loans.



Liquidity Sources (\$000's)	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22	YOY Change
Cash and Cash Equivalents	\$1,052,055	\$518,032	\$274,600	\$245,178	\$404,465	(\$647,589)
FHLB Available Borrowing Capacity	\$2,031,551	\$1,798,374	\$3,213,767	\$2,924,637	\$2,999,524	\$967,973
FRB Available Borrowing Capacity	\$186,000	\$191,000	\$214,908	\$244,802	\$2,557,704	\$2,371,704
Investments (MV AFS + HTM)						
US Gov't & Agency Debt	\$0	\$0	\$0	\$0	\$0	\$0
Agency & Non-Agency MBS & CMO	\$871,191	\$1,838,872	\$2,194,349	\$1,900,917	\$1,844,043	\$972,852
Municipals	\$8,655	\$8,430	\$7,950	\$7,737	\$7,351	(\$1,304)
Corporates	\$440,892	\$580,046	\$593,749	\$546,336	\$532,655	\$91,763
ABS ⁽¹⁾	\$540,959	\$1,364,227	\$1,347,981	\$1,160,160	\$1,421,075	\$880,116
Other AFS	\$5,000	\$25,575	\$25,824	\$24,771	\$24,864	\$19,864
Less: Pledged Securities HTM	(\$12,440)	(\$11,315)	(\$16,972)	(\$19,325)	(\$17,464)	(\$5,024)
Net Unpledged Securities	\$1,854,257	\$3,805,835	\$4,152,881	\$3,620,596	\$3,812,525	\$1,958,268
	\$5,123,863	\$6,313,241	\$7,856,156	\$7,035,212	\$9,774,219	\$4,650,356

(1) Includes CLOs

Reconciliation of 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.

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



Core Earnings – Customers Bancorp

(\$ in thousands, except per share data)

	Q3 2022		Q2 2022		Q1 2022		Q4 2021		Q3 2021	
	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share
GAAP net income to common shareholders	\$ 61,364	\$ 1.85	\$ 56,519	\$ 1.68	\$ 74,896	\$ 2.18	\$ 98,647	\$ 2.87	\$ 110,241	\$ 3.25
Reconciling items (after tax):										
Net loss from discontinued operations	-	-	-	-	-	-	1,585	0.05	-	-
Severance expense	1,058	0.03	-	-	-	-	-	-	-	-
Impairments on fixed assets and leases	126	0.00	705	0.02	220	0.01	1,118	0.03	-	-
Loss on sale of consumer installment loans	18,221	0.55	-	-	-	-	-	-	-	-
Legal reserves	-	-	-	-	-	-	-	-	897	0.03
(Gains) losses on investment securities	1,859	0.06	2,494	0.07	1,030	0.03	43	0.00	(4,591)	(0.14)
Derivative credit valuation adjustment	(358)	(0.01)	(351)	(0.01)	(736)	(0.02)	(180)	(0.01)	(198)	(0.01)
Deposit relationship adjustment fees	-	-	-	-	-	-	-	-	4,707	0.14
Loss on redemption of preferred stock	-	-	-	-	-	-	-	-	2,820	0.08
Core earnings	\$ 82,270	\$ 2.48	\$ 59,367	\$ 1.77	\$ 75,410	\$ 2.20	\$ 101,213	\$ 2.95	\$ 113,876	\$ 3.36

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



Core Earnings, Excluding PPP – Customers Bancorp

(\$ in thousands, not including per share amounts)

	Q3 2022		Q2 2022		Q1 2022		Q4 2021		Q3 2021	
	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share
GAAP net income to common shareholders	\$ 61,364	\$ 1.85	\$ 56,519	\$ 1.68	\$ 74,896	\$ 2.18	\$ 98,647	\$ 2.87	\$ 110,241	\$ 3.25
Less: PPP net income (after tax)	5,846	0.25	13,066	0.39	24,713	0.72	64,323	1.87	81,337	2.40
Net income to common shareholders, excluding PPP	55,518	1.59	43,453	1.29	50,183	1.46	34,324	1.00	28,904	0.85
Reconciling items (after tax):										
Net loss from discontinued operations	-	-	-	-	-	-	1,585	0.05	-	-
Severance expense	1,058	0.03	-	-	-	-	-	-	-	-
Impairments on fixed assets and leases	126	0.00	705	0.02	220	0.01	1,118	0.03	-	-
Loss on sale of consumer installment loans	18,221	0.55	-	-	-	-	-	-	-	-
Legal reserves	-	-	-	-	-	-	-	-	897	0.03
(Gains) losses on investment securities	1,859	0.06	2,494	0.07	1,030	0.03	43	0.00	(4,591)	(0.14)
Derivative credit valuation adjustment	(358)	(0.01)	(351)	(0.01)	(736)	(0.02)	(180)	(0.01)	(198)	(0.01)
Deposit relationship adjustment fees	-	-	-	-	-	-	-	-	4,707	0.14
Loss on redemption of preferred stock	-	-	-	-	-	-	-	-	2,820	0.08
Core earnings, excluding PPP	\$ 76,424	\$ 2.30	\$ 46,301	\$ 1.38	\$ 50,697	\$ 1.48	\$ 36,890	\$ 1.07	\$ 32,539	\$ 0.96

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



Core Return on Average Assets - Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP net income	\$ 63,912	\$ 58,650	\$ 76,761	\$ 100,669	\$ 116,042
Reconciling items (after tax):					
Net loss from discontinued operations	-	-	-	1,585	-
Severance expense	1,058	-	-	-	-
Impairments on fixed assets and leases	126	705	220	1,118	-
Loss on sale of consumer installment loans	18,221	-	-	-	-
Legal reserves	-	-	-	-	897
(Gains) losses on investment securities	1,859	2,494	1,030	43	(4,591)
Derivative credit valuation adjustment	(358)	(351)	(736)	(180)	(198)
Deposit relationship adjustment fees	-	-	-	-	4,707
Core net income	\$ 84,818	\$ 61,498	\$ 77,275	\$ 103,235	\$ 116,857
Average total assets	\$ 20,514,366	\$ 20,056,020	\$ 19,129,330	\$ 19,214,241	\$ 19,739,340
Core return on average assets	1.64%	1.23%	1.64%	2.13%	2.35%

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



Adjusted Net Income and Adjusted ROAA – Pre-Tax Pre-Provision – Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP net income	\$ 63,912	\$ 58,650	\$ 76,761	\$ 100,669	\$ 116,042
Reconciling items:					
Income tax expense	17,899	18,896	19,332	12,993	36,263
Provision (benefit) for credit losses	(7,994)	23,847	15,997	13,890	13,164
Provision (benefit) for credit losses on unfunded commitments	254	608	(109)	352	669
Severance expense	1,363	-	-	-	-
Net loss from discontinued operations	-	-	-	1,585	-
Impairments on fixed assets and leases	162	914	286	1,260	-
Loss on sale of consumer installment loans	23,465	-	-	-	-
Legal reserves	-	-	-	-	1,185
(Gains) losses on investment securities	2,394	3,232	1,339	49	(6,063)
Derivative credit valuation adjustment	(461)	(455)	(957)	(203)	(261)
Deposit relationship adjustment fees	-	-	-	-	6,216
Adjusted net income – pre-tax pre-provision	\$ 100,994	\$ 105,692	\$ 112,649	\$ 130,595	\$ 167,215
Average total assets	\$ 20,514,366	\$ 20,056,020	\$ 19,129,330	\$ 19,214,241	\$ 19,739,340
Adjusted ROAA – pre-tax pre-provision	1.95%	2.11%	2.39%	2.70%	3.36%

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



Core Return on Average Common Equity – Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP net income to common shareholders	\$ 61,364	\$ 56,519	\$ 74,896	\$ 98,647	\$ 110,241
Reconciling items (after tax):					
Net loss from discontinued operations	-	-	-	1,585	-
Severance expense	1,058	-	-	-	-
Impairments on fixed assets and leases	126	705	220	1,118	-
Loss on sale of consumer installment loans	18,221	-	-	-	-
Legal reserves	-	-	-	-	897
(Gains) losses on investment securities	1,859	2,494	1,030	43	(4,591)
Derivative credit valuation adjustment	(358)	(351)	(736)	(180)	(198)
Deposit relationship adjustment fees	-	-	-	-	4,707
Loss on redemption of preferred stock	-	-	-	-	2,820
Core earnings	\$ 82,270	\$ 59,367	\$ 75,410	\$ 101,213	\$ 113,876
Average total common shareholders' equity	\$ 1,259,711	\$ 1,244,819	\$ 1,252,022	\$ 1,179,478	\$ 1,071,566
Core return on average common equity	25.91%	19.13%	24.43%	34.04%	42.16%

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



Core Efficiency Ratio - Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP net interest income	\$ 159,032	\$ 164,852	\$ 164,699	\$ 193,694	\$ 219,892
GAAP non-interest income	\$ (9,017)	\$ 12,746	\$ 21,198	\$ 16,991	\$ 25,586
Loss on sale of consumer installment loans	23,465	-	-	-	-
(Gains) losses on investment securities	2,394	3,232	1,339	49	(6,063)
Derivative credit valuation adjustment	(461)	(455)	(957)	(203)	(261)
Core non-interest income	\$ 16,381	\$ 15,523	\$ 21,580	\$ 16,837	\$ 19,262
Core revenue	\$ 175,413	\$ 180,375	\$ 186,279	\$ 210,531	\$ 239,154
GAAP non-interest expense	\$ 76,198	\$ 76,205	\$ 73,807	\$ 81,548	\$ 80,009
Severance expense	(1,363)	-	-	-	-
Impairments on fixed assets and leases	(162)	(914)	(286)	(1,260)	-
Legal reserves	-	-	-	-	(1,185)
Deposit relationship adjustment fees	-	-	-	-	(6,216)
Core non-interest expense	\$ 74,673	\$ 75,291	\$ 73,521	\$ 80,288	\$ 72,608
Core efficiency ratio (1)	42.57%	41.74%	39.47%	38.14%	30.36%

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

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



Tangible Equity – Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP – Total shareholders' equity	\$ 1,386,931	\$ 1,353,390	\$ 1,377,406	\$ 1,366,217	\$ 1,284,299
Reconciling items:					
Goodwill and other intangibles	(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
Tangible equity	\$ 1,383,302	\$ 1,349,761	\$ 1,373,728	\$ 1,362,481	\$ 1,280,505

Tangible Book Value per Common Share – Customers Bancorp

(\$ in thousands, except per share data)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP – Total shareholders' equity	\$ 1,386,931	\$ 1,353,390	\$ 1,377,406	\$ 1,366,217	\$ 1,284,299
Reconciling items:					
Preferred stock	(137,794)	(137,794)	(137,794)	(137,794)	(137,794)
Goodwill and other intangibles	(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
Tangible common equity	\$ 1,245,508	\$ 1,211,967	\$ 1,235,934	\$ 1,224,687	\$ 1,142,711
Common shares outstanding	32,475,502	32,449,486	32,957,847	32,913,267	32,537,976
Tangible book value per common share	\$ 38.35	\$ 37.35	\$ 37.50	\$ 37.21	\$ 35.12

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



Tangible Common Equity to Tangible Assets, Excluding PPP – Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP – Total shareholders' equity	\$ 1,386,931	\$ 1,353,390	\$ 1,377,406	\$ 1,366,217	\$ 1,284,299
Reconciling items:					
Preferred stock	(137,794)	(137,794)	(137,794)	(137,794)	(137,794)
Goodwill and other intangibles	(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
Tangible common equity	\$ 1,245,508	\$ 1,211,967	\$ 1,235,934	\$ 1,224,687	\$ 1,142,711
GAAP total assets	\$ 20,367,621	\$ 20,251,996	\$ 19,163,708	\$ 19,575,028	\$ 19,108,922
Reconciling items:					
Goodwill and other intangibles	(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
PPP Loans	(1,154,632)	(1,570,160)	(2,195,902)	(3,250,008)	(4,957,357)
Tangible assets	\$ 19,209,360	\$ 18,678,207	\$ 16,964,128	\$ 16,321,284	\$ 14,147,771
Tangible common equity to tangible assets, excluding PPP	6.48%	6.49%	7.29%	7.50%	8.08%

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



Tangible Common Equity to Tangible Assets – Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP – Total shareholders' equity	\$ 1,386,931	\$ 1,353,390	\$ 1,377,406	\$ 1,366,217	\$ 1,284,299
Reconciling items:					
Preferred stock	(137,794)	(137,794)	(137,794)	(137,794)	(137,794)
Goodwill and other intangibles	(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
Tangible common equity	\$ 1,245,508	\$ 1,211,967	\$ 1,235,934	\$ 1,224,687	\$ 1,142,711
GAAP – Total assets	\$ 20,367,621	\$ 20,251,996	\$ 19,163,708	\$ 19,575,028	\$ 19,108,922
Reconciling items:					
Goodwill and other intangibles	(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
Tangible assets	\$ 20,363,992	\$ 20,248,367	\$ 19,160,030	\$ 19,571,292	\$ 19,105,128
Tangible common equity to tangible assets	6.12%	5.99%	6.45%	6.26%	5.98%

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



Core Loans (Total loans and leases, excluding PPP) – Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Total loans and leases	\$ 15,336,688	\$ 15,664,353	\$ 14,073,518	\$ 14,568,885	\$ 15,515,537
PPP loans	(1,154,632)	(1,570,160)	(2,195,902)	(3,250,008)	(4,957,357)
Loans and leases, excluding PPP	\$ 14,182,056	\$ 14,094,193	\$ 11,877,616	\$ 11,318,877	\$ 10,558,180

Total loans and leases, excluding loans to mortgage companies and PPP – Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Total loans and leases	\$ 15,336,688	\$ 15,664,353	\$ 14,073,518	\$ 14,568,885	\$ 15,515,537
Loans to mortgage companies	(1,708,587)	(1,975,189)	(1,830,121)	(2,362,438)	(2,626,483)
PPP loans	(1,154,632)	(1,570,160)	(2,195,902)	(3,250,008)	(4,957,357)
Loans and leases, excluding loans to mortgage companies and PPP	\$ 12,473,469	\$ 12,119,004	\$ 10,047,495	\$ 8,956,439	\$ 7,931,697

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



Tangible assets, excluding PPP – Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP – Total assets	\$ 20,367,621	\$ 20,251,996	\$ 19,163,708	\$ 19,575,028	\$ 19,108,922
Reconciling items:					
Goodwill and other intangibles	(3,629)	(3,629)	(3,678)	(3,736)	(3,794)
PPP loans	(1,154,632)	(1,570,160)	(2,195,902)	(3,250,008)	(4,957,357)
Tangible assets	\$ 19,209,360	\$ 18,678,207	\$ 16,964,128	\$ 16,321,284	\$ 14,147,771

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

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Loans and leases receivable	\$ 13,762,374	\$ 13,783,155	\$ 12,314,757	\$ 12,268,306	\$ 12,927,956
PPP loans	(1,154,632)	(1,570,160)	(2,195,902)	(3,250,008)	(4,957,357)
Loans and leases held for investment, excluding PPP	\$ 12,607,742	\$ 12,212,995	\$ 10,118,855	\$ 9,018,298	\$ 7,970,599
Allowance for credit losses on loans and leases	\$ 130,197	\$ 156,530	\$ 145,847	\$ 137,804	\$ 131,496
Coverage of credit loss reserves for loans and leases held for investment, excluding PPP	1.03%	1.28%	1.44%	1.53%	1.65%

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



Net Interest Income, Excluding PPP – Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP net interest income	\$ 159,032	\$ 164,852	\$ 164,699	\$ 193,694	\$ 219,892
PPP net interest income	(9,632)	(18,946)	(34,615)	(78,647)	(112,005)
Net interest income, excluding PPP	\$ 149,400	\$ 145,906	\$ 130,084	\$ 115,047	\$ 107,887

Net Interest Margin, Tax Equivalent, Excluding PPP – Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
GAAP net interest income	\$ 159,032	\$ 164,852	\$ 164,699	\$ 193,694	\$ 219,892
PPP net interest income	(9,632)	(18,946)	(34,615)	(78,647)	(112,005)
Tax-equivalent adjustment	334	270	239	276	290
Net interest income, tax equivalent, excluding PPP	\$ 149,734	\$ 146,176	\$ 130,323	\$ 115,323	\$ 108,177
GAAP average total interest earning assets	\$ 20,021,455	\$ 19,525,936	\$ 18,572,308	\$ 18,576,433	\$ 19,033,826
Average PPP loans	(1,349,403)	(1,863,429)	(2,641,318)	(3,898,607)	(5,778,367)
Adjusted average total interest earning assets	\$ 18,672,052	\$ 17,662,507	\$ 15,930,990	\$ 14,677,826	\$ 13,255,459
Net interest margin, tax equivalent, excluding PPP	3.18%	3.32%	3.32%	3.12%	3.24%

Loan Yield, excluding PPP – Customers Bancorp

(\$ in thousands)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Total interest on loans and leases	\$ 200,457	\$ 168,941	\$ 157,175	\$ 198,000	\$ 233,097
Interest on PPP loans	(14,666)	(20,572)	(36,894)	(82,086)	(117,102)
Interest on loans and leases, excluding PPP	\$ 185,791	\$ 148,369	\$ 120,281	\$ 115,914	\$ 115,995
Average loans and leases	\$ 15,653,983	\$ 14,918,498	\$ 13,656,991	\$ 14,335,370	\$ 16,192,744
Average PPP loans	(1,349,403)	(1,863,429)	(2,641,318)	(3,898,607)	(5,778,367)
Adjusted average total interest earning assets	\$ 14,304,580	\$ 13,055,069	\$ 11,015,673	\$ 10,436,763	\$ 10,414,377
Loan yield, excluding PPP	5.15%	4.56%	4.43%	4.41%	4.42%

