



# Customers Bancorp, Inc.

Executing On Our Unique Higher Performing  
Banking Model

**Q3 Earnings Call**  
**Investor Presentation**  
October, 2018  
NYSE: CUBI

**Customers  Bank**  
Member FDIC

# Strategic Priorities

## 1) Create shareholder value through improved profitability

- We target an ROAA of 1.25% in the next 3-5 years
- We target a double digit ROTCE in the next 3 years
- We target a NIM of 2.75%+ in the next 12-18 months

## 2) Focus and grow core banking operations

- We expect to grow our core banking franchise (low cost deposits, C&I lending) through reductions in non-core areas (multi-family loans and high cost wholesale funding)
- We expect to manage the consolidated balance sheet under \$10 billion at December 31<sup>st</sup> significantly improving capital and profitability while preserving full interchange income from debit cards<sup>(1)</sup>

## 3) Grow BankMobile for 2-3 years before monetizing the investment

- BankMobile's merger with Flagship Community Bank was terminated on October 18, 2018 given regulatory complications, notably concerns that Customers and Flagship would be considered affiliates by the Federal Reserve and interchange income would be significantly reduced under the Durbin Amendment. The termination triggered \$2.0 million of after-tax merger and acquisition termination costs
- We now expect to retain BankMobile for 2-3 years, but will regularly assess the situation
- We expect BankMobile to generate a positive contribution to Customers' earnings by the end of 2019
- We are excited about BankMobile's new White Label partner, which we expect to generate significant low cost deposit growth

## 4) Strengthen our mix

- In September, we sold \$495 million of low yielding securities which were funded with high cost borrowings
- We expect to grow C&I lending and consumer lending and create space on the balance sheet with multi-family reductions
- We expect to grow low cost deposits and run-off high cost funding; we currently have over \$700 million of deposits with a cost of 2.5%+

## 5) Deploy excess capital to benefit shareholders

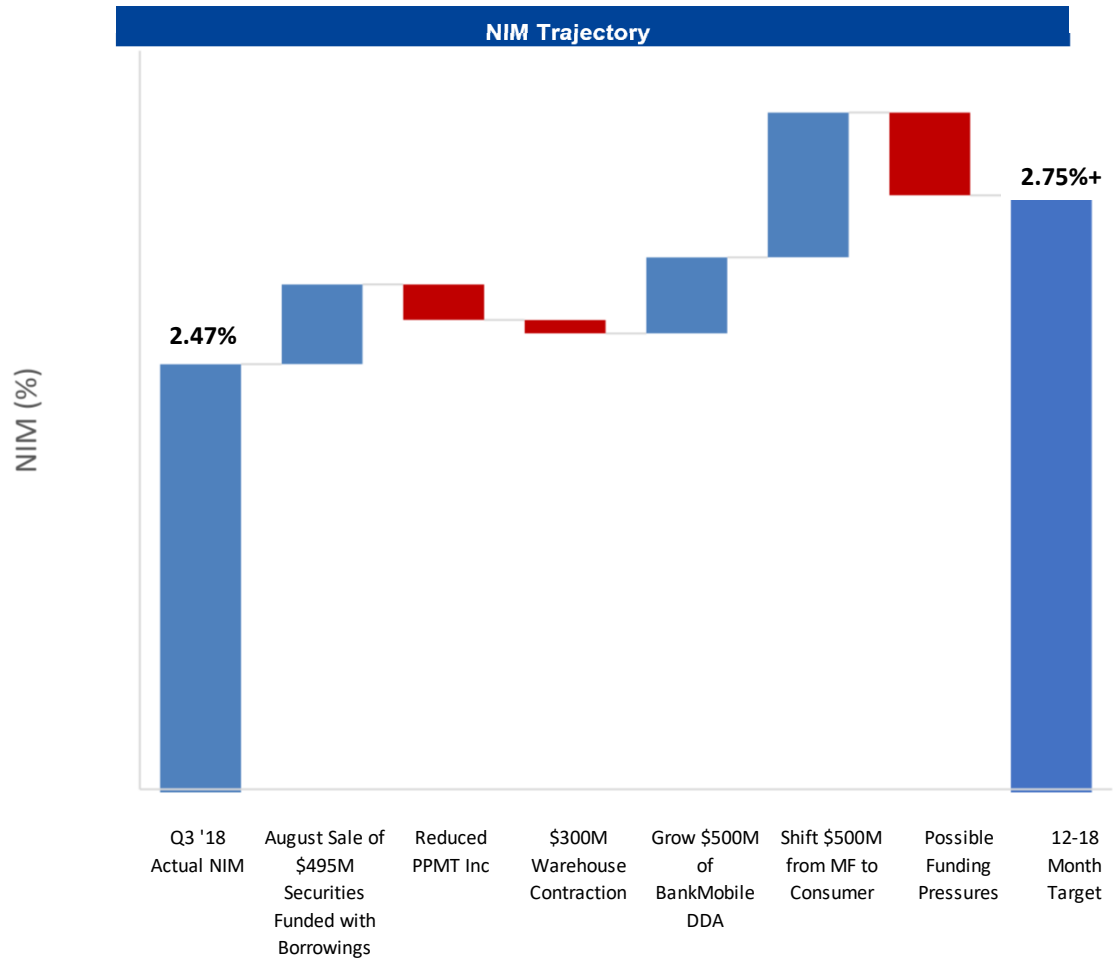
- We expect our year-end TCE ratio will be approximately 7.5%, above our 7.0% target
- As we retain earnings and maintain a flat balance sheet, capital ratios will build
- Our board will evaluate the options for excess capital, including share repurchases or calling preferred shares when they become callable

<sup>(1)</sup> Given the shift in strategy, Customers is withdrawing all prior 2018 guidance

# Strategic Priorities: Improving Profitability

## Profitability

- We expect to reach our NIM target of 2.75%+ by the end of 2019
- We target an ROA of 1.25% in 3-5 years, double digit ROTCE. We can get there with a:
  - 2.75% NIM
  - 52% efficiency
  - growth in fee income.



# Investment Proposition

## Highly Focused, Innovative, Relationship Banking Based Commercial Bank

Business bank with a unique private banking service model; approximately \$10 billion in assets  
Highly skilled teams targeting privately held businesses and high net worth families

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

Target market from Boston to Washington DC along Interstate 95, and Chicago  
Robust risk management driven business strategy

## Significantly Improving Profitability & Efficient Operations

Operating efficiencies offset tighter margins and generate sustainable profitability  
Target above average ROAA (1.25% in 3-5 years and double digit ROTCE)

## Strong Credit Quality & Expanding Margin

Unwavering underwriting standards  
Loan portfolio performance consistently better than industry and peers

## Attractive Valuation

October 24, 2018 share price of \$18.60, 8.2x street estimated 2019 EPS of \$2.27 and  
0.82x tangible book value<sub>(1)</sub>  
September 30, 2018 tangible book value<sub>(1)</sub> of \$22.74, which has grown at a CAGR of 8% over the last 5 years

## BankMobile

We expect to retain BankMobile, our disruptive digital banking strategy, for the next 2-3 years and are excited about our recently announced first White Label partnership

(1) Tangible book value is a non-GAAP measure. Refer to the reconciliation schedules at the end of this document.

# Customers Bancorp, Inc.

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Q3'18 Financial Results

# Q3 2018 Key Financial Results

	Consolidated	Community Business Banking Segment
GAAP Diluted Earnings Per Share (EPS)	\$0.07	\$0.26
"Adjusted" Diluted Earnings Per Share (EPS) <sup>(1)</sup>	\$0.62	\$0.73
<i>YOY Change</i>	29%	15%
GAAP Net Income Available to Common (\$ millions)	\$2.4	\$8.3
"Adjusted" Net Income Available to Common (\$ millions) <sup>(1)</sup>	\$20.1	\$23.7
Tangible Book Value (TBV) <sup>(2)</sup>	\$22.74	
Return on Average Assets (ROAA)	0.22%	0.44%
"Adjusted" ROAA <sup>(1)</sup>	0.88%	1.02%
Return on Average Common Equity (ROACE)	1.31%	4.67%
"Adjusted" ROACE <sup>(1)</sup>	10.9%	13.4%
Efficiency	66%	50%

Valuation <sup>(3)</sup>	
Oct 24 Price	\$18.60
P/E 2018	8.2x
P/E 2019	8.2x
P/TBV <sup>(2)</sup>	0.82x

## Q3 2018 Highlights

- 29% YOY growth in adjusted EPS
- 15% YOY growth in C&I lending (excluding loans to mortgage companies)
- 7% YOY decline in Multi-family loans
- \$1.2 billion growth (17% QOQ) in Q3 total deposits
- Sold \$495M of lower yielding securities; repaid similar amount of borrowings in October
- Pristine credit quality

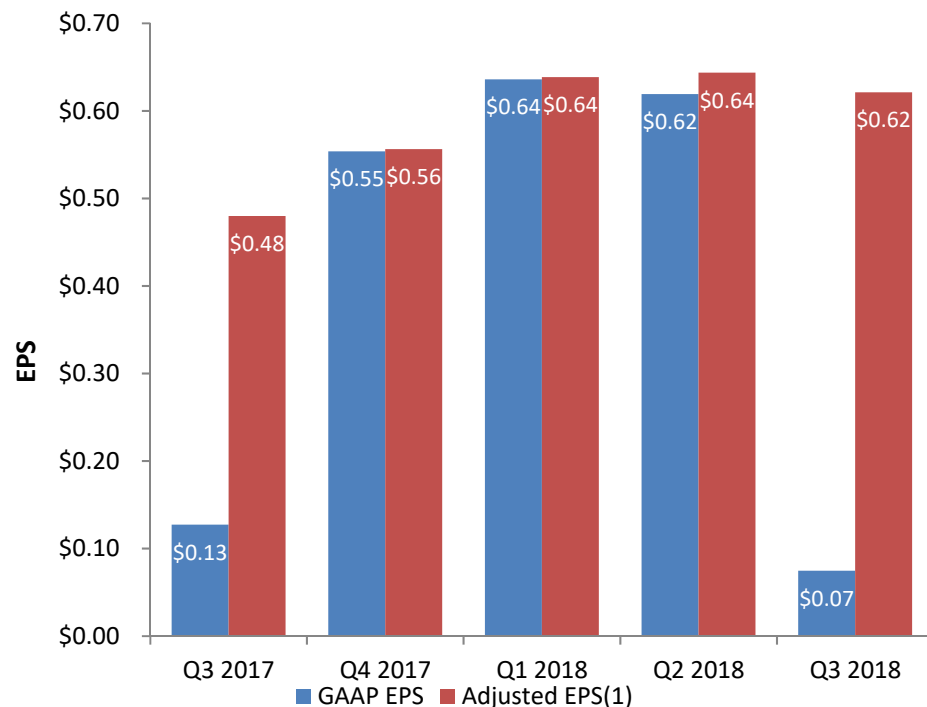
(1) A non-GAAP measure. Refer to the reconciliation schedules at the end of this document

(2) Tangible book value is a non-GAAP measure; refer to reconciliation at the end of this document

(3) 2018 and 2019 consensus EPS estimates of \$2.28 and \$2.27, respectively, were sourced from S&P Global

# Q3 2018 Consolidated Results

GAAP vs. Adjusted EPS(1)



**Q3 2018 Net Income to Common Shareholders of \$2.4 million, and Diluted Earnings Per Common Share of \$0.07.**

- 29% year-over-year growth in adjusted earnings per share<sup>(1)</sup>
- \$0.26 of diluted EPS from the Community Business Banking segment; \$0.73 adjusted EPS<sup>(1)</sup> from the Community Business Banking segment
- \$0.18 of diluted loss from the BankMobile segment, which assumes a 3.10% earnings rate on BankMobile's low cost deposits. \$0.11 adjusted diluted loss<sup>(1)</sup> per share from the BankMobile segment

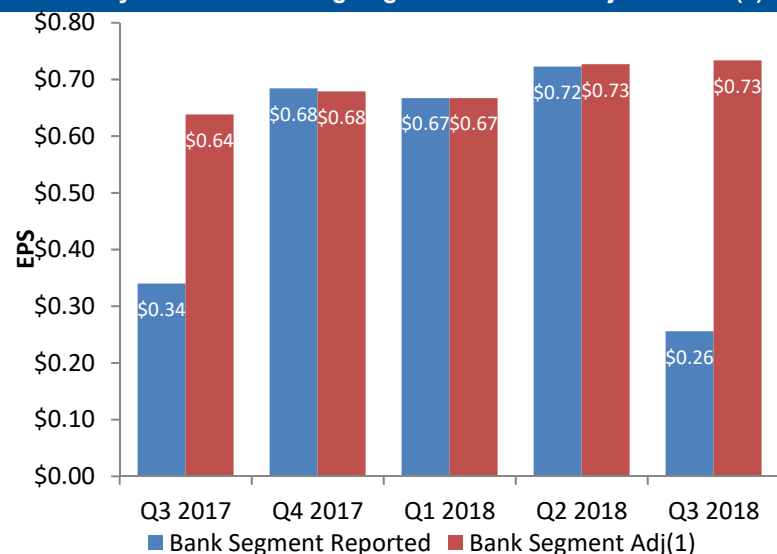
	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
<b>GAAP EPS</b>	<b>\$0.13</b>	<b>\$0.55</b>	<b>\$0.64</b>	<b>\$0.62</b>	<b>\$0.07</b>
Adjustments:					
Impairment Loss on Equity Security	\$0.40	\$0.00	\$0.00	\$0.00	\$0.00
Merger and Acquisition Related Expenses	\$0.00	\$0.01	\$0.00	\$0.02	\$0.07
D&A Catchup <sup>(2)</sup>	\$0.05	\$0.00	\$0.00	\$0.00	\$0.00
Securities (Gains) losses	<u>(\$0.10)</u>	<u>(\$0.00)</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.48</u>
<b>Adjusted EPS<sup>(1)</sup></b>	<b>\$0.48</b>	<b>\$0.56</b>	<b>\$0.64</b>	<b>\$0.64</b>	<b>\$0.62</b>

(1) Adjusted EPS is a non-GAAP measure; refer to the reconciliation schedules at the end of this document

(2) D&A Catchup refers to the reallocation of depreciation and amortization expense after the Q3 2017 decision to classify BankMobile as held and used instead of held for sale  
Source: Company data. Total may not equal sum of parts due to rounding

# Q3 2018 Highlights: Community Business Banking Segment

Community Business Banking Segment GAAP vs. Adjusted EPS<sup>(1)</sup>



Community Business Banking segment Q3 2018 profits of \$8.3 million (or \$0.26 per diluted share); adjusted segment profits of \$23.7 million (or \$0.73 per diluted share)<sup>(1)</sup>

Community Business Banking Segment Income Statement (\$ in 000s, Except Per Share Data)

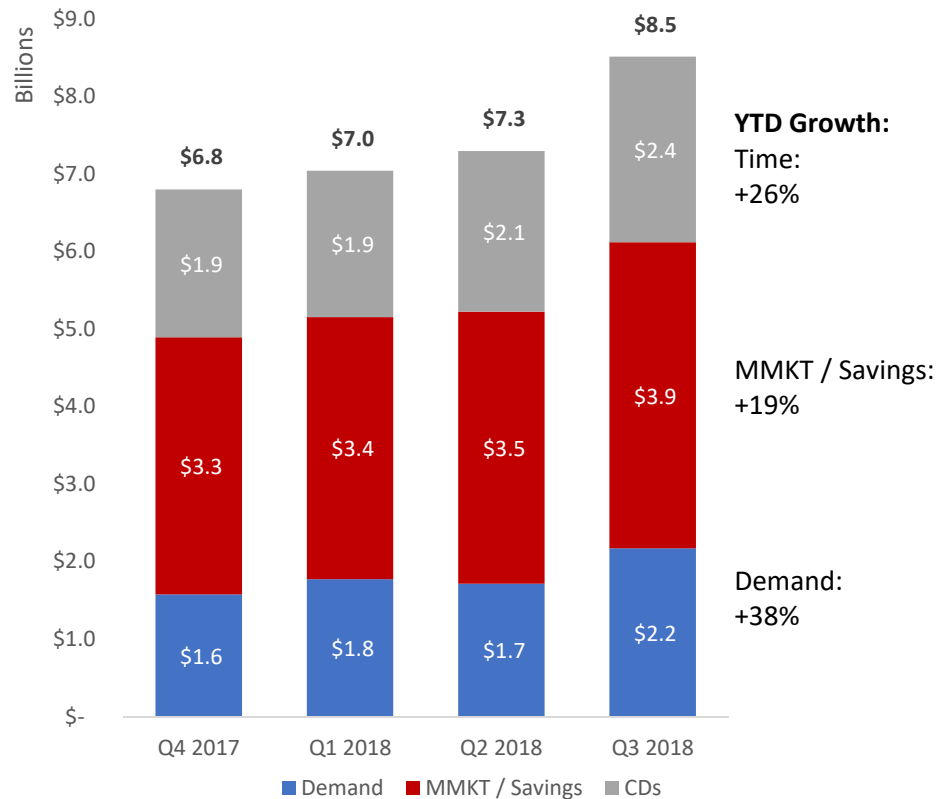
	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Net interest income	\$65,335	\$65,103	\$60,637	\$63,928	\$60,174
Provision for loan losses	\$1,874	\$179	\$1,874	(\$1,247)	\$2,502
Securities Gains / (Losses) / (Impairment)	(\$3,000)	\$268	\$10	(\$84)	(\$19,895)
Other Non-interest income	\$7,190	\$7,932	\$8,429	\$7,549	\$12,139
Non-interest expense	\$33,990	\$33,900	\$34,331	\$37,721	\$36,115
Income before income tax expense	\$33,661	\$39,224	\$32,871	\$34,919	\$13,801
Income tax expense	\$18,999	\$13,369	\$7,728	\$7,910	\$1,930
Net income	\$14,662	\$25,855	\$25,143	\$27,009	\$11,871
Preferred stock dividends	\$3,615	\$3,615	\$3,615	\$3,615	\$3,615
<b>Net income available to common</b>	<b>\$11,047</b>	<b>\$22,240</b>	<b>\$21,528</b>	<b>\$23,394</b>	<b>\$8,256</b>
<b>Community Business Banking Segment EPS</b>	<b>\$0.34</b>	<b>\$0.68</b>	<b>\$0.67</b>	<b>\$0.72</b>	<b>\$0.26</b>
Adjustments:					
Securities (Gains) / Losses / Impairment	\$0.30	\$0.00	\$0.00	\$0.00	\$0.48
<b>Segment Adjusted EPS<sup>(1)</sup></b>	<b>\$0.64</b>	<b>\$0.68</b>	<b>\$0.67</b>	<b>\$0.73</b>	<b>\$0.73</b>

(1) A Non-GAAP measure; refer to the reconciliation schedules at the end of this document



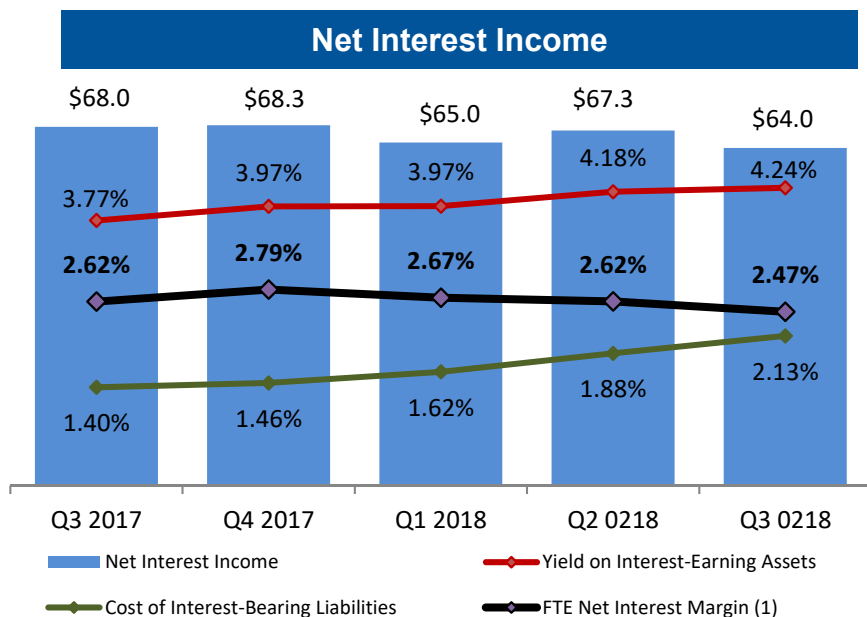
# Q3 2018 Deposits: Growth Accelerated in Q3'18

## YTD Deposit Growth



We are improving our funding mix as we replace higher cost funding with lower cost core deposits from BankMobile, our Digital Direct Bank, and core business units

Source: Company Data



## FTE NIM<sup>(1)</sup> narrowed 15 bps sequentially to 2.47%

- 6 bps NIM benefit from asset yields
  - -4 bps headwind from reduction in prepayment income
  - +11 bps benefit from increase in asset yields
  - -2 bps pressure from adverse mix shift including cash build
- 21 bps NIM pressure from liabilities
  - -19 bps pressure from higher deposit costs
  - -7 bps pressure from higher borrowing costs
  - +5 bps benefit from favorable funding mix shift
- **Margin is expected to reach 2.75% in 12-18 months**, up from prior guidance of 2.60% to 2.75% over a 1 to 2 year period

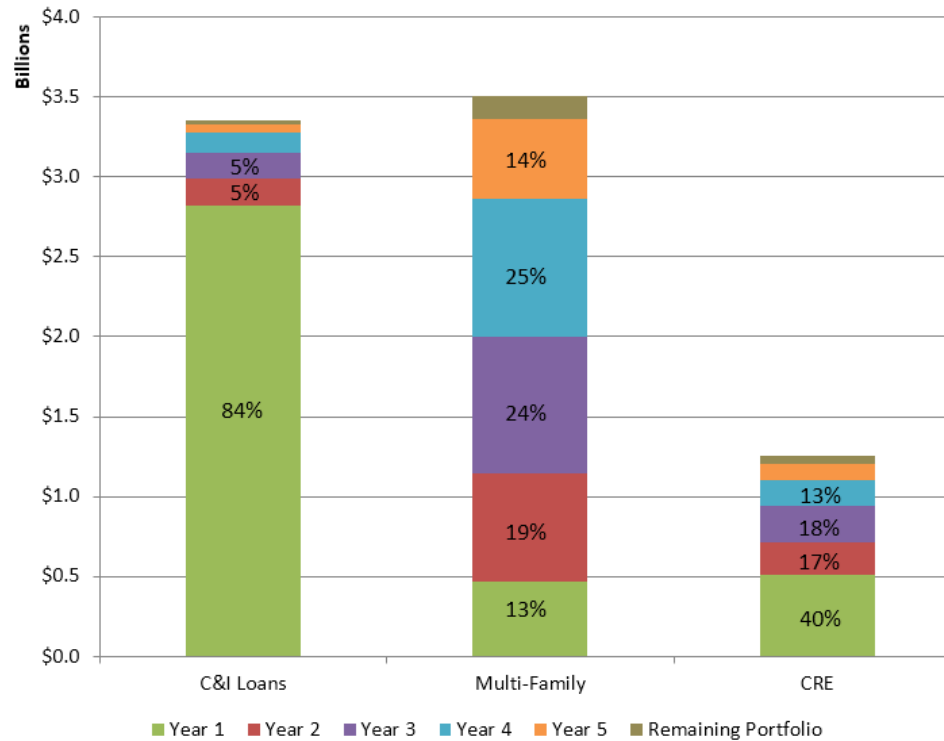
## Steps to mitigate core margin pressure

- Sold \$495 million of securities with a 2.67% yield, and exited approximately \$500 million of borrowings with a 2.85% cost
- Expect significant growth in low cost BankMobile White Label and Disbursement deposits to replace higher cost funding
- Expect multifamily loans to end 2018 at \$3.3B and head lower; we will grow higher yielding consumer loans
- Significantly limiting originations of loans with yields below 5%
- Implemented product and channel strategies (including digital channel for Customers Bank) to grow core deposits in the short and long term

(1) The fully taxable equivalent net interest margin (FTE NIM) is a non-GAAP measure; refer to the reconciliation schedules at the end of this document

# Loan Repricing Characteristics

Loan Repricing by Segment, at September 30, 2018

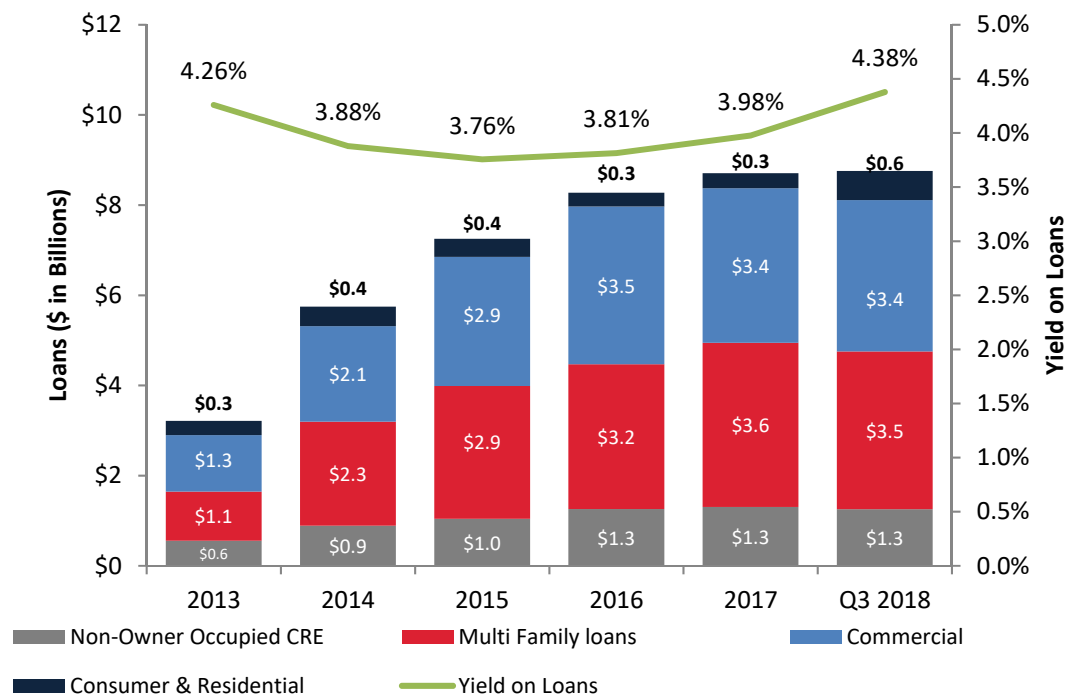


- 84% of our C&I loans, including loans to mortgage companies, 40% of our CRE loans, and 13% of our Multifamily loans reprice within 1 year
- C&I loans (including those to mortgage companies) make up 38% of our total loans

\*Repricing includes the following: contractual loan repricing and maturities, contractual principal payments, and assumed loan prepayments

# Q3 2018 Loans

## Loan Growth

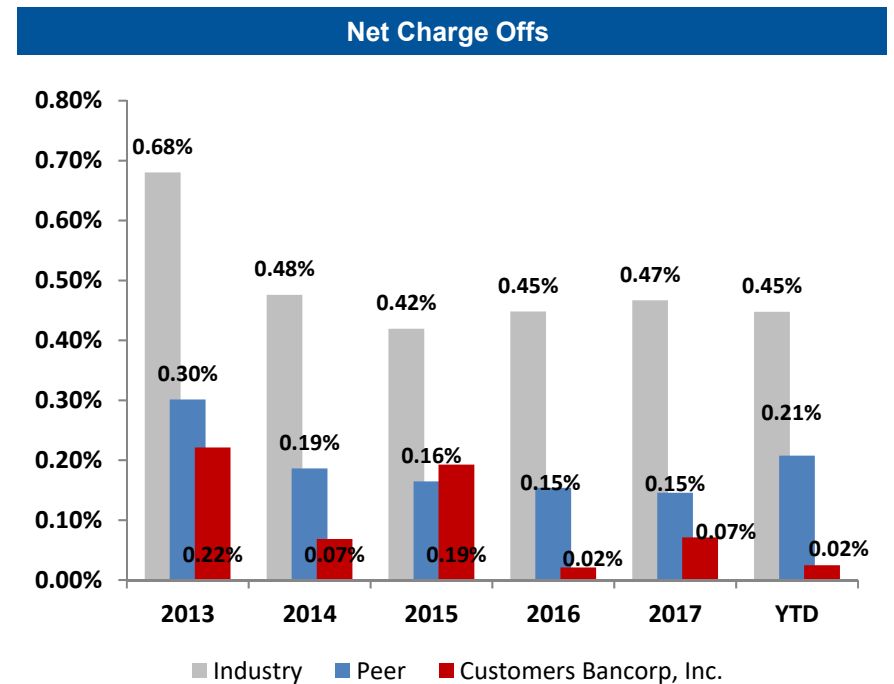
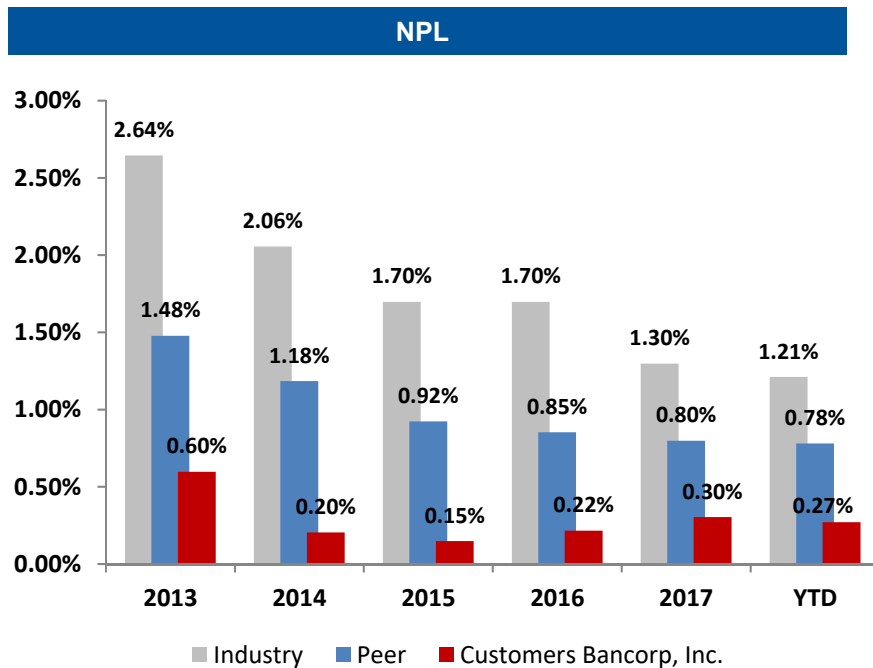


### Q3 2018 loans totaled \$8.8 Billion

- The yield on loans increased 3 bps sequentially and 44 bps from Q3 2017
- 15% YOY growth in C&I (excluding commercial loans to mortgage companies)
- 7% YOY decline in Multi-family loans

# Outstanding Credit Quality

Credit metrics remain better than peers

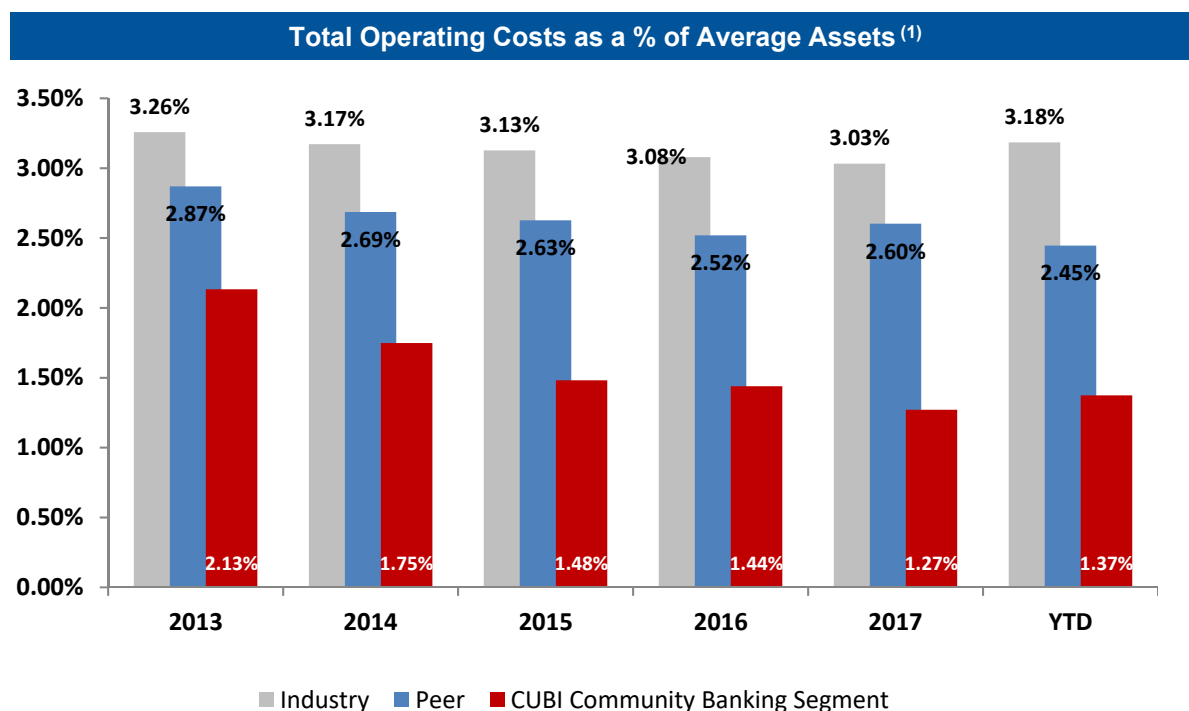


Note: Customers 2015 charge-offs includes 12 bps for a \$9 million fraudulent loan

Source: S&P Global, Company data. Peer data consists of Northeast and Mid-Atlantic banks and thrifts with comparable asset size and predominantly commercial business focused loan portfolios as further described in our 2018 proxy. Industry data includes all commercial and savings banks. Peer and industry data as of June 30, 2018. Industry and peer data in the current YTD period is not yet available for all companies.

# Superior Operating Efficiency and Costs

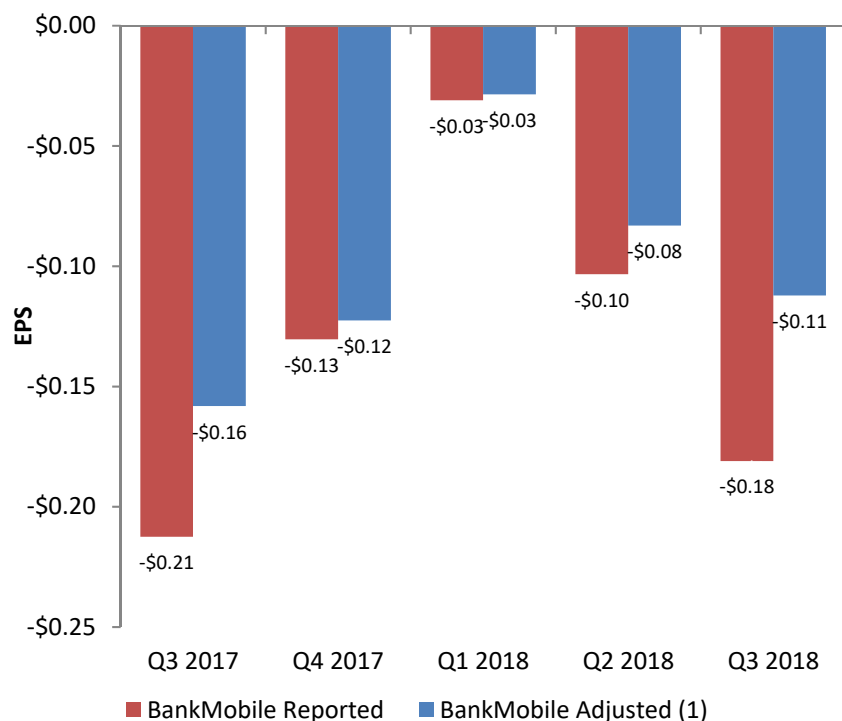
Our Community Banking Segment operating costs, as a percentage of assets, are at least 100 bps lower than peers and at least 175 bps lower than the industry



(1) Source: S&P Global and Company data. Data based on Community Banking Segment unless labeled Consolidated. Peer data consists of Northeast and Mid-Atlantic banks and thrifts with comparable asset size and predominantly commercial business focused loan portfolios as further described in our 2018 proxy. Industry data includes all commercial and savings banks. Peer and industry data as of June 30, 2018. Industry and peer data in the current YTD period is not yet available for all companies.

# Q3 2018 Highlights: BankMobile Segment

**BankMobile Segment GAAP vs. Adjusted EPS(1)**



**BankMobile segment** loss of \$5.8 million (or  $-\$0.18$  per diluted share) in Q3 2018, and adjusted loss of \$3.6 million (or  $-\$0.11$  per diluted share)

- BankMobile deposits averaged \$497 million in Q3 2018, a 6.4% decline over Q3 2017 levels
- BankMobile segment reporting reflects a 3.10% yield on deposits in Q3 2018, compared to 2.02% in Q3 2017
- Operating expenses decreased 17% over the prior year, despite significant investment in technology to support expected White Label partnerships

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
<b>BankMobile Reported</b>	<b>-\$0.21</b>	<b>-\$0.13</b>	<b>-\$0.03</b>	<b>-\$0.10</b>	<b>-\$0.18</b>
Adjustments:					
Merger and Acquisition Related Expenses	\$0.00	\$0.01	\$0.00	\$0.02	\$0.07
D&A Catchup <sup>(2)</sup>	<u>\$0.05</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>BankMobile Adjusted <sup>(1)</sup></b>	<b>-\$0.16</b>	<b>-\$0.12</b>	<b>-\$0.03</b>	<b>-\$0.08</b>	<b>-\$0.11</b>

(1) A Non-GAAP measure; refer to the reconciliation schedule at the end of this document

(2) D&A catchup refers to the reallocation of depreciation and amortization expense after the Q3 2017 decision to classify BankMobile as held and used instead of held for sale  
Source: Company data

# BankMobile Segment Expanded Financials

## BankMobile Segment Income Statement (\$ in 000s), Except Per Share Data

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Interest income	\$3	\$3	\$4	\$11	\$15	\$7	\$7	\$10	\$9	\$9	\$14
Interest expense	\$7	\$7	\$7	\$17	\$20	\$18	\$16	\$15	\$16	\$135	\$62
Fund Transfer Pricing	\$1,723	\$1,306	\$1,381	\$2,466	\$4,247	\$2,738	\$2,693	\$3,202	\$4,401	\$3,520	\$3,875
Net interest income	\$1,718	\$1,301	\$1,377	\$2,460	\$4,242	\$2,727	\$2,684	\$3,197	\$4,394	\$3,394	\$3,827
Provision for loan losses	-\$1	\$0	\$250	\$546	\$0	\$0	\$478	\$652	\$243	\$463	\$422
Deposit Fees	\$1	\$509	\$3,916	\$2,500	\$2,803	\$1,875	\$2,338	\$1,833	\$1,805	\$1,338	\$1,691
Card Revenue	\$226	\$1,730	\$11,387	\$10,719	\$13,308	\$8,521	\$9,355	\$9,542	\$9,438	\$6,199	\$6,903
Other Fees	\$0	\$164	\$1,062	\$991	\$1,216	\$1,024	\$2,143	\$165	\$1,228	\$1,125	\$1,246
Total non-interest income	\$227	\$2,403	\$16,365	\$14,210	\$17,327	\$11,420	\$13,836	\$11,540	\$12,471	\$8,662	\$9,840
Compensation & Benefits	\$866	\$1,708	\$5,419	\$5,595	\$4,949	\$6,965	\$6,154	\$5,909	\$5,671	\$5,918	\$5,695
Occupancy	\$59	\$67	\$71	\$70	\$109	\$104	\$297	\$321	\$309	\$321	\$328
Technology	\$286	\$1,448	\$5,847	\$6,585	\$6,617	\$6,386	\$11,740	\$9,796	\$7,129	\$7,172	\$8,171
Outside services	\$251	\$886	\$4,264	\$4,267	\$4,519	\$3,310	\$3,871	\$3,366	\$2,899	\$1,665	\$2,205
Merger related expenses	\$176	\$874	\$144	\$0	\$0	\$0	\$0	\$410	\$106	\$869	\$2,945
Other non-interest expenses	\$397	\$1,115	\$4,178	\$3,266	\$3,025	\$3,081	\$4,988	\$1,085	\$1,835	\$85	\$1,645
Total Non-interest expense	\$2,034	\$6,099	\$19,922	\$19,783	\$19,219	\$19,846	\$27,050	\$20,888	\$17,949	\$16,029	\$20,989
Income (loss) before income tax expense	-\$88	-\$2,394	-\$2,431	-\$3,659	\$2,350	-\$5,699	-\$11,008	-\$6,803	-\$1,327	-\$4,436	-\$7,744
Income tax expense (benefit)	-\$33	-\$910	-\$924	-\$1,390	\$893	-\$2,166	-\$4,100	-\$2,563	-\$326	-\$1,090	-\$1,902
<b>Net income (loss) available to common</b>	<b>-\$54</b>	<b>-\$1,484</b>	<b>-\$1,507</b>	<b>-\$2,269</b>	<b>\$1,457</b>	<b>-\$3,533</b>	<b>-\$6,908</b>	<b>-\$4,240</b>	<b>-\$1,001</b>	<b>-\$3,346</b>	<b>-\$5,842</b>
EPS	\$0.00	-\$0.05	-\$0.05	-\$0.07	\$0.04	-\$0.11	-\$0.21	-\$0.13	-\$0.03	-\$0.10	-\$0.18
<b>Adjusted EPS for D&amp;A catchup <sup>(2)</sup> and merger and acquisition charges <sup>(1)</sup></b>	<b>\$0.00</b>	<b>-\$0.03</b>	<b>-\$0.05</b>	<b>-\$0.07</b>	<b>\$0.02</b>	<b>-\$0.14</b>	<b>-\$0.16</b>	<b>-\$0.12</b>	<b>-\$0.03</b>	<b>-\$0.08</b>	<b>-\$0.11</b>
End of Period Deposits (\$ in Millions)	\$337	\$240	\$533	\$457	\$708	\$453	\$781	\$400	\$624	\$419	\$732
Average Deposits (\$ in Millions)	\$351	\$286	\$332	\$548	\$794	\$532	\$531	\$558	\$644	\$468	\$497
Yield Earned on Avg. Deposits	1.99%	1.84%	1.65%	1.79%	2.18%	2.07%	2.02%	2.28%	2.78%	3.03%	3.10%

(1) A Non-GAAP measure; refer to the reconciliation schedule at the end of this document

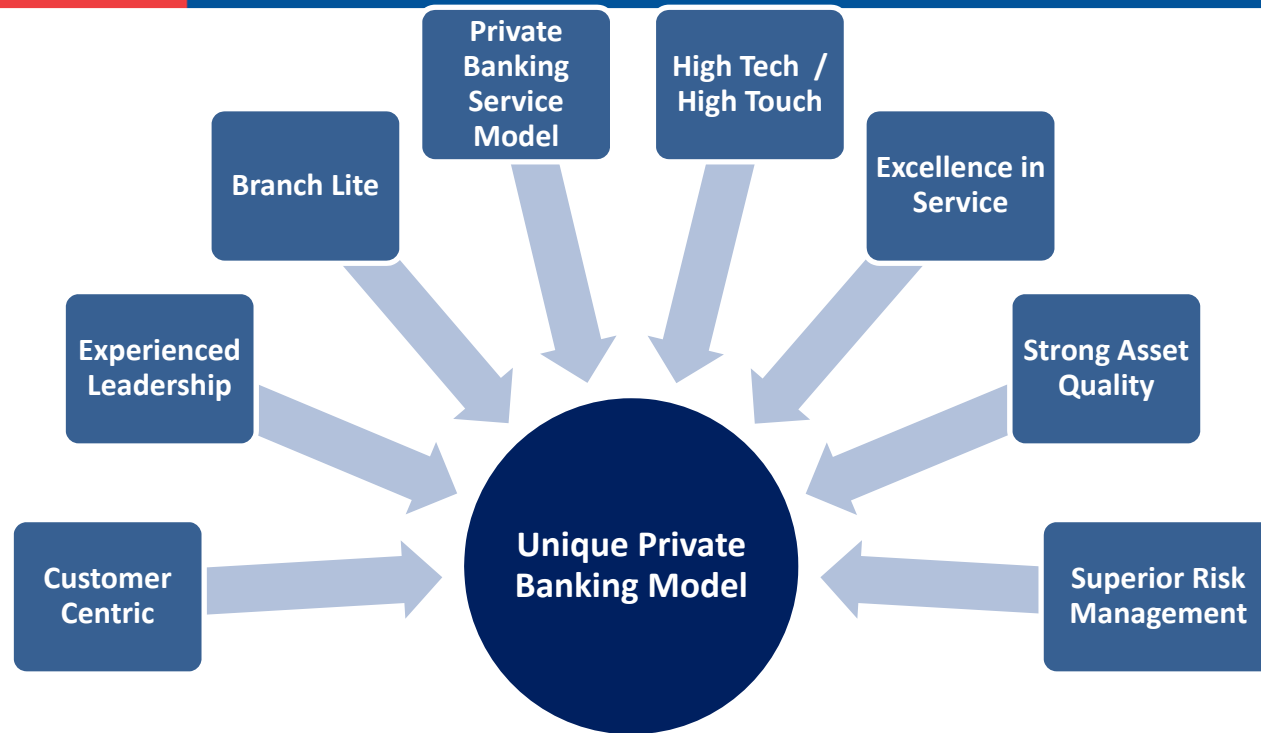
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# Customers Bank

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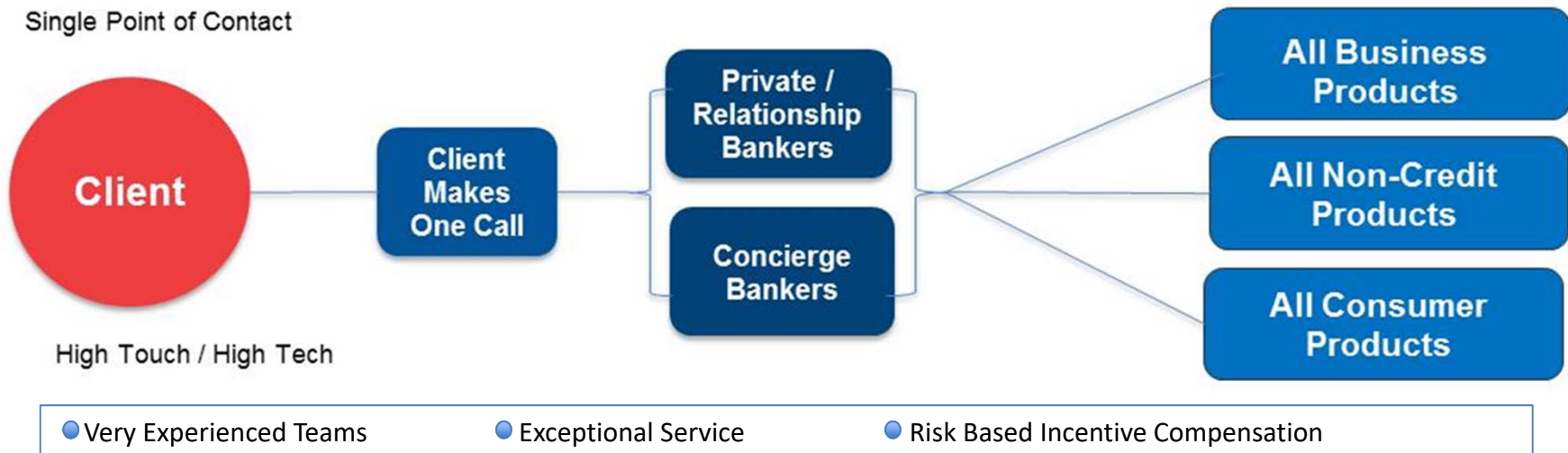
Single Point of Contact Model



## Approach to Winning Model

**Relationship driven but never deviate from following critical success factors**

- Only focus on very strong credit quality niches
  - Very strong risk management culture
- Operate at lower efficiency ratio than peers to deliver sustainable strong profitability and growth
  - Always attract and retain top quality talent
- Culture of innovation and continuous improvement



**Business Banking Focus** - ~95% of Community Business Banking Segment revenues are from commercial business units

## Company:

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**Jay Sidhu**

**Chairman & CEO**

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## Forward-Looking Statements

This presentation, as well as other written or oral communications made from time to time by us, contains forward-looking information within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements relate to future events or future predictions, including events or predictions relating to future financial performance, and are generally identifiable by the use of forward-looking terminology such as “believe,” “expect,” “may,” “will,” “should,” “plan,” “intend,” or “anticipate” or the negative thereof or comparable terminology. Forward-looking statements in this presentation include, among other matters, guidance for our financial performance, and our financial performance targets. Forward-looking statements reflect numerous assumptions, estimates and forecasts as to future events. No assurance can be given that the assumptions, estimates and forecasts underlying such forward-looking statements will accurately reflect future conditions, or that any guidance, goals, targets or projected results will be realized. The assumptions, estimates and forecasts underlying such forward-looking statements involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions, which may not be realized and which are inherently subject to significant business, economic, competitive and regulatory uncertainties and known and unknown risks, including the risks described under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent Quarterly Reports on Form 10-Q, as such factors may be updated from time to time in our filings with the SEC. Our actual results may differ materially from those reflected in the forward-looking statements.

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

- changes in external competitive market factors that might impact our results of operations;
- changes in laws and regulations, including without limitation changes in capital requirements under Basel III;
- changes in our business strategy or an inability to execute our strategy due to the occurrence of unanticipated events;
- our ability to identify potential candidates for, and consummate, acquisition or investment transactions;
- the timing of acquisition, investment or disposition transactions;
- constraints on our ability to consummate an attractive acquisition or investment transaction because of significant competition for these opportunities;
- local, regional and national economic conditions and events and the impact they may have on us and our customers;
- costs and effects of regulatory and legal developments, including the results of regulatory examinations and the outcome of regulatory or other governmental inquiries and proceedings, such as fines or restrictions on our business activities;
- our ability to attract deposits and other sources of liquidity;
- changes in the financial performance and/or condition of our borrowers;
- changes in the level of non-performing and classified assets and charge-offs;
- changes in estimates of future loan loss reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;
- inflation, interest rate, securities market and monetary fluctuations;

## Forward-Looking Statements (Cont.)

- timely development and acceptance of new banking products and services and perceived overall value of these products and services by users, including the products and services being developed and introduced to the market by the BankMobile division of Customers Bank;
- changes in consumer spending, borrowing and saving habits;
- technological changes;
- our ability to increase market share and control expenses;
- continued volatility in the credit and equity markets and its effect on the general economy;
- effects of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters;
- the businesses of Customers Bank and any acquisition targets or merger partners and subsidiaries not integrating successfully or such integration being more difficult, time-consuming or costly than expected;
- material differences in the actual financial results of merger and acquisition activities compared with our expectations, such as with respect to the full realization of anticipated cost savings and revenue enhancements within the expected time frame;
- our ability to successfully implement our growth strategy, control expenses and maintain liquidity;
- Customers Bank's ability to pay dividends to Customers Bancorp;
- risks relating to BankMobile, including:
  - our ability to maintain interchange income with the small issuer exemption to the Durbin amendment;
  - our ability to manage our balance sheet under \$10 billion by December 31, 2018 and thereafter;
  - our ability to execute on our White Label strategy to grow demand deposits through strategic partnerships;
  - material variances in the adoption rate of BankMobile's services by new students
  - the usage rate of BankMobile's services by current student customers compared to our expectations;

## Forward-Looking Statements (Cont.)

- the levels of usage of other BankMobile student customers following graduation of additional product and service offerings of BankMobile or Customers Bank, including mortgages and consumer loans, and the mix of products and services used;
- our ability to implement changes to BankMobile's product and service offerings under current and future regulations and governmental policies;
- our ability to effectively manage revenue and expense fluctuations that may occur with respect to BankMobile's student-oriented business activities, which result from seasonal factors related to the higher-education academic year;
- our ability to implement our strategy regarding BankMobile, including with respect to our intent to spin-off and merge or otherwise dispose of the BankMobile business in the future, depending upon market conditions and opportunities; and
- BankMobile's ability to successfully implement its growth strategy and control expenses.
- risks related to planned changes in our balance sheet, including:
  - our ability to reduce the size of our Multifamily loan portfolio;
  - our ability to execute our digital distribution strategy; and
  - our ability to manage the risk of change in our loan mix to include a greater proportion of consumer loans.

You are cautioned not to place undue reliance on any forward-looking statements we make, which speak only as of the date they are made. We do not undertake any obligation to release publicly or otherwise provide any revisions to any forward-looking statements we may make, including any forward-looking financial information, to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events, except as may be required under applicable law.

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

## 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 results of operations and financial condition relative to other financial institutions. These non-GAAP financial measures exclude from corresponding GAAP measures the impact of certain elements that we do not believe are representative of our financial results, which we believe enhance an overall understanding of our performance. Investors should consider our performance and financial condition as reported under GAAP and all other relevant information when assessing our performance or financial condition. 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

*Adjusted Net Income to Common Shareholders - Customers Bancorp, Inc. Consolidated (\$ in thousands, not including per share amounts)*

	Q3 2018		Q2 2018		Q1 2018		Q4 2017		Q3 2017	
	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share
GAAP net income to common shareholders	\$ 2,414	\$ 0.07	\$ 20,048	\$ 0.62	\$ 20,527	\$ 0.64	\$ 18,000	\$ 0.55	\$ 4,139	\$ 0.13
Reconciling items (after tax):										
Impairment loss on equity securities	-	-	-	-	-	-	-	-	12,934	0.40
Merger and acquisition related expenses	2,222	0.07	655	0.02	80	-	256	0.01	-	-
Losses/(gains) on investment securities	15,417	0.48	138	-	(10)	-	(170)	-	(3,356)	(0.10)
Catch-up depreciation/amortization on BankMobile assets	-	-	-	-	-	-	-	-	1,765	0.05
<b>Adjusted net income to common shareholders</b>	<b>\$ 20,053</b>	<b>\$ 0.62</b>	<b>\$ 20,841</b>	<b>\$ 0.64</b>	<b>\$ 20,597</b>	<b>\$ 0.64</b>	<b>\$ 18,086</b>	<b>\$ 0.56</b>	<b>\$ 15,482</b>	<b>\$ 0.48</b>

*Adjusted Net Income to Common Shareholders - Community Banking Business Segment (\$ in thousands, not including per share amounts)*

	Q3 2018		Q2 2018		Q1 2018		Q4 2017		Q3 2017	
	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share
GAAP net income to common shareholders	\$ 8,256	\$ 0.26	\$ 23,394	\$ 0.72	\$ 21,528	\$ 0.67	\$ 22,240	\$ 0.68	\$ 11,047	\$ 0.34
Reconciling items (after tax):										
Impairment loss on equity securities	-	-	-	-	-	-	-	-	12,934	0.40
Losses/(gains) on investment securities	15,417	0.48	138	-	(10)	-	(170)	-	(3,356)	(0.10)
<b>Adjusted net income to common shareholders</b>	<b>\$ 23,673</b>	<b>\$ 0.73</b>	<b>\$ 23,532</b>	<b>\$ 0.73</b>	<b>\$ 21,518</b>	<b>\$ 0.67</b>	<b>\$ 22,070</b>	<b>\$ 0.68</b>	<b>\$ 20,625</b>	<b>\$ 0.64</b>

## Reconciliation of Non-GAAP Measures - Unaudited

### Adjusted Net Loss to Common Shareholders - BankMobile Segment (\$ in thousands, not including per share amounts)

	Q3 2018		Q2 2018		Q1 2018	
	USD	Per Share	USD	Per Share	USD	Per Share
GAAP net loss to common shareholders	\$ (5,842)	\$ (0.18)	\$ (3,346)	\$ (0.10)	\$ (1,001)	\$ (0.03)
Reconciling items (after tax):						
Merger and acquisition related expenses	2,222	0.07	655	0.02	80	-
Catch-up depreciation/amortization on BankMobile assets	-	-	-	-	-	-
<b>Adjusted net loss to common shareholders</b>	<b>\$ (3,620)</b>	<b>\$ (0.11)</b>	<b>\$ (2,691)</b>	<b>\$ (0.08)</b>	<b>\$ (921)</b>	<b>\$ (0.03)</b>

### Adjusted Net (Income) Loss to Common Shareholders - BankMobile Segment (\$ in thousands, not including per share amounts) - continued

	Q4 2017		Q3 2017		Q2 2017		Q1 2017	
	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share
GAAP net income (loss) to common shareholders	\$ (4,240)	\$ (0.13)	\$ (6,908)	\$ (0.21)	\$ (3,533)	\$ (0.11)	\$ 1,457	\$ 0.04
Reconciling items (after tax):								
Merger and acquisition related expenses	256	0.01	-	-	-	-	-	-
Catch-up depreciation/amortization on BankMobile assets	-	-	1,765	0.05	(883)	(0.03)	(882)	(0.03)
<b>Adjusted net income (loss) to common shareholders</b>	<b>\$ (3,984)</b>	<b>\$ (0.12)</b>	<b>\$ (5,143)</b>	<b>\$ (0.16)</b>	<b>\$ (4,416)</b>	<b>\$ (0.14)</b>	<b>\$ 575</b>	<b>\$ 0.02</b>

### Adjusted Net (Income) Loss to Common Shareholders - BankMobile Segment (\$ in thousands, not including per share amounts) - continued

	Q4 2016		Q3 2016		Q2 2016		Q1 2016	
	USD	Per Share	USD	Per Share	USD	Per Share	USD	Per Share
GAAP net loss to common shareholders	\$ (2,269)	\$ (0.07)	\$ (1,507)	\$ (0.05)	\$ (1,484)	\$ (0.05)	\$ (54)	\$ -
Reconciling items (after tax):								
Merger and acquisition related expenses	-	-	89	-	542	0.02	109	-
Catch-up depreciation/amortization on BankMobile assets	-	-	-	-	-	-	-	-
<b>Adjusted net income (loss) to common shareholders</b>	<b>\$ (2,269)</b>	<b>\$ (0.07)</b>	<b>\$ (1,418)</b>	<b>\$ (0.05)</b>	<b>\$ (942)</b>	<b>\$ (0.03)</b>	<b>\$ 55</b>	<b>\$ -</b>

## Reconciliation of Non-GAAP Measures - Unaudited

### *Tangible Book Value per Common Share - Customers Bancorp, Inc. Consolidated (\$ in thousands, except per share data)*

	<u>Q3 2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
GAAP -Total Shareholders' Equity	\$ 954,812	\$ 920,964	\$ 855,872	\$ 553,902	\$ 443,145	\$ 386,623
Reconciling Items:						
Preferred Stock	(217,471)	(217,471)	(217,471)	(55,569)	-	-
Goodwill and Other Intangibles	(16,825)	(16,295)	(17,621)	(3,651)	(3,664)	(3,676)
Tangible Common Equity	<u>\$ 720,516</u>	<u>\$ 687,198</u>	<u>\$ 620,780</u>	<u>\$ 494,682</u>	<u>\$ 439,481</u>	<u>\$ 382,947</u>
Common shares outstanding	31,687,340	31,382,503	30,289,917	26,901,801	26,745,529	26,646,566
Tangible Book Value per Common Share	\$ 22.74	\$ 21.90	\$ 20.49	\$ 18.39	\$ 16.43	\$ 14.37
CAGR	8.31%					

### *Customers Bancorp, Inc. Consolidated - Net Interest Margin, tax equivalent (\$ in thousands)*

	<u>Q3 2018</u>	<u>Q2 2018</u>	<u>Q1 2018</u>	<u>Q4 2017</u>	<u>Q3 2017</u>
GAAP Net interest income	\$ 64,001	\$ 67,322	\$ 65,031	\$ 68,300	\$ 68,019
Tax-equivalent adjustment	172	171	171	245	203
Net interest income tax equivalent	<u>64,173</u>	<u>\$ 67,493</u>	<u>\$ 65,202</u>	<u>\$ 68,545</u>	<u>\$ 68,222</u>
Average total interest earning assets	\$ 10,318,943	\$ 10,329,530	\$ 9,881,220	\$ 9,758,987	\$ 10,352,394
Net interest margin, tax equivalent	2.47%	2.62%	2.67%	2.79%	2.62%

## Reconciliation of Non-GAAP Measures - Unaudited

### *Adjusted Return on Average Assets - Customers Bancorp, Inc. Consolidated (\$ in thousands)*

	<u>Q3 2018</u>
GAAP net income	\$ 6,029
Reconciling items (after tax):	
Merger and acquisition related expenses	2,222
Losses/(gains) on investment securities	<u>15,417</u>
<b>Adjusted net income</b>	<b><u>\$ 23,668</u></b>
Average Total Assets	\$ 10,728,339
Adjusted Return on Average Assets	<u>0.88%</u>

### *Adjusted Return on Average Common Equity - Customers Bancorp, Inc. Consolidated (\$ in thousands)*

	<u>Q3 2018</u>
GAAP net income to common shareholders	\$ 2,414
Reconciling items (after tax):	
Merger and acquisition related expenses	2,222
Losses/(gains) on investment securities	<u>15,417</u>
<b>Adjusted net income to common shareholders</b>	<b><u>\$ 20,053</u></b>
Average Total Common Shareholders' Equity	\$ 732,302
Adjusted Return on Average Common Equity	<u>10.86%</u>

### *Adjusted Return on Average Assets - Community Banking Business Segment (\$ in thousands)*

	<u>Q3 2018</u>
GAAP net income	\$ 11,871
Reconciling items (after tax):	
Losses/(gains) on investment securities	<u>15,417</u>
<b>Adjusted net income</b>	<b><u>\$ 27,288</u></b>
Average Total Assets	\$ 10,652,653
Adjusted Return on Average Assets	<u>1.02%</u>

### *Adjusted Return on Average Common Equity -Community Banking Business Segment (\$ in thousands)*

	<u>Q3 2018</u>
GAAP net income to common shareholders	\$ 8,256
Reconciling items (after tax):	
Losses/(gains) on investment securities	<u>15,417</u>
<b>Adjusted net income to common shareholders</b>	<b><u>\$ 23,673</u></b>
Average Total Common Shareholders' Equity	\$ 701,534
Adjusted Return on Average Common Equity	<u>13.39%</u>