



**customers
bank**

Customers Bank

Environmental, Social and Governance (ESG)

2022

To our clients, shareholders and friends:

We are proud to present the 2022 Customers Bancorp, Inc. Environmental, Social, and Governance (ESG) Report.

During the year, our management undertook a review of the ESG reporting practices of our peer banks to improve our full and transparent communication of the challenges, accomplishments, and work still to be done as our company aims to meet the expectations of our stakeholders.

While we have not undertaken a full materiality assessment, we gave serious thought to identifying and understanding the relative importance of specific ESG and sustainability topics to our organization and key stakeholders.

We recognize those stakeholders to be our clients, investors, analysts, policymakers, regulators, community members and our own team members. We pledge to these stakeholders Customers Bancorp's very strong commitment to:

- human rights;
- diversity, equity, and inclusion;
- environmental sustainability and actions to fight climate change;
- strong, proactive governance;
- accountability of Board and senior leaders for ESG metrics and outcomes; and
- clear practices to accept input and grievances, with responsibility for follow-up and protection for "whistleblowers."

In this report, and for the first time, Customers Bancorp makes use of the Sustainability Accounting Standards Board (SASB) sector-based voluntary disclosure for commercial banks. Those voluntary disclosures are enumerated in this report.

We value our relationship with you, and we value your questions and comments on this report.

Sincerely yours,

Jay Sidhu

Chairman & CEO, Customers Bancorp, Inc.

Sam Sidhu

President & CEO, Customers Bank



Let's take on tomorrow.

Environmental, social and governance

(ESG) considerations are integrated across our business units and incorporated into the policies and principles that govern how our company operates. We continuously seek to address some of the practical challenges in balancing short- and long-term business trade-offs in order to ensure that our stakeholders and shareholders prosper together.

Customers Bank's approach to ESG management includes promoting sound corporate governance, risk management and controls, investing in our team members and cultivating a diverse and inclusive work environment, strengthening the communities in which our team members live and work, and operating our business in a way that demonstrates Customers Bank's dedication to environmental sustainability.

Our Communities

Use of investment and philanthropic capital to expand access to economic opportunity in the communities where we do business has been core to Customers Bank since its founding nearly 14 years ago.

Our Team Members

Customers Bank is committed to developing high performing team members and fostering a richly diverse and inclusive workplace culture. Customers Bank provides financing solutions that generate positive environmental and social impacts and actively manages the environmental impacts of the company's branches and office locations.

Our Risk Culture

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

Our Corporate Governance & Ethics

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

2022 Milestones

The **Management Environmental Social & Governance Committee** conducted a thorough review of ESG best practices and an evaluation of the ESG reporting by the bank's peer group. Sustainability Accounting Standards Board Sector Metrics for Commercial Banks were adopted for voluntary disclosure.

Customers Bank made \$18 million of CRA-qualified investments (mutual funds and small business investment companies) **to support economic development** and **invested another \$30 million to support affordable housing.**

Additionally, **Customers Bank contributed over \$3.5 million in 2022** through CRA-eligible donations, charitable donations, community sponsorships, tax credit programs, United Way matches and donations, and team member scholarships.

Pennsylvania Housing Finance Agency (PHFA) recognized Customers Bank as a **top-10 producing lending partner across the state in 2022 for completing 168 mortgages totaling \$26.3 million.**

Customers Bank's SBA/Government Guaranteed Lending team originated and funded **139 SBA 7(a) loans totaling \$145 million** to qualifying small businesses in 2022.

For the second consecutive year, Customers Bank's wellness program was ranked #1 medium sized employer in the southeastern Pennsylvania region by the Philadelphia Business Journal on the basis of culture and leadership commitment, foundational components, strategic planning, communication and marketing, programming and interventions, and reporting and analysis.

Customers Bank partners with Everfi to provide **financial education to students in grades K – 12. During the 2021-2022 school year, the program reached 984 unique students for over 2,151 hours of financial education.**

Customers Bank **provided rent-free space in its Manhattan suite to Cents Ability** a 501(c)(3) non-profit organization in NY & Chicago that teaches teens the fundamentals of personal finance. Since 2004, Cents Ability has provided thousands of free financial literacy workshops by leveraging volunteers from some of the top finance institutions including Customers Bank.

Customers Bank's energy portfolio includes **over \$96 million of solar, wind, hydroelectric, and low emission domestic natural gas energy projects.**

Sustainability Accounting Standards Board

voluntary disclosure metrics for commercial banks

Code	Topic	Accounting Metric	Disclosure
FN-CB-230a.1	Data Security	(1) Number of data breaches, (2) % involving PII (3) # of account holders affected	Zero (0) data breaches Zero (0) PII lost Zero (0) account holders affected
FN-CB-230a.2	Data Security	Description of approach to identifying and addressing data security risks	The Directors Risk Committee and the our management's Executive Committee guide our cybersecurity efforts. Our award-winning program is overseen by the company's Chief Information Security Office and our Corporate Security Office is designed around the National Institutes of Standards & Technology's (NIST) Cybersecurity Framework as well as the Federal Financial Institutions Examination Council (FFIEC) guidelines for cybersecurity. Our program consists of six key areas focused on physical security operations, governance, technology risk, cybersecurity operations, digital architecture, and compliance, and standards management. For more, see page 51.
FN-CB-240a.1	Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding to qualified programs designed to promote small business and community development	A 15-person CRA Committee supports the bank's enterprise-wide CRA program by discussing and addressing compliance risks as they relate to CRA, including the credit needs of the communities in which the bank operates, with particular emphasis on low and moderate income (LMI) neighborhoods. The bank reported 22 community development loans with an aggregate value of \$148 million in 2022.

Sustainability Accounting Standards Board

voluntary disclosure metrics for commercial banks (continued)

Code	Topic	Accounting Metric	Disclosure
FN-CB-240a.2	Financial Inclusion & Capacity Building	(1) Number and (2) amount of past due and non-accrual loans to qualified programs designed to promote small business and community development	Zero (0) of the 22 qualified community development loans cited in disclosure FN-CB-240a.1 are past due or non-accrual.
FN-CB-240a.3	Financial Inclusion & Capacity Building	Number of no-cost retail checking accounts provided to previously unbanked or under-banked customers	The bank does not have sufficient data to provide an accurate disclosure.
FN-CB-240a.4	Financial Inclusion & Capacity Building	Number of participants in financial literacy initiatives for unbanked, underbanked, or under-served customers	<p>Customers Bank continues to partner with Everfi to provide financial education through a digital platform to students in grades K – 12 in low-to-moderate census tracts. During the 2021-2022 school year the program reached 984 unique students for over 2,151 hours of financial education.</p> <p>Customers Bank also provided rent-free office space in its 101 Park Avenue, Manhattan suite to Cents Ability, a 501(c)(3) non-profit organization in NY & Chicago that teaches teens the fundamentals of personal finance. Since 2004, Cents Ability has provided thousands of free financial literacy workshops by leveraging a pool of volunteers from some of the top finance institutions including Customers Bank.</p>

Sustainability Accounting Standards Board

voluntary disclosure metrics for commercial banks (continued)

Code	Topic	Accounting Metric	Disclosure	
FN-CB-410a.1	Incorporation of ESG Factors in Credit Analysis	<p>Commercial and industrial credit exposure, by industry</p> <p>CUBI Note: NAICS Code Concentration reporting is performed and provided to our Board every quarter.</p> <p>Disclosure is total commitment amount -- actual outstanding balances and unused commitment exposure</p>	Description	Aggregate Loan Exposure at 12/31/2022 000's
			Agriculture, Forestry, Fishing and Hunting	\$12,459
			Utilities	\$120,004
			Construction	\$1,493,326
			Manufacturing	\$484,257
			Wholesale Trade	\$120,786
			Retail Trade	\$95,342
			Transportation and Warehousing	\$273,558
			Information & Technology	\$395,688
			Finance and Insurance	\$6,807,137
			Real Estate and Rental and Leasing	\$3,576,746
			Non-Real Estate Rental & Leasing	\$210,672
			Hotels & Motels	\$447,229
			Professional, Scientific, &Tech Services	\$1,542,139
			Consumer Loans	\$1,646,321
			Tammac - Manufactured Home Loans	\$46,801
			Public Administration	\$49,110
			Mortgage Loans	\$481,373
			Warehouse Lending	\$3,834,518
			TOTAL	\$21,637,466

Sustainability Accounting Standards Board

voluntary disclosure metrics for commercial banks (continued)

Code	Topic	Accounting Metric	Disclosure
FN-CB-401a.2	Incorporation of ESG Factors in Credit Analysis		Customers Bank adheres to a very strict Credit Policy based on a well defined credit culture and risk appetite. However, the policy also allows for exceptions to this policy to effectively fulfill the best interests of the bank, borrower and communities served. When evaluating the use of loan proceeds, the policy allows for consideration of community and social impacts.
FN-CB-501a.1	Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	\$0.00 in 2022 There was no resulting need to take corrective action and nothing further to disclose.
FN-CB-501a.2	Business Ethics	Description of whistleblower policies and procedures	A discussion of Customers Bank's Whistleblower policy can be found on page 54 of this ESG report and the policy is publicly available on our website. New team members are familiarized with the policy during onboarding and it appears in the Code of Ethics and Business Conduct. The policy with the hotline 800 number and client code appear on the homepage of the bank's Intranet.
FN-CB-550a.1	Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	The Global Systemically Important Bank (G-SIB) score is calculated by regulatory authorities. At this time, Customers Bancorp is not designated as a GSIB.

Preparing for Climate-Related Disclosure Requirements

If an SEC rule is finalized and implemented, Customers Bank will comply fully and with transparency.

Customers Bank is monitoring closely the development of climate-related disclosure requirements particularly the proposed Securities Exchange Commission (SEC) rulemaking. The proposed climate-related disclosure framework is modeled in part on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and also draws upon the Green House Gas (GHG) Protocol. In particular, the proposed rules would require an SEC registrant to disclose information about:

- The oversight and governance of climate-related risks by the SEC registrant's board and management;
- How any climate-related risks identified by the SEC registrant have had or are likely to have a material impact on its business and consolidated financial statements, which may manifest over the short-, medium-, or long-term;
- How any identified climate-related risks have affected or are likely to affect the SEC registrant's strategy, business model, and outlook;
- The SEC registrant's processes for identifying, assessing, and managing climate-related risks and whether any such processes are integrated into the registrant's overall risk management system or processes;
- The impact of climate-related events (severe weather events and other natural conditions as well as physical risks identified by the registrant) and transition activities (including transition risks identified by the SEC registrant) on the line items of a registrant's consolidated financial statements and related expenditures, and disclosure of financial estimates and assumptions impacted by such climate-related events and transition activities.
- Scopes 1 and 2 GHG emissions metrics, separately disclosed, expressed:
 - Both by disaggregated constituent greenhouse gases and in the aggregate, and in absolute and intensity terms;
- Scope 3 GHG emissions and intensity, if material, or if the SEC registrant has set a GHG emissions reduction target or goal that includes its Scope 3 emissions; and
- The registrant's climate-related targets or goals, and transition plan, if any.

It is the bank's belief that the proposed SEC rulemaking will be altered before being finalized, and that litigation can be expected before the rule is implemented and enforced. If a rule is promulgated and implemented Customers Bank will comply completely and with full transparency.



Environmental Sustainability

Investing in the future of the planet



Financing Renewable & Low Carbon Energy

Customers Bank has been an active lender to the Renewable Energy industry since 2012, adding value to customer relationships via the knowledge and expertise it has developed in this industry along with a high level of customer service and customized credit structures. **The current Renewable & Low Carbon Energy Loan portfolio totals over \$96 million.**



Wind Power

The portfolio includes 7 separate loans with an aggregate outstanding balance of **\$61.0 million** to finance projects in Illinois, Maine and Rhode Island.



Solar Power

The portfolio includes 4 separate loans for solar energy projects with an aggregate outstanding balance of **\$29.7 million** to finance projects in , Massachusetts, New York, and Rhode Island.



Hydroelectric Power

The portfolio includes a Rhode Island hydroelectric power project loan with an outstanding balance of **\$2.7 million**.



Low Emission US Natural Gas

The portfolio includes a loan to a Massachusetts co-generation facility with an outstanding balance of **\$3.0 million**.

Financing Zero Emission Hydrogen Energy

Customers Commercial Finance, LLC (CCF) funded a \$26.6 million lease for an integrated zero-emission hydrogen-energy system that includes 398 hydrogen fuel cells, several all-in-one electrolyzers, and GenFuel Hydrogen Infrastructure System.

The equipment was made and sold by Plug Power, Inc. a global innovator in the hydrogen energy industry.

The fuel cells leased in the deal funded by CCF, use an electrochemical reaction to provide zero-emission energy. The full system includes hydrogen tanks and components leading to vaporizers that condition and regulate the liquid hydrogen stored in the tanks. Vaporizers convert the liquid hydrogen to gaseous hydrogen which is pressure fed by compressors to the dispensers. The dispensers keep the pressured and vaporized hydrogen for delivery to fuel cells. The conversion and pressurizing processes that take place through the GenFuel Infrastructure System condition the hydrogen fuel so that the fuel cells can convert that fuel to electrical energy in the fuel cells' electrochemical process. The fuel cells power material handling devices like forklifts and tow motors, data centers, or even backup power systems for clients in aerospace, warehouse and distribution, automotives, telecommunications and other industries.

It's a business model that's good for the bottomline and great for the planet.





Social Responsibility

Investing in our communities



In total, Customers Bank contributed more than

\$3.5 million to over 200 organizations

in 2022 through CRA-eligible donations, charitable donations, community sponsorships, and tax credit programs.

The bank's charitable giving priorities are:



Kids



Education



Veterans



Healthcare



Community
Development

We seek to achieve multiple goals, such as funding an education program for inner-city youth, or a job skills program for veterans, whenever possible.

Customers Bank also works proactively with other community funders to ensure that our giving is collaborative and not competitive.

We work with grantees to identify synergies with other organizations we fund so that efforts are not duplicative and end-goals are more fully achieved.

In 2022, Chairman Jay Sidhu made allocations of charitable donation funds available to front line business team leaders challenging them to increase the community engagement of their teams by proposing and designating contributions and sponsorships to qualifying 501(c)(3) organizations and business or civic associations.

The teams made 211 donations for an aggregate \$1.3 million.

Focus on Kids & Education

Customers Bank serves many needs of children in our community -- fighting poverty with investments in safe houses; tackling hunger with contributions to food pantries and healthy meals programs; and attacking childhood diseases.

The Olivet Boys & Girls Club of Reading and Berks serves over 3,000 youth with programs that develop good character and citizenship, contribute to academic success, and promote physical fitness, sports, and recreation. In 2022, Customers Bank was a major benefactor of Olivet.

In New York City, Customers Bank has donated generously to support Chinese language education through the Chinatown Manpower Project Inc., helping local youth to maintain their culture while becoming a vibrant part of the city's economy.

It's hard to separate the bank's aim of helping kids from its strong focus on education. From quality pre-K to post secondary opportunities, Customers Bank believes the way we can help kids is to ensure access to quality education opportunities. Many of Customers Bank's most visible social investments and activities are related to educational improvement.

For six years, a hallmark has been the Customers Bank "books for bikes" program that tries to fight "the summer slide" by encouraging playground-based reading and language arts program with the incentive of a new bicycle and helmet for all successful participants. The program now partners with United Way Berks, Greater Reading YMCA, and Alvernia University's South Reading Youth Initiative to reach hundreds of area students. There were nearly 200 smiling faces when bikes and helmets were awarded in August 2022.



Focus on Education Investment

In 2022, Customers Bank again leveraged Pennsylvania's unique Educational Improvement Tax Credit Program (EITC) donating \$1,100,000 to qualifying institutions and programs.

The program provides tax credits to eligible businesses contributing to a scholarship organization, an educational improvement organization and/or a pre-kindergarten scholarship organization.

In all, 63 different organizations benefit from these tax credit-eligible contributions.

Customers Bank contributed \$150,000 to Alvernia University

to support the Reading Youth Initiative, which is a collaboration between Alvernia faculty, staff, students and the Reading School District. The program provides annual summer camps, after-school mentoring during the academic year and a variety of cultural activities, including museum visits, sporting events and educational field trips, all within the Greater Reading and Philadelphia area.

Customers Bank donated \$125,000 to the John Paul II Center for Special Learning

providing scholarships for children and youth, age 3 through 21, with intellectual and developmental disabilities so they can take advantage of the Center's diversified programming.

Customers Bank donated \$105,000 to Liguori Academy, which creates individualized, flexible, technology-driven instructional programs for Philadelphia youth who struggle in traditional secondary education environments. Liguori supports and promotes academic achievement to ensure their futures are bright and boundless. The career and college readiness initiative offers students a pathway to life-long success.

Customers Bank contributed \$80,000 to the Camphill School for scholarships so that children and youth with developmental disabilities can attend this Waldorf school accredited by AWSNA and the Middle States Association of Colleges and Schools Commissions on Elementary and Secondary Schools. The school is part of the worldwide Camphill movement and the only Camphill community in North America for children.

Customers Bank contributed \$80,000 to Hope Partnership for Education, a North Philadelphia independent middle school and education center that provides a high quality, values-based education that supports and challenges students from adolescence to adulthood.

Trailblazer Award for Corporate Social Responsibility

Customers Bank in 2022 also continued its partnership with the New York City-based READ Alliance to deliver early literacy intervention tutoring provided to K-2nd graders in public and charter schools and community-based organizations in all five boroughs in NYC.

READ Alliance uses a unique “dual impact model” through which high school students are trained in the curriculum, and then meaningfully employed – paid at least minimum wage – to provide individual literacy tutoring to their younger peers, thereby preparing these two populations for academic and life success. Research has found that participation in a single cycle (about a semester) of the program elevates reading achievement the equivalent of one full grade level.

Through 2022, Customers Bank, United way Berks and READ Alliance expanded its “export” of the NYC-style “dual impact model” to the Reading School District in Reading, PA. Even more synergies are being realized as the new program is leveraging the services of another Customers Bank beneficiary -- VoiceUp Berks, an experiential learning program for teens which is part of the national Youth Volunteer Corps.

In August 2022, Customers Bank President & CEO Sam Sidhu accepted the **Trailblazer Award for Corporate Social Responsibility** from READ Alliance recognizing, in part, Customers Bank’s vision to extend the READ Alliance initiative beyond the five boroughs of New York.

Tammy White, President of the United Way of Berks County, participated in the award ceremony. [Watch this 2-minute video](#) to learn more about the award and Customers Bank’s partnership with the READ Alliance.



Focus on Veterans



For eight years, Customers Bank has led a community-wide effort to raise funds for veterans' programs in Berks County.

The annual Veterans Luncheon celebrates and honors all of our veterans that call Berks County their home and recognizes and thanks them for their commitment, sacrifices and continued service throughout our region and in the community. Customers Bank has been the presenting sponsor for the Veterans Luncheon for eight years. This annual event and the contributions of attendees provide continued support to our veterans throughout Berks County.

Since 2015, the group has worked with businesses and organizations in the community to identify and support the needs of veterans throughout the county. The Veterans Luncheon has raised more than \$765,000 in gross proceeds to meet the needs of our veterans and make an impact in their lives.

Through this event, proceeds provide financial support for the Veterans Social Center in Berks County and are used to create scholarships for active and retired members of all branches of the armed service at Reading Area Community College.



Focus on Healthcare



The Children's Hospital Colorado (CHC) believes every child's life should be filled with limitless possibilities and Customers Bank couldn't agree more.

In 2022, the bank again donated \$200,000 to CHC to fund groundbreaking research aimed at eliminating inherited metabolic diseases that can devastate young lives.

CHC is recognized by US News & World Report as one of the top children's hospitals in the nation. Customers Bank is proud to support this important work.

Customers Bank is also a strong supporter of the Caron Treatment Centers, one of America's preeminent addiction treatment and research organizations. Founded in Berks County in 1957, today Caron's centers and work span the country. Caron's patients have a 94.4% rate of recovery at 90-days post treatment. Customers Bank is proud to contribute \$50,000 annually to this important work.



Community Service Awards



Chairman & CEO of Customers Bancorp and Executive Chairman of Customers Bank, **Jay Sidhu**, accepted the Alvernia University CollegeTowne Award (formerly Pro Urbe Award) on behalf of Customers Bank for their significant community service and contributions to a higher standard of living for the Reading community. Customers Bank has made generous contributions to Alvernia University and hundreds of local non-profit organizations, education programs, healthcare, community and economic development, and their investment in the quality of life in the community and making Reading a great place to work, live and play.

"Alvernia and CollegeTowne are transformational in giving opportunities to students from this area, but also to students from around the world, like me. When I came to Berks County early in my career, I was fortunate to be welcomed and given opportunities," said Sidhu.

"I believe, and Customers Bank believes, it is our responsibility to repay our good fortune by providing opportunity to others."

Retired Customers Bank President & CEO Dick Ehst, a longtime supporter of community engagement, Marine veteran, and servant leader earned the university's coveted Franciscan Award, given annually to a person who selflessly gives their time, talents, and resources for the betterment of others and is presented for exceptional service to Alvernia. Recently, Ehst was elected to the Alvernia Board of Trustees and serves on the Philanthropy and Community Engagement Committee.

Making the presentations was University President John Loyack.



Focus on Community, Economic & Workforce Development



Entrepreneurship and new business start-ups are key to revitalizing low and moderate income neighborhoods.

To help existing firms flourish and new firms take root, Customers Bank is a primary sponsor of the staffing of the state office of the Pennsylvania Small Business Development Network (SBDC) based at Kutztown University. The bank provides \$52,500 for stipends to seven graduate students who help to staff the office and support the fulltime professionals.

Customers Bank is also a major funder at \$50,000/year to the Business Incubator located at the Collegetowne campus of Alvernia University. The Incubator team -- in collaboration with the PA SBDC and other partners -- foster business startups with access to capital, technical expertise, and free consultations.

Customers Bank, like many employers, knows the difficulties in finding well prepared individuals to take the job opportunities available in a digital forward financial institution. But even in less tech-oriented workplaces, the need for trained employees is critical.

Education and workforce investments are also an investment in community and economic development.

Customers Bank has invested \$50,000/year for a three-year period in workforce development and training programs with the Pennsylvania Chamber of Business & Industry Educational Foundation.



Multicultural Banking & Emerging Markets

Minority buying power is growing at a faster pace than the white consumer market.

72%

US Hispanic population by 2060¹

30%

Asian-American population growth²

\$1.8 trillion

Young African-American consumer purchasing power³

¹ US Census Bureau

² Pew Research

³ Selig Center for Economic Growth

Human interactions create multicultural engagement.

The best multicultural marketing is about humanizing the brand for growth, accounting for deep empathetic and emotional needs of multicultural consumers to drive brand relevance and business impact.

By developing internal teams that cross multicultural boundaries, we create a group of individuals who understand and value the unique intricacies and needs of more diverse consumers, increasing revenue opportunities.

Diverse and inclusive marketing practices are imperative for future growth.



Miguel Alban, National Director of Multicultural Banking for Customers Bank with three of his five-member Multicultural Banking team: (Ltr) Andrea Cho, Rob Maldonado, Alban, and Denise Payne. (Photo Credit: Chester County Life)

More Investment in Economic Development

Separate from the charitable donations and contributions, Customers Bank invested millions of dollars into funds that will underwrite economic development projects in specific communities. New investments in 2022 were:

Pine Street Capital IV Small Business Investment Company for economic development nationwide

– \$3 million

PCI Investment Fund Common IV i(AHDF) investments in the bank assessment area.

– \$5 million

PCI Investment Fund Preferred IV (AHDF) investments in the bank assessment area

– \$5 million

Hudson Valley Affordable Housing Fund (AHDF) investments in the bank assessment area

– \$5 million

SBA/Government Guaranteed Lending team

Customers Bank's SBA/Government Guaranteed Lending team is consistently one of the top 100 SBA lenders in the nation. In 2022* the bank funded **\$145 million in loans** to qualifying small businesses. The national team of lenders, underwriters, and closing specialists worked with small businesses to restart and grow their ventures after withstanding the COVID pandemic and in the midst of global supply chain issues and rising prices. Loans were made to hospitality owners, medical and professional practices, franchisees, light manufacturers, warehouse and distribution firms, retailers and more. The team **closed 139 loans** throughout the year with an average loan size of \$1.04 million.

* Federal data run October 1 through September 30. These data represent internal records for calendar year 2022.



Supporting United Way in our communities

Since Customers Bank's founding in 2009, the company has partnered with the United Way chapters across its footprint.

In 2022, 146 Customers Bank team members (nearly 22% of the workforce) donated a combined \$153,895 to United Way. The bank matches dollar-for-dollar excluding Tocqueville Society contributions resulting in an additional \$101,970 contribution.

Team members who contributed at a "leadership" level were eligible for additional paid time off.

In addition to the team member pledges and match, Customers Bank provided a \$25,000 grant to United Way of Berks County through the Pennsylvania Education Improvement Tax Credit program.

The United Way of Berks County coordinates the Customers Bank "Books for Bikes" literacy program for which it was reimbursed \$7,072.

The bank also sponsored the United Way of Berks County Tocqueville Society event with a \$15,000 donation and the Wilmington, NC business team provided \$10,000 of grants and sponsorships to the United Way of Cape Fear.

Focus on Housing



One of the great challenges for American public policy in the late 20th and early 21st centuries has been providing affordable housing for our families.

The concentration of large populations in metro areas drove housing prices higher and higher until the bubble burst in 2008/2009. But in the past 10 years, housing prices rose again, this time spurred on by shortages of building materials.

To help provide affordable housing solutions, Customers Bank donated \$75,000 to Habitat for Humanity of Berks County through the NAP-NPP tax credit program.

And, Customers Bank made a \$25,000 donation to the Fuller Center for Housing of Greater New York City.

Customers Bank was the channel for further investment in housing by the Federal Home Loan Bank of Pittsburgh. With the bank's sponsorship and encouragement, the FHLB Pittsburgh awarded two grants to bank-sponsored projects:

Voluntary Housing Grant

19th Street Rehab- Habitat for Humanity Philadelphia, PA

Awarded \$150,000 in 2022 voluntary housing grant funding.

Affordable Housing Project

Beacon House PSIS Project – Opportunity House Reading PA

Awarded \$500,000 in 2022 to rehabilitate and upgrade 13 low and moderate income rental units and replace aged and inefficient HVAC systems.



More Investment in Housing

Separate from the charitable donations and contributions, or funds leveraged from FHLB Pittsburgh, Customers Bank invested millions of dollars into funds that will underwrite affordable housing projects in specific communities.



Those investments in 2022 were:

Raymond James Fund 49
(Low-Income Housing Tax Credit)
for affordable housing in Philadelphia, PA –
\$15 million

Raymond James Fund 51
(Low-Income Housing Tax Credit)
for affordable housing in Philadelphia, PA –
\$15 million



Accolades for Customers Bank's Affordable Mortgage Program

Pennsylvania Housing Finance Agency (PHFA) recognized Customers Bank as a top-10 producing lending partner across the state in 2022 for completing **168 PHFA** mortgages totaling **\$26.3 million**. Two of the bank's CRA loan officers, Elsie Maduro and Rosa Hernandez, were recognized as top producing originators during PHFA's Virtual Lender Awards program.

In 2022, Customers Bank funded **82 low income/affordable** housing mortgages **totaling \$10.7 million**.

In addition to the bank-sponsored projects with FHLB, Customers Bank also participates in FHLB's First Front Door (FFD) initiative which resulted in **44 mortgages** totaling **\$6.6 million** that received **\$212,500 in FFD grants**.

The bank also participated in the Philadelphia City Lift Program and funded **21 mortgages totaling \$3.1 million** with **\$315,000 of grant assistance**.

The bank also provided **27 loans** through the Neighborhood Housing Services (NHS) program **totaling \$3.4 million** with about **\$607,000 of NHS assistance**.

Customers Bank was able to help clients secure **6 Urban League Grants of \$10,000 each** to assist with their combined \$993,000 in mortgages.





Human Capital

Investing in our people





Customers' vision is to be recognized as an outstanding financial services company dedicated to providing exceptional value, service and convenience as part of an overall effortless banking experience. The company focuses on doing what is best for all our stakeholders, including our shareholders, customers, team members, partners, and the communities in which we work and live.

Talent Acquisition

Customers' demand for highly qualified candidates increases as our business grows. We recruit nationally and are currently located across 30 states.

Customers strives to recruit top talent by utilizing best in class sourcing tools and strategies as well as leveraging referrals from our team members to build a talent pool that differentiates Customers from its competitors and supports the business strategies which include digitization and technology advancement. In 2022, 157 new team members were hired in several different lines of business including revenue generating, Cybersecurity, Compliance, and shared service areas of the company. Our talent acquisition efforts continue to focus on attracting top talent that aligns with our Diversity, Equity, Inclusion, and Belonging (DEIB) initiatives. Our Talent Acquisition team collaborates closely with managers and leadership to ensure diverse pools of candidates are considered by posting positions to diversity job boards. Customers attracts talented individuals with a combination of competitive pay and benefits.

As our business continues to evolve, so does the way we need to attract talent to achieve future success. Customers continues to make strides in effective external candidate engagement by improving messaging and our employer brand. From an employer brand perspective, we continue to strengthen our external perception by increasing our presence on social media platforms and our Career Website page.

	2022	2021
Full-Time Team Members	665	636
Part-Time Team Members	3	55
Total Team Members	668	641
Women	53%	54%
Minority	17%	19%

Voluntary turnover remains below 14% for the fourth year in a row.

Diversity, Equity Inclusion & Belonging (DEIB)

At Customers Bank, we are deeply committed to establishing a workplace culture which is built upon a foundation of dignity, mutual trust, integrity, and transparency.

We believe that being intentional about applying the principles and practices of diversity, equity, inclusion and belonging (DEIB) is essential to achieving the level of Cultural Intelligence (CQ) necessary to move us forward.

The Customers Bank Diversity Council in collaboration with corporate leadership, incorporates the lens of DEIB in establishing clear objectives, measurable goals, accountability, and succession planning to sustain a robust DEIB culture into the future.

The Council also works to develop and oversee the organization's EDIFY Initiatives which include DEIB-related education, training, resources, programs, and team member engagement.

This includes the bank's team member-driven emERGE Forums, which are Employee Resource Groups designed to strengthen team member engagement, support the unique needs of each group, and increase cultural awareness and understanding through allyship.

Current emERGE Forums include, Asian American Pacific Islander (AAPI), Black Excellence, HOLA! (Latino), LGBTQ+, Millennial/GenZ and the Women's forum.



Diversity of Board & Management Committee

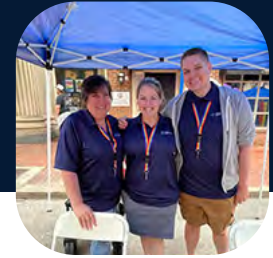


Customers Bancorp is using the Nasdaq Board Diversity Matrix as a model for a voluntary disclosure regarding the diversity of its Board and Management Committee as of April 10, 2023.

The information in the matrix is based on the voluntary self-identification of each member of the Customers Bancorp Board and senior leaders of the bank who run business teams or core functional teams. Those individuals who did not make a voluntary disclosure are tallied as such in the matrix.

	Female	Male	Non-Binary	Did Not Disclose
Directors	1	8		0
African-American or Black Directors	0	1	0	0
Alaskan Natives/American Indian Directors	0	0	0	0
Asian Directors	0	3	0	0
Hispanic or LatinX Directors	0	0	0	0
White Directors	1	4	0	0
Two or More Races or Ethnicities Directors	0	0	0	0
Did Not Disclose Race & Gender Directors	NA	NA	NA	0
LGBTQ+ Directors	0	0	0	0

2022 DEIB Activities



Unconscious Bias Training Nearly 400 team members attended one of the 16, one hour-long live virtual training sessions entitled, “Respecting Each Other Inclusively in Divisive Times”. Each interactive session challenged attendees to check their personal biases at the door and be open to listen and learn from those around them. The facilitator’s ability to draw from his personal stories provided a learning experience that was fun yet effective in creating understanding and connection.

Women’s Forum presented a Women in STEM virtual webinar on Cybersecurity conducted by one of our own cybersecurity professionals. The Forum also hosted internationally known guest speaker in our NYC office where she addressed over 100 team members virtually and in-person. The speaker was ranked one of the 50 Most Influential Business Leaders in Tech for 2021, is the recipient of multiple awards for her leadership, diversity, and inclusion efforts, and is the author of “Unstoppable”. The bank sponsored approximately 100 women to attend the virtual Women’s Leadership Symposium and a hybrid version of the 2022 Conference for Women, both designed to provide a wealth of personal and professional development opportunities for women.

AAPI Forum delivered sweet treats to team members throughout our footprint in celebration of Holi.

LGBTQ+ Forum represented the bank by sponsoring a table at the annual LGBTQ+ event in Phoenixville, PA.

Millennial/GenZ Forum hosted a happy hour networking event in our new West Reading Branch lobby where they were able to have updated headshot photos taken.

¡HOLA! Forum hosted a pre-Memorial Day cookout on the deck at West Reading where team members were treated to delicious Latin-inspired foods.

emERGE Forum All forums came together to host an event at our Malvern facility which included multicultural foods, games, a photobooth, self-defense training sessions and information about the forums.

Freedom Scholarship Program was created in 2020 in tribute to Juneteenth, the annual celebration of the emancipation of African American slaves in the United States. We recognize that the promise of freedom is vitally linked to the power of, and access to, quality education. The Customers Bank Freedom Scholarship Program is our way of providing financial support to dependents of eligible team members towards their educational pursuits. In 2022 a total of \$100,000 was distributed among 12 of our team members’ children.



Preparing Tomorrow's Financial Services Leaders

Customers developed and implemented an enhanced 10-week Internship Program to offer a route into banking for exceptional talent.

The program offers our interns hands on experience in their role, including, collaboration on team projects, assisting on streamlining tasks and processes, and participating in a "Fundamentals of Banking" speaker series with Senior Leaders from all areas of the organization.

With this session being the first cohort since pre-pandemic programs, Customers created a competitive selection process focusing on interns from universities within our markets that are currently majoring in programs that are aligned with the areas of the bank in which they are stationed. The long-term goal for the program is to build a talent pipeline that can be transitioned into full-time, high contributing team members upon graduation.

By providing these individuals with enhanced learning experiences via networking, team building, and on the job training opportunities, we believe these individuals will be prepared to succeed in both their internships and potential roles within Customers.

This "pilot" program set the framework for future Internship programs, and due to the feedback and overall success of the first cohort, the program will expand in 2023 into additional business units within Customers.



Learning and Professional Development

Customers remains committed to building a learning organization by driving learning through technology and creating an engaging, personalized and varied learner experience accessible to all team members, at every stage of their career.

Customers offers a variety of programs to help team members learn new skills, establish and meet personalized development goals, take on new roles and become better leaders. Customers' performance management program is an interactive practice that engages team members through performance reviews, goal setting and on-going feedback from managers to their team members. In addition, we developed a career mapping process for several business areas that identified the Leadership Competencies and KSAs (Knowledge, Skills and Abilities) needed to advance and support an increasingly digital strategy with an emphasis on the four Q's: Emotional Intelligence (EQ), Adaptability (AQ), Technical Skills and Knowledge (IQ), and Cultural Intelligence (CQ).

Learning Initiatives:

- **Customers' Learning & Development Program**, CUBI University, allows all team members to participate in a self-paced blended learning approach with curriculums that emphasize our culture and values. Customers focuses on continuous improvement by empowering team members to up-skill, re-skill, and grow professionally by leveraging best in class digital platforms, podcasts, digital learning events and recommended articles. Additionally, in support of our team members' educational goals, Customers provides tuition assistance to team members pursuing higher education.
- **A New Digital Learning Platform** was launched offering online training and access to a digital library of over 16,000 courses and a broad range of learning solutions. Team members have access to business, design, and technology courses to help them develop critical competencies and key leadership attributes. The new learning platform offers a tremendous potential for managers and team members to create development plans as part of the performance review process.
- **Digital Transformation Office Lunch & Learns** were hosted to educate and train team members on automated processes and procedures on digital platforms across our footprints.
- **The Customers Bank Executive Leadership Program** was designed and developed for high potential, high performing team members to connect and learn live and on-demand with globally renowned luminaries focused on the following areas: Performance and Wellbeing; Leadership and Management; Growth and Innovation; and Impact, Equity, and Sustainability.
- **New Manager Assimilation** training was developed and implemented in the Fall of 2022 for all new managers and leaders within the organization. This initiative allowed team members and managers to engage in a constructive workshop designed to help team members familiarize themselves with their manager or leader and increase transparency on triumphs and challenges within their team, in a format that provides psychological safety to those involved in the session.

Team Member Engagement

2022 was a year devoted to understanding how to successfully transition back to the office in a hybrid model that continues to align with our business strategy and culture during changing times. During the transition we put the health and safety of our team members first while balancing consistent presence with flexibility. We continued to focus on our customers, deliver what we promise, and promote an environment where our team members felt connected, supported and valued.

Customers recognizes that our team members physical and mental health and wellbeing is incredibly important, deserving of both protection and promotion. The company emphasizes individual responsibility in terms of personal health but considers health management to be an integral part of our culture. We are committed to providing programs and measures to promote our team members' health and wellbeing in the workplace.

Team Member Engagement Initiatives include:

Wellness Program - Customers Bank strives to create a culture of wellness by engaging and positively impacting each team member. Our robust wellness program offers a variety of challenges, workshops, webinars, and health coaching sessions. The program focuses on overall well-being: physical, mental, emotional, and financial and offers a multi-tiered reward system. There were 273 with 135 successfully completing the program.

Corporate Trainer - In 2022, in-person and online sessions with a personal trainer were rolled out throughout the company. Programs included body relaxation, body muscle recovery, light pain management, and strengthening exercises. 129 team members participated.

Day of Learning - up to 8 hours of PTO to participate in an educational seminar or class.

Matching Gift - The bank matches the charitable contributions of team members up to \$500.

Community Service Day - Team members can earn up to 8 hours paid time off for participating in a qualifying community service event.

United Way - Customers Bank encourages team members to support their local United Ways. The company matches team member contributions dollar for dollar.

Blood Drive - Customers sponsors an Adopt a Day blood drive through the local blood center several times a year. Participating team members are awarded two hours of additional community service paid time off and earn wellness points toward the wellness program.

EQ Assessment & Coaching - EQ is one of the 4 cultural pillars that Customers Bank highly values within our team member base. We provide team members the opportunity to receive an EQ assessment from our leadership and EQ coach, providing assessments on EQ and coaching participants based on the quantitative data received from their assessments.

Digital Feedback Tool - Team members need to be heard, included, recognized, and cared for and provided with positive leadership to promote a productive and engaging working environment. Customers Bank utilizes a feedback software tool to survey our team members on a periodic basis on subject matters relating to their work environment, managers, work life balance, and overall engagement.

Team Member Philanthropy & Volunteerism

Customers Bank matches up to \$500 per team member for contributions made to 501(c)(3) charitable organizations with principles compatible to the bank's values. In 2022, the bank provided total matches of \$7876 to contributions from 29 different team members benefiting 40 unique organizations. The beneficiaries included universities, community food banks, education research organizations, St Jude's Children's Hospital, Big Brothers/Big Sisters, the American Heart Association, Alzheimer's research, food banks, and more.

Customers Bank's team members regularly volunteer their time and business expertise to help organizations that serve our communities. Our team members have supported reading readiness programs and health fairs; taught free courses on spending, saving and borrowing; and volunteered their time and knowledge to support community-focused causes. Team members can earn up to 8 hours paid time off for participating in a qualifying event of community service. Many Customers Bank executives and team members serve on the governance boards of universities, colleges, foundations, and non-profit organizations. Several serve on multiple boards. And, one of our New England colleagues is serving her third term as an elected member of the Providence, Rhode Island City Council.

We're proud of our team's community engagement. The bank often contributes financially to these important institutions supporting the volunteer work of our team.



Corporate Governance

Investing in best practices for business





Board Oversight: Customers' Nominating and Corporate Governance Committee oversees the company's governance strategy. Committee charters and Governance policies can be found at: www.customersbank.com/investor-relations/governance-documents/

Best-Practice Corporate Governance and Board Leadership

- Majority Independent Directors
- A very experienced and diverse Board
- Strong Lead Independent Director
- Monthly Board and Board Committee meetings
- Annual Board performance evaluation and self-assessment
- Annual CEO performance evaluation
- Audit Committee, Nominating and Corporate Governance Committee, and Leadership and Development Committee consist solely of independent Directors
- Majority voting standard in uncontested election of Directors
- Annual Say-on-Pay vote
- Stock ownership policies and prohibition on hedging

Corporate Governance Principles



The Board of Directors has adopted Corporate Governance Guidelines to provide the framework for effective governance of the Board and the company. These guidelines are available on the company's website at www.customersbank.com by selecting "Investors," and then "Governance."

The company's mission and corporate purpose is to create a strong, sound and profitable financial services company committed to long-term growth in shareholder value. To guide the company in achieving its mission, the company has adopted certain corporate values to provide the foundation for the company's corporate culture and to promote the highest ethical conduct among its Directors, Officers and team members.

The Board of Directors of the company is elected by its shareholders to oversee and advise management in the conduct of the company's affairs and business and to guide management in the accomplishment of its goal to create shareholder value through superior execution of its annual and long - term plans. In this regard, the Board continuously promotes an environment within the company that is conducive to sound corporate governance, including periodic review, refinement and approval of these Corporate Governance Guidelines and the Code of Ethics and Business Conduct, and development of Board committees that are designed to effectively accomplish the Board's oversight and advisory responsibilities.

Guiding Shareholder Value

Given the role of guiding the company in the creation of shareholder value, the Board recognizes that the long-term economic interests of shareholders can often be furthered by giving appropriate and responsible consideration to the interests and concerns of other constituencies, such as the company's customers, investors, team members and local communities, as well as government officials, regulatory agencies, and the general public.

Audit Committee

The Audit Committee is appointed by the Board of Directors of the company to assist the Board in overseeing:

- the integrity of the financial statements of the company,
- the qualifications and independence of the company's independent registered public accounting firm,
- the performance of the company's internal audit function and independent auditors, and
- the compliance by the company with legal and regulatory requirements.
- the primary responsibility of the Audit Committee is to oversee the company's accounting and financial reporting process on behalf of the Board and report the results of their activities to the Board.

Management is responsible for preparing the company's financial statements and related disclosures and the company's independent auditors are responsible for auditing those financial statements. It is not the duty of the Committee to plan or conduct audits or to determine that the company's financial statements are complete and accurate and in accordance with GAAP. It is the Committee's duty to assist the Board in the oversight of the company's compliance with legal and regulatory requirements. The Committee is responsible to assist the Board in the oversight of the Internal Audit function, including review and approval of the Internal Audit plan.

Leadership Development & Compensation Committee

The Leadership Development & Compensation Committee is made up of at least two independent directors appointed by the Board of Directors to manage its responsibilities for approving and evaluating all compensation plans, policies and programs relating to compensation for the Chief Executive Officer and the other executive officers of Customers Bancorp, Inc. and Customers Bank.

The Committee's responsibilities includes formulating and guiding the company's executive compensation philosophy for compensating the CEO and executive officers of the company at a level sufficient to attract, motivate, and retain the talent needed to achieve the short-term and long-term goals of the company. In 2022, the Committee's scope was expanded to include oversight of the company's leadership development and other human capital initiatives. Among other tasks and responsibilities, the Committee:

- reviews the most recent results of the company's "say on pay" vote as well as the results of other company stockholder votes with respect to compensation-related matters and will consider whether any changes should be made to the company's executive compensation policies in response to such votes;
- reviews and approves the creation or revision of any recoupment or "clawback" policy allowing the company to recoup compensation paid to employees;
- establishes and oversees stock ownership guidelines for executive officers and directors, and monitors adherence to the company's stock ownership guidelines for senior management;
- periodically updates a peer group of companies against which it assesses the company's compensation programs and practices to ensure they are competitive and supportive of the company's strategy and objectives; and
- establishes guidelines for a CEO and key executive officers and monitors adherence to the company's succession planning guidelines for executive officers.

Directors Compliance Committee

The Directors Compliance Committee of Customers Bank consists of three or more Directors appointed by the Board to provide oversight of the bank's policies concerning all compliance risk management activities and the bank's compliance with applicable law and regulations.

Among its responsibilities, the Committee:

- reviews and reassesses the adequacy and effectiveness of its Charter periodically (but not less than annually) and recommends changes to the Board of Directors or any appropriate Committee of the Board when necessary;
- reviews and approves the Compliance Department's overall policies and goals concerning compliance including but not limited to CRA, BSA, and Fair Lending Responsible Banking programs except where review and approval of the full Board is required;
- ensures that there are adequate dedicated resources including compliance staffing necessary to manage the compliance risks of the bank;
- evaluates the adequacy and effectiveness of the bank's compliance programs;
- receives and reviews the reports of examination of the bank and mandates by regulatory authorities concerning consumer compliance, tracks the responses of management to these reports and mandates, and produces follow-up reports to the Board and the regulatory authorities;
- provides oversight of all compliance training and monitoring programs;
- reviews all internal and external compliance independent audits; and
- reviews the establishment, closure and relocation of branches and other offices.

Directors Risk Committee

Delegated by the Board of Directors, the Directors Risk Committee is responsible for overseeing the company's overall risk framework, and risk appetite as well as the Chief Executive Officer's, the Chief Risk Officer's and senior management's identification of, measurement of, monitoring of, and control of key risks. The Risk Management Policy and framework governs the management of strategic, credit, liquidity, interest rate, price/market, operational (including IT, third-party, and information security), compliance, and reputation risk.

Currently, all members of the Company's and Bank's boards serve on the Directors Risk Committee. The Committee currently meets monthly to exercise its oversight role.

The Committee reviews and provides effective challenge with regard to decisions made by management relative to strategy, major initiatives, and other activities that could cause the company's risk profile to exceed its risk appetite or jeopardize the safety and soundness of any of its bank subsidiaries. The Committee's purview includes, but is not limited to, the company's risk framework and appetite statements, risk planning, credit review, lending and credit policies, asset and liability management, liquidity, capital management, and business continuity planning.

Risk Management

Banks are in the business of taking risk, and we consider prudent risk management key to our success over time. The responsibility for risk management begins with the Board of Directors. The Board is responsible for setting an appropriate tone at the top for risk culture, approving the company's Risk Appetite Statement, ensuring the company employs a strong risk management program, providing effective challenge, and holding senior management accountable for identification, measurement, and management of risk.

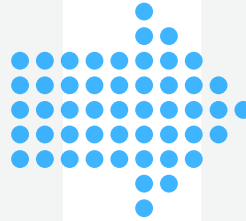
Management is responsible for executing the company's risk management program, including updating the company's Risk Appetite Statements, approved annually by the Board, and incorporating the tools of the risk management framework to identify, assess, manage, and monitor key and emerging risks to the company. Management sets the tone for risk management throughout the organization as everyone's responsibility.

At regular meetings of the Board of Directors and other board-level committees, management reports on the state of risk throughout the organization, and management's actions to mitigate those risks to within acceptable risk tolerances. The risk management program considers risk holistically, but ensures risks are evaluated across the primary risk categories of strategic, credit, liquidity, interest rate, price/market, operational (including IT, third party, and information security), compliance, and reputation risk.

Risk Roles & Workflow

Board of Directors / Board Committee

- Sets an appropriate tone at the top for risk culture
- Ensures a size-appropriate Risk Management Program and Framework are in place
- Approves the Risk Appetite Statements, metrics and appropriate risk policies
- Holds senior management accountable for adhering to the Risk Management Program
- Provides effective challenge to management on risk assessments and risk-taking activities
- Oversees adherence with risk policies and limits
- Exercises independent judgment
- Reviews and approves talent management, including succession planning

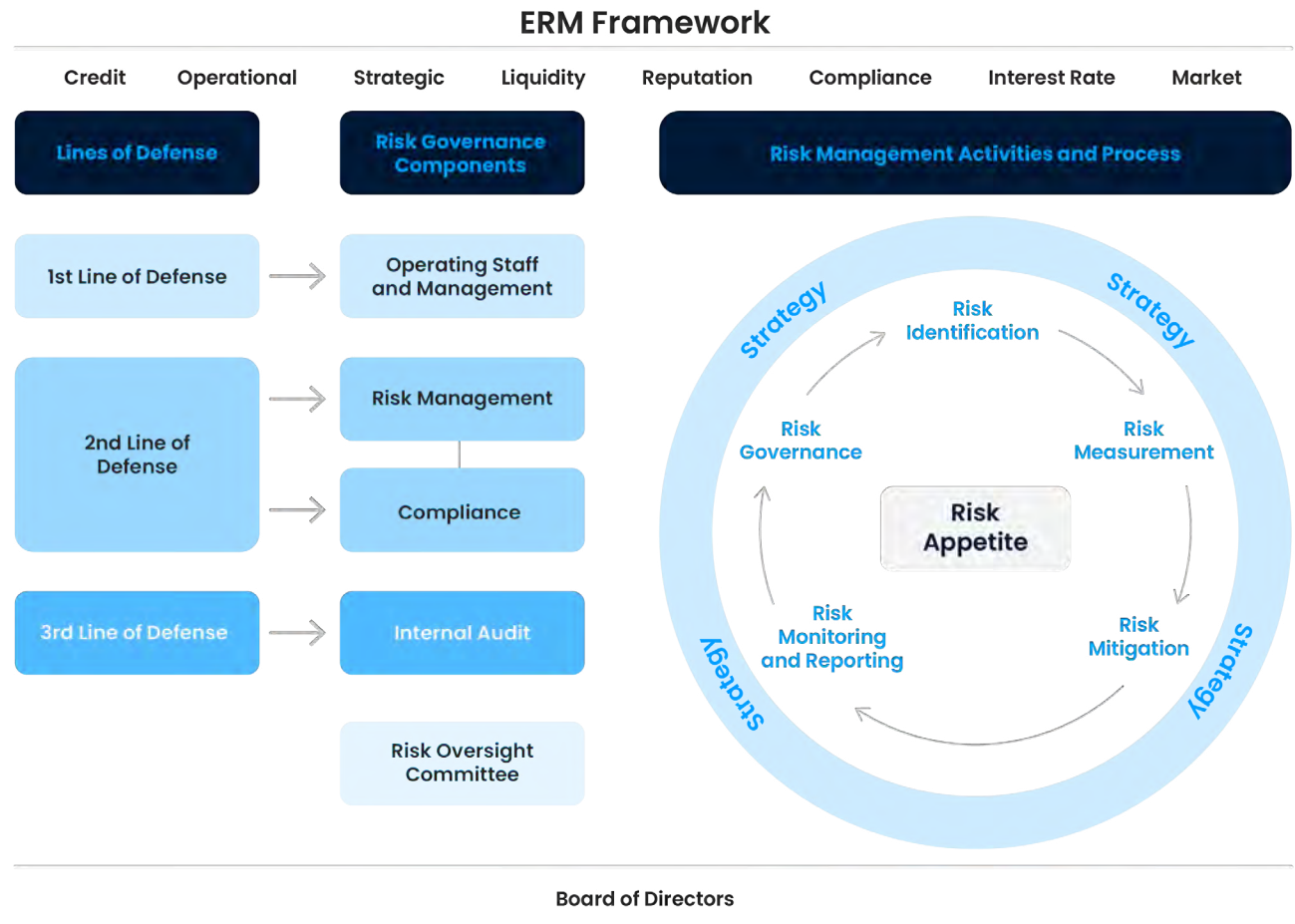


Senior Management / Management Committees

- Own and implement the company's Risk Management Program, incorporated into day-to-day activities
- Ensure alignment between the company's strategy and Risk Management Program
- Develop and maintain the framework, tools, policies and procedures to identify, assess, manage and monitor key and emerging risks
- Conduct the appropriate assessments of the existing business and all business changes
- Provide updates to the appropriate Board and management risk committees on risk activities
- Provide ongoing training to Directors, management and staff on risk management issues and practices

Enterprise Risk Management

Enterprise Risk Management (ERM) is a framework for ensuring that risk of all types is actively managed throughout every area of the company, and always in alignment with the company's strategy and risk appetite. A strong ERM program seeks to reinforce risk ownership and accountability, both with existing operations as well as when considering strategic changes. The diagram shown illustrates Customers' ERM Framework, built on a three lines of defense model, and within a life cycle of risk identification, measurement, management, and monitoring. The ERM Framework is owned by management and overseen by the Board of Directors.



Nominating & Corporate Governance Committee

The Nominating and Corporate Governance Committee consists of at least four independent directors whose purpose and responsibility is to: (i) develop and recommend to the Board corporate governance policies and guidelines; (ii) assist the Board in identifying and nominating director candidates for election to the Board and appointment to committee membership; and (iii) assist the Board with corporate governance matters.

The Committee:

- reviews and advises the Board with respect to policies or changes to the governance structure of the company to enhance the Board's effectiveness, including the size and composition of the Board, the frequency and structure of Board meetings, the frequency, structure and guidelines for calling executive sessions of independent directors, procedures for Board meetings including distribution of meeting materials, and the formation of new Board committees;
- creates and reviews, at least annually, the corporate governance policies of the company to ensure that they are appropriate for the company and comply with applicable laws, regulations and stock exchange listing standards, and recommend changes to the Board as appropriate;
- reviews and assesses the adequacy of the company's Code of Conduct and recommends proposed changes to the Board, including the terms of the enforcement and waiver mechanisms for the Code of Conduct, also reviewing and assessing the enforcement and waiver provisions of the company's other policies;
- investigates and assesses the backgrounds and skills required of Board members and those of potential candidates for Board membership, including reviewing and assessing candidates recommended by shareholders;
- recommends to the Board, director nominees to be presented to the shareholders for election or to the Board for appointment to fill vacancies, as applicable, considering the independence and other qualifications of each candidate and seeking an appropriately diversified Board;
- assess the independence of directors, director nominees and director candidates under applicable laws, regulations and stock exchange listing standards, including heightened standards for committee membership, and recommend independence determinations to the Board;
- subject to the provisions of the bylaws, makes recommendations to the Board for membership on the various Board committees (considering the qualifications for membership on each committee);
- recommends to the Board such changes to the committee structure and committee functions as it deems advisable; and
- reviews and recommends to the Board compensation to be paid to the non-management directors.

Election of Board



The Customers Bancorp, Inc. Board of Directors currently consists of nine members and is divided into three classes, with one class of Directors elected each year. Each of the members of our Board of Directors also serves as a Director of Customers Bank. Directors are elected to serve a three-year term or until their respective successors shall have been elected and qualified.

Our Board of Directors consists of individuals with considerable and diverse business experiences, backgrounds, skills and qualifications. Collectively, they have a strong knowledge of our company's business and markets and are committed to enhancing long-term shareholder value. Our Nominating and Corporate Governance Committee is responsible for identifying and selecting director candidates who meet the evolving needs of our company. Director candidates must have the highest personal and professional ethics and integrity. Additional criteria considered by the Nominating and Corporate Governance Committee in the director selection process includes the relevance of a candidate's experience to our business, enhancement of the diversity of experience of our Board, the candidate's independence from conflict or direct economic relationship with our company, and the candidate's ability and willingness to devote the proper time to prepare for and attend meetings.

The Nominating and Corporate Governance Committee also takes into account whether a candidate satisfies the criteria for independence under the NYSE listing rules, and, if a nominee is sought for service on the Audit Committee, the financial and accounting expertise and literacy of a candidate, including whether the candidate qualifies as an Audit Committee financial expert pursuant to Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended. Consideration is also given to nominating persons with different perspectives and experience to enhance the deliberation and strategic decision-making processes of our Board of Directors.

Director Qualifications

The Nominating and Corporate Governance Committee identifies or evaluates and recommends candidates for Board membership to the Board. The Board has approved the following minimum qualifications for first-time nominees for director: (i) individuals of the highest character and integrity, (ii) a demonstrated breadth and depth of management and/or leadership experience, preferably in a senior leadership role (e.g., chief executive officer, managing partner, president) in a large or recognized organization or governmental entity; (iii) financial literacy or other professional or business experience relevant to an understanding of the company and its business; and (iv) a demonstrated ability to think and act independently, as well as the ability to work constructively in a collegial environment. In identifying candidates, nominees for director, or evaluating individuals recommended by shareholders, the Nominating and Corporate Governance Committee shall determine, in its sole discretion, whether an individual meets the minimum qualifications approved by the Board and will consider the current composition of the Board in light of the diverse communities and geographies served by the company and the interplay of the candidate's or nominee's experience, education, skills, background, gender, race, ethnicity and other qualities and attributes with those of the other Board members, as well as such other factors as the Nominating and Corporate Governance Committee deems appropriate.

Director Nominations

There are no stated minimum criteria for director nominees, and the Nominating and Corporate Governance Committee may also consider such other factors as it may deem are in our best interests and the interests of our shareholders. The Nominating and Corporate Governance Committee does, however, believe it appropriate for at least one member of the Board to meet the criteria for an “Audit Committee financial expert,” that a majority of the members of the Board meet the definition of “independent director” under NYSE rules, and that one or more key members of management participate as members of the Board.

While we have no formal policy with respect to diversity on the Board, in order to enhance the overall quality of the Board’s deliberations and decisions, the Nominating and Corporate Governance Committee seeks candidates with diverse professional backgrounds and experiences, representing a mix of industries and professions, and with varied skill sets and expertise.

The Nominating and Corporate Governance Committee identifies nominees by first evaluating the current members of the expiring class of Directors willing to continue in service. Current members of the expiring class with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service, by members of the expiring class with that of obtaining a new perspective. If any member of the expiring class does not wish to continue in service or if the Nominating and Corporate Governance Committee or the Board decides not to re-nominate a member for reelection, the Nominating and Corporate Governance Committee identifies the desired skills and experience of a new nominee and discusses with the Board suggestions as to individuals that meet the criteria. The Nominating and Corporate Governance Committee has not in the past engaged third parties to identify, evaluate, or assist in identifying potential nominees, but relies on community and business contacts it has established through its Directors, Officers, and professional advisors to help it identify potential director candidates when a specific need is identified.

Our bylaws contain provisions that address the process by which a shareholder may nominate a candidate to stand for election to the Board of Directors at our Annual Meeting of Shareholders. In evaluating director nominees, the Nominating and Corporate Governance Committee considers the following factors:

- the appropriate size of our Board of Directors and its committees;
- the perceived needs of the Board for particular skills, background, and business experience;
- the skills, background, reputation, and business experience of nominees compared to the skills, background, reputation, and business experience already possessed by other members of the Board; and
- the nominee’s independence.

Cybersecurity



The cybersecurity discipline for Customers Bank is overseen by the Board of Director's Risk Committee and the Office of the Chairman for Customers Bank. Our award-winning program is part of the Bank's Operations & Technology organization (OpTEC) and led by the company's Chief Information Security Officer. The program has been designed around the National Institutes of Standards & Technology's (NIST) Cybersecurity Framework as well as the Federal Financial Institutions Examination Council (FFIEC) guidelines for cybersecurity. Using these frameworks helps our organization ensure the confidentiality, integrity, and availability of technology and services for the bank's customers, employees, and partners. Our program consists of six key areas focused to physical security, technology governance, application security, cybersecurity operations, digital architecture, and standards management and compliance. The Corporate Security Group manages the company's incident response and business continuity functions and utilizes annual table-top exercises to test the organization's preparedness for anything from pandemics to cybersecurity events.

The Director's Risk Committee receives monthly security reports from the CISO sharing information on cyber risk, vulnerabilities, disaster recovery testing, employee security awareness training, and third-party cyber risk. An annual report is compiled and shared with the Board of Directors summarizing the previous year's activities along with a comprehensive view of trends and the risks they pose to the bank. The bank's security policies are reviewed and ratified on an annual basis by the Board of Directors who provide oversight of executive-level enforcement and compliance. The organization also utilizes several global third-party advisors to ensure the appropriateness of the Bank's security posture, adherence to established controls, proper assessment of risk, and efficient operation of the bank's cybersecurity discipline.

At year's end, the bank learned that A-LIGN Compliance and Security, Inc. certified that Customers Bank operates an information security management system that conforms to the requirements of ISO/IEC 27001.



Kudos for Customers Bank CISO and Team



Endre Jarraux Walls, Customers Bank EVP and Chief Technology & Operations Officer was named by Cyber Defense Magazine as one of it's **2022 Top Global CISOs**.

These Chief Information Security Officers (CISOs) competed against thousands of candidates for this prestigious award," said the publication in the awards announcement. "Judges look at these candidates, searching for the most innovative, with unparalleled success in communicating with their boards and senior level executives, detecting, and stopping breaches and data loss, complying with regulations, and building powerful risk reduction programs for their organizations."

The statement continued, "CISOs are the first responders of cyberspace and deserve to be recognized for their tremendous achievements as they fend off cyber criminals, cyber terrorists, malicious insiders, and nation state sponsored attacks.... They work tirelessly to allow companies to grow, expand, and increase potential profits by managing and mitigating major risks and regulatory compliance issues on a day-to-day basis."

The Infosec Institute, a leading cybersecurity education provider and part of Cengage Group, named Customers Bank one of its 2022 Skills Development Award winners.

The award program recognizes Infosec clients' and partners' most impactful, innovative and empowering security awareness and training initiatives.

The Skills Development Awards recognize organizations and individuals who embody the mindset of continuous skill development. Development Award winners excel at up-skilling internal technical teams or setting a high standard within those teams for ongoing professional development. The recipients believe knowledge is the best defense against attacks.



Code of Ethics and Business Conduct & ESG

Each of our Directors, Officers and team members is required to comply with the Customers Bancorp, Inc. Code of Ethics and Business Conduct (“Code of Conduct”) adopted by us. The Code of Conduct, which is acknowledged annually by the company’s Directors, Officers, and team members, sets forth policies covering a broad range of subjects and requires compliance with laws and regulations applicable to our business.

Consistent with the company’s current policies and processes, the company and Board of Directors remain committed to a zero-tolerance policy regarding sexual harassment and behaviors that contribute to a hostile work environment. The company and Board of Directors remain focused on the prevention of workplace harassment through the application of enhanced education and training to support and encourage a climate of mutual respect among all team members.

Further, the company and Board of Directors continue to nurture and celebrate a culture that embraces diverse points of views, background and experiences. We are committed to equity in how people are treated and the opportunities available to them. Each of our Directors, Officers and team members is required annually to review and provide acknowledgment of their understanding of the company’s Code of Conduct. The Code of Conduct addresses the company’s commitment to providing an inclusive, respectful, and non-discriminatory working environment, free from harassment or any other inappropriate conduct.

Whistleblower Policy & Hotline



It is important that Customers Bank maintains a culture where anyone feels they can speak up if they believe that something is not right. Customers is pleased that a significant majority of our team members feel comfortable raising concerns directly to their management, Human Resources, Compliance or Legal. However, sometimes team members will not feel comfortable raising concerns using these avenues. At Customers Bank, we have a policy regarding reporting of complaints via the company's dedicated Whistleblower Hotline about accounting, internal controls, employment practices, auditing matters, questionable financial practices, Code of Conduct violations or violation of laws, rules or regulations by others. The policy is designed to provide a channel of

communication for team members and others who have concerns about our conduct or any of our directors or team members. Complaints are treated seriously, handled expeditiously and fully investigated regardless of the nature. Complaints that are accounting or financial in nature or allege any immediate threat to the corporate security of the company are handled by the company's Audit Committee and Legal Team.

Team members submitting a complaint need not provide their names or other personal information and reasonable efforts will be used to conduct the investigation that follows from such complaint from a team member in a manner that protects the confidentiality and anonymity of the team member submitting the complaint.

Team members are reminded of the company's Whistleblower Hotline at least annually. We honor a culture of investigation, confidentiality and non-retaliation. Information regarding the company's Whistleblower Hotline and Contacts are accessible from the homepage of the bank Intranet and is located on pages 27 and 28 of the company's Code of Conduct.

Stock Ownership Policies & Prohibition of Hedging



In 2016, the Board adopted a stock ownership policy for Directors and key members of the executive management team. Under the policy, each non-management Director is required to own shares of the company's common stock having a value equal to five times the annual cash retainer.

Directors have five years from their appointment to the board to reach the targeted level, and then they must maintain at least that stock ownership level while serving as a member of the Board and for one year after service as a Director terminates.

In addition, the Board has adopted stock ownership guidelines for key members of the company's executive management intended to align the interests of the executive with the interests of the shareholders so that decisions made consistently consider the shareholders' interests.

The ownership guidelines vary with the individual's rank:

Chairman & CEO -- six times base salary

President -- four times base salary

CFO -- three times base salary

Key Executives (generally EVPs) -- one times base salary

Under our Code of Conduct, our Officers, Directors and team members are prohibited from short selling of or other hedging transactions involving company securities, or the purchase or sale of derivatives related to the company securities.



Insider Trading Policy

All Directors, Officers and team members of our company and its subsidiaries (together, the “Covered Persons” are required to abide by our Insider Trading Policy (the “Policy”). The company may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material nonpublic information. This Policy also applies to family members, other members of a person’s household and entities controlled by a person covered by the Policy. The Policy provides guidelines with respect to transactions in the securities of the company and the handling of confidential information about the company and the companies with which the company does business. The company’s Board of Directors has adopted this Policy to promote compliance with federal, state and

foreign securities laws that prohibit certain persons who are aware of material nonpublic information about a company from: (i) trading in securities of that company; or (ii) providing material nonpublic information to other persons who may trade on the basis of that information. The company’s General Counsel is the Policy’s Compliance Officer. Directors, Officers and team members who, because of their position, are likely to possess material non-public information regarding the company are required to obtain approval from the Compliance Officer before trading in company securities. The company requires Covered Persons to acknowledge at least annually that they have read and understood the Policy.

Zero-Tolerance Policy – Workplace Harassment

Consistent with the company's current policies and processes, the company and Board of Directors remain committed to a zero-tolerance policy regarding sexual harassment and behaviors that contribute to a hostile work environment. The company and Board of Directors remain focused on the prevention of workplace harassment through the application of enhanced education and training to support and encourage a climate of mutual respect among all team members. Further, the company and Board of Directors continue to nurture and celebrate a culture that embraces diverse points of views, background and experiences. We are committed to equity in how people are treated and the opportunities available to them. Each of our Directors, Officers and team members are required

annually to review and provide acknowledgment of their understanding of the company's Code of Conduct. The Code of Conduct addresses the company's commitment to providing an inclusive, respectful, and non-discriminatory working environment, free from harassment or any other inappropriate conduct. In support of our commitment to diversity and inclusion, the company's CEO joined Action for Diversity & Inclusion, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace and in concert with the Board and members of senior management, will champion the organization's principles.

Governance Statement on Government Affairs and Political Action

Customers Bancorp monitors public policy at the local, state, and federal levels for potential impacts on the business and its operations. The company does not have a political action committee (PAC). Some executives and team members make voluntary personal contributions to political candidates and campaigns. The company employs one individual whose duties include government affairs and who is a registered lobbyist in Pennsylvania. The activities at the Federal level do not reach the threshold requiring Federal lobbyist registration. All lobbyist registration and reporting requirements are followed strictly. The company is a member of the Mid-size Bank Coalition of America, and several state and local chambers of commerce and banking associations. These professional trade associations undertake lobbying activities on behalf of the collective interests of their members.



PHOTO: Andrew Selman

More Accolades for Customers Bank



100 Fastest Growing Companies of 2022

Customers Bancorp ranked 64th on Fortune Magazine's list of the 100 fastest growing companies in America. From its founding in 2009 with assets of just \$250 million, Customers Bancorp grew to a top 100 bank in the US with assets of over \$20 billion at the end of 2022.



S&P Global Market Intelligence Best Performing Publicly-Traded U.S. Banks w/ Assets > \$10 billion

Customers Bancorp, Inc. ranked 3rd in performance in S&P Global Market Intelligence's newly created list. S&P Global Market Intelligence assesses the performance of community banks, credit unions and larger public-traded banks based on returns, growth and efficiency but places a premium on the strength and risk profile of balance sheets.



America's Best Banks of 2022

Customers Bank was once again proud to be included in the annual Forbes list of America's Best Banks list, and to have moved up an amazing 51 places to take the ranking of 21.



Healthiest Places to Work-Philadelphia Business Journal

For the second consecutive year, Customers Bank was ranked 1st among "medium sized" (500-1,499 employees) employers in the Philadelphia region on the basis of its wellness program's culture and leadership commitment, foundational components, strategic planning, communication and marketing, programming and interventions, and reporting and analysis.



Let's take on tomorrow.