

First Quarter 2020

Earnings Conference Call

May 4, 2020

Customers  **Bancorp, Inc.**

NYSE: CUBI

Team Members

- 85% of our team members are working remotely with minimal disruption to clients
- Special pay considerations, bonuses, additional PTO for essential front line and other support workers
- No furloughs
- Zero-interest loans up to \$2,500 are available to assist team members and their families facing unforeseen challenges due to COVID-19
- Established a hotline for team members to call for assistance of any kind for their families

Consumers

- 24/7 Customer Care Center; mobile app and online banking available
- All drive-in window service available with appointment banking for in lobby service
- Customer Relief Program
 - **Under 5%⁽¹⁾ of Consumer loan customers in deferment**
 - Increased deposit limits; waiving penalties for early CD withdrawals
 - Waiving or reducing certain fees
 - Not reporting payment deferrals to credit bureaus

Businesses

- Over \$5 billion⁽¹⁾ in loans for small businesses in the SBA's Paycheck Protection Program
- Attracted over 1,000 new business checking customers through PPP offering alone
- Proactively contacted all commercial clients
 - **Under 8%⁽¹⁾ of Commercial loan customers in deferment**
- Established or expanded high quality relationships with businesses in segments that are not adversely impacted

Communities

- Customers Bank made numerous financial contributions, including over \$1,000,000 of direct or indirect donations for urgent COVID-19 basic needs
- Volunteering and additional retargeting of existing sponsorship and grants to nonprofits to support COVID-19 related activities
- Conducted webinar for entire business community on how to "Survive & Thrive"
- Represented community banks' perspective on the crisis on CNBC

(1) Estimated as of May 2, 2020

Paycheck Protection Program



- Committed to helping small businesses, not for profits and communities, Customers has expanded its platform to issue as many loans as possible
- Developed partnerships with several fintech platforms to expand capacity
- Over 75,000⁽¹⁾ loans originated for over \$5 billion⁽¹⁾
- Average loan size less than \$75,000⁽¹⁾
- Expect to add ~\$85 million in revenue from origination alone⁽¹⁾
- Expect ability to assist further if program is expanded

Loan Modifications



- Developed a programmatic deferred payment initiative to proactively assist borrowers directly impacted by COVID-19
- 3,791 (3,495 Consumer / 296 Commercial)⁽²⁾ of customers requested relief
- Relief Represents 5.6% of Portfolio (5.1% Consumer / 7.9% all Commercial)⁽²⁾
- C&I loans deferred are only 1.7%⁽²⁾

Customer Assistance



- Most branches remain open to serve our customers, in addition to available mobile and online banking services
- Actively engaged with clients to understand their situation and to minimize credit deterioration
- No material changes in delinquencies as a result

(1) Estimated as of May 2, 2020

(2) As of April 24, 2020

First Quarter 2020 Highlights

Earnings

- \$7.0 million GAAP earnings in Q1 2020, EPS \$0.22
- \$38.6 million adjusted PPNR⁽¹⁾
- Adjusted PPNR up \$13.3 million or 53% over 1Q19
- \$23.1 million provision in Q1 2020⁽²⁾

Asset Quality at 3/31/2020

- \$100.4 million reserve build since 12/31/2019
- Reserves 2.1% of loans held for investment, up from 0.8% at 12/31/2019
- Reserves equal 6.4% of other consumer loans
- Reserves equal 242% of NPLs
- NPL 0.61% of total loans and leases

Loan Portfolio

- Loan balances grew 18% over last year, and portfolio well diversified
- C&I loans (including CRE owner occupied) up 29% over last year
- Multi-family down 36% over last year
- C&I loans (including loans to mortgage companies) made up 50% of total loans
- CRE (including multi-family) 33% of total loans
- Other Consumer 13% of total loans
- Mortgages & manufactured housing 4% of total loans
- No subprime loans in the portfolio

Deposits

- Total deposits up 13% over last year
- Demand deposits up 38% over last year

Capital Ratios⁽³⁾

- Capital ratios significantly in excess of “well capitalized” thresholds
- CET1: 10.7%
- Tier 1 Risk Based Capital: 10.7%
- Total Risk Based Capital: 12.3%
- Tier 1 Leverage: 10.1%

Tangible Book Value at 3/31/2020

- Tangible book value (Excluding CECL)⁽⁴⁾
 - \$806 million (\$25.60/Share)

Trading Multiples as of 3/31/2020

- 0.43x Price to Tangible Book

(1) Adjusted Pre-Tax Pre-Provision Net Income (“adjusted PPNR”) is a non-GAAP measure

(2) Includes loans & leases and unfunded commitments

(3) Customers Bank capital ratios are estimated for Q1 2020

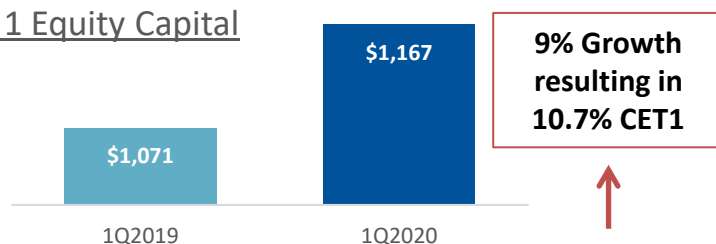
(4) Tangible book value excludes the impact of CECL, a non-GAAP measure (Reconciliation in Appendix)

Financial Highlights:

First Quarter 2020 Highlights Cont.

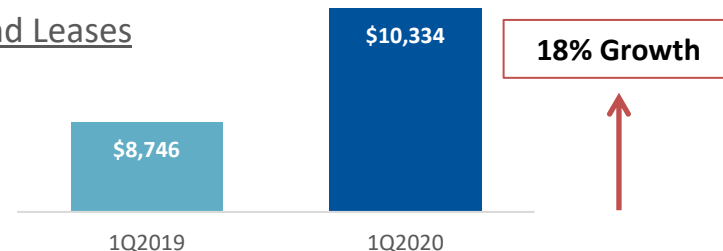
Bank Tier 1 Equity Capital

\$ in Millions



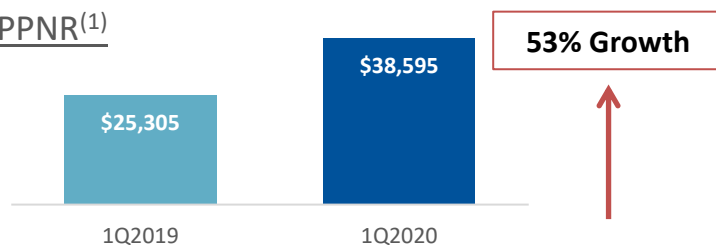
Loans and Leases

\$ in Millions



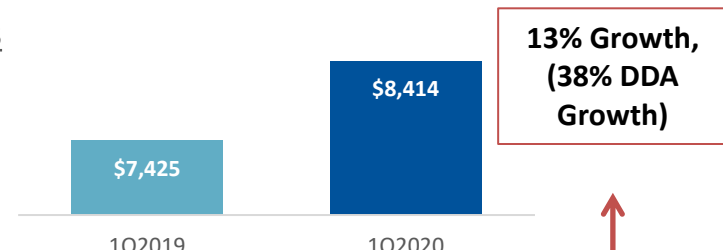
Adjusted PPNR⁽¹⁾

\$ in Thousands

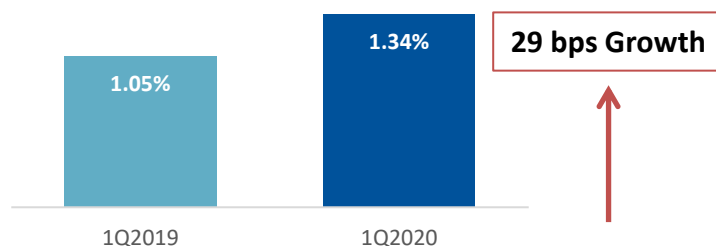


Deposits

\$ in Millions

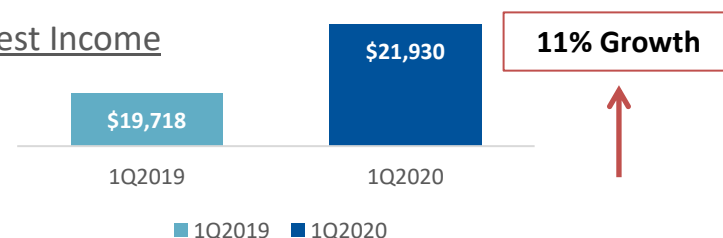


Adjusted PPNR ROAA⁽¹⁾

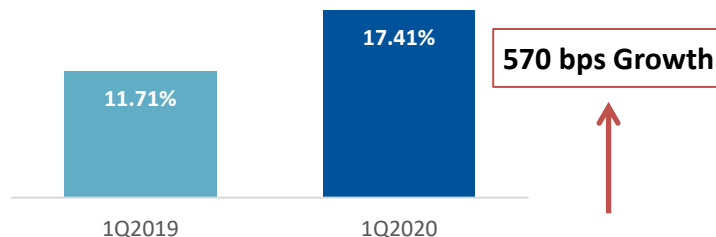


Non-Interest Income

\$ in Thousands

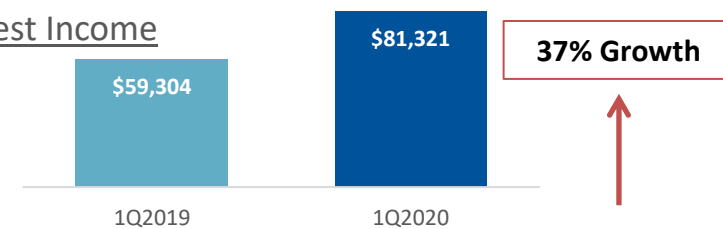


Adjusted PPNR ROCE⁽¹⁾



Net-Interest Income

\$ in Thousands

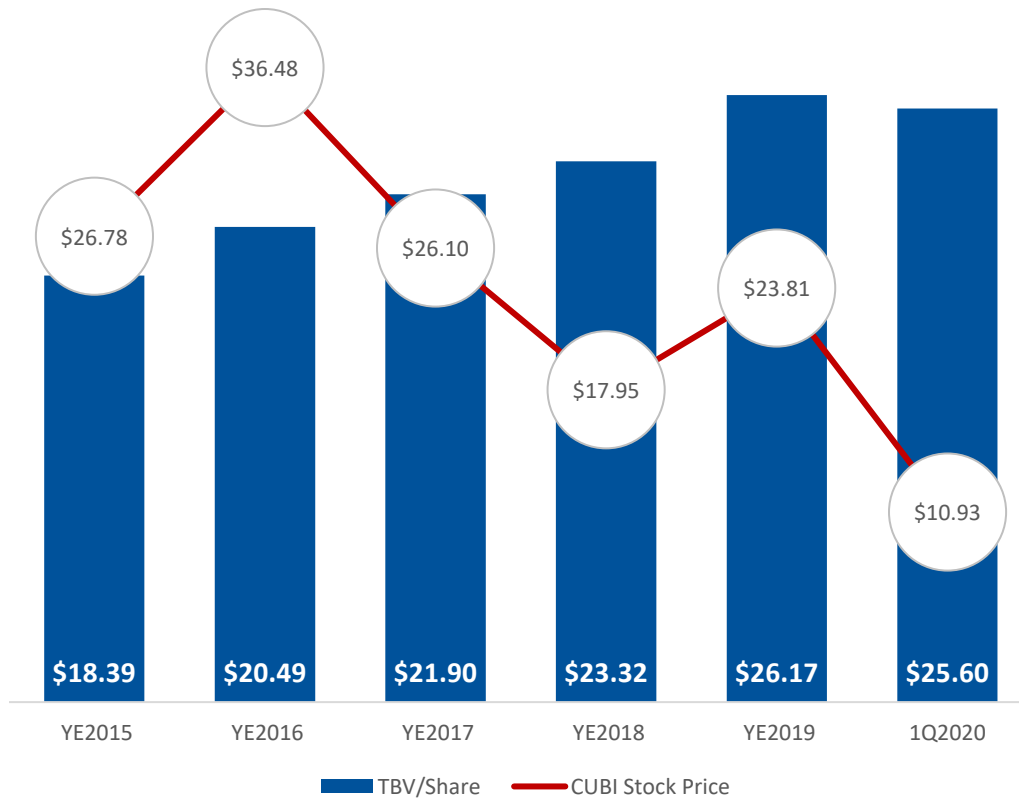


(1) Non-GAAP Measure, refer to Appendix for reconciliation

Tangible Book Value

Tangible Book Value Per Share⁽¹⁾

8.6% CAGR



TBV/Share⁽¹⁾

\$25.60

Stock Price⁽²⁾

\$10.93

Value Proposition

Trading at 43% of TBV

Highlights:

- Significant discount to TBV provides potential upside based on peer trading levels

(1) Tangible book value excludes the initial impact of CECL, a non-GAAP measure

(2) As of March 31, 2020

Our Top 5 Risk Management Priorities

Our Top 5 Risk Management Priorities

Portfolio Management & Maintaining Superior Asset Quality

- Conservative underwriting
- Conservative reserving
- Active portfolio management
- Operating in pre-recessionary environment since 2019

Preserving & Expanding Margin

- Q1 2020 margin⁽¹⁾ expanded 40 bps compared to Q1 2019
- Margin⁽¹⁾ up 10 bps in Q1 2020
- Margin expected to be above 3.0% for 2020
- Active management and pricing discipline for loans, deposits and borrowings

Strong Liquidity

- Strong DDA and core deposit growth
- Loans and leases held for investment to deposit ratio 87.5%
- \$3.2 billion of average assets extremely liquid in Q1 2020

Capital Management

- Will not redeem preferred stock as it becomes callable in 2020
- Added \$100 million to bank capital, \$25 million in Q3 2019 and \$75 million in Q4 2019
- PPP initiatives will add about \$85 million pre-tax to equity capital
- Both bank and holding company well above “well capitalized” status

Maintaining and Improving Profitability

- Adjusted PPNR⁽²⁾ continues to show above average growth, with expanding margin
- Core ROA target of 1.25% and Core ROE of 12% in 2-3 years
- Focused on \$6 in core EPS with 5-6 years

(1) Net Interest margin, taxable equivalent (“margin”) is a non-GAAP measure, refer to Appendix for reconciliation

(2) A non-GAAP Measure, refer to Appendix for reconciliation

1) Portfolio Management & Maintaining Superior Asset Quality

Portfolio Management:

Details of Portfolio / Asset Quality

C&I Loans⁽¹⁾

Avg Yield 4.7%

- \$2.6 billion total outstanding for 1Q 2020, Up 29% over last year
- Middle market and business banking \$1.5 billion total
- Specialty Lending \$677 million
- Equipment Finance \$364 million

Loans to Mortgage Companies

Avg Yield 3.8%

- \$1.8 billion average outstanding for 1Q 2020, Up 46% over last year
- 55 high quality mortgage company clients
- Top 10 lenders in the US
- \$573 million in non interest-bearing deposits at 3/31/2020
- Annualized fees 30 bps of outstanding balance

Commercial Real Estate Loans

Avg Yield 4.4%

- Total outstanding (including multi-family) \$3.5 billion, down 21% YoY
- CRE non owner occupied \$1.4 billion
- Multi-family \$2.1 billion, down 36% YoY

Consumer Loans

Avg Yield 7.8%

- Other Consumer including, Personal, Home Improvement and Student Refinancing outstanding \$1.3 billion
- Other Consumer loan average FICO ~750
- No subprime loans
- Residential mortgage \$339 million

Investment Securities

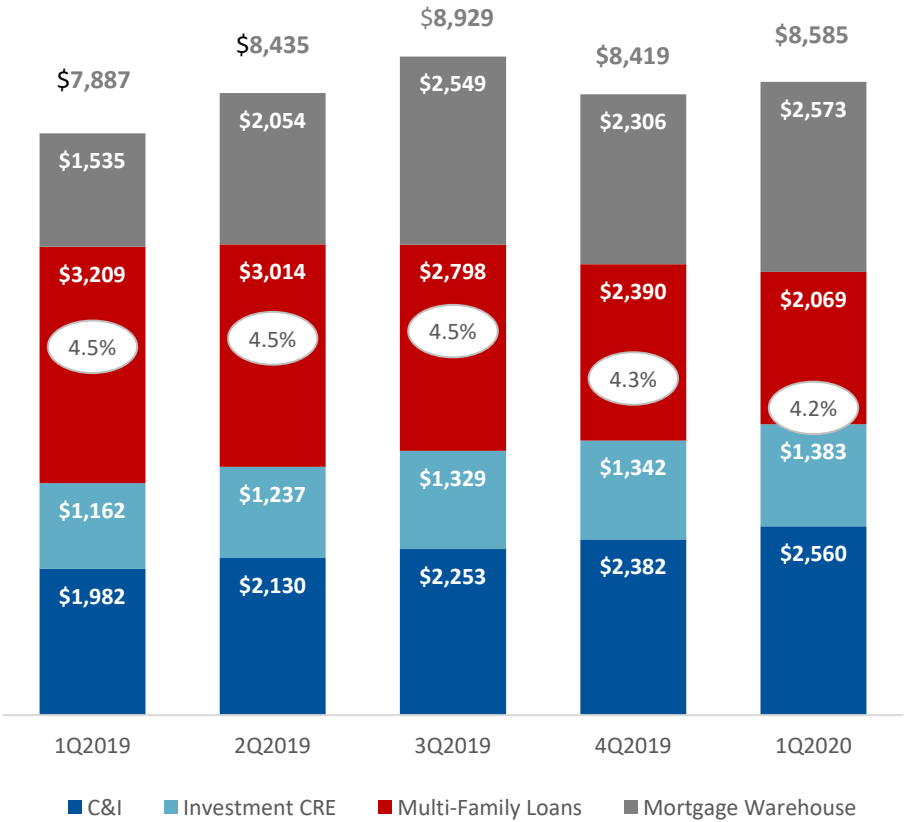
Avg Yield 3.5%

- Total of \$713 million
- Average life of 5.38 years
- Agency backed MBS, high quality investment grade corporate bonds and municipals

(1) Includes CRE owner-occupied

Commercial Loans

8.8% Annual Growth



Highlights:

- Customers is a Business Bank with “relationship banking” strategy, being executed through the “single point of contact” model
- Very experienced and seasoned teams executing strategy
- Business Banking conducted principally from New England to Northern Virginia markets, along the I-95 corridor
- LPOs in Boston, Providence, New York, Philadelphia and Chicago
- Middle market lending supported by Specialty Finance, Commercial Finance and SBA teams in all markets
- Mortgage Warehouse is a national business called “Banking to Mortgage Companies”
- Centralized credit underwriting, supported with regional and specialized credit officers

Note: Loan balances include deferred fees and costs

Portfolio Management:

Commercial Loan Portfolio Cont.

Business Line (\$ in millions)	1Q20	4Q19	1Q19	YoY Δ\$	YoY Δ%
C&I ⁽¹⁾	\$2,560	\$2,382	\$1,982	\$578	29.2%
CRE	1,383	1,342	1,162	221	19.0%
Multi-Family	2,069	2,390	3,209	(1,139)	(35.5)%
Loan to Mortgage Companies (Mtg. Warehouse)	2,573	2,306	1,535	1,038	67.6%
Total Commercial	\$8,585	\$8,419	\$7,887	\$697	8.8%

Loan Originations (\$ in millions)	1Q20	4Q19	1Q19
C&I	\$1,071	\$1,103	\$497
Mortgage Warehouse	9,573	9,417	4,935
Multi-Family	15	40	18
Total Commercial	\$10,659	\$10,560	\$5,450

Coupon on New Originations	1Q20	4Q19	1Q19
C&I	4.5%	4.8%	5.5%
Mortgage Warehouse	3.7%	4.2%	5.0%
Multi-Family	4.9%	5.4%	5.0%
Total Commercial	3.8%	4.2%	5.0%

(1) Includes CRE owner occupied

Note: Loan balances include deferred fees and costs

Portfolio Management:

Our Efforts to Accommodate Deferment Requests

C&I Loans

- Maximum deferments of 90 days at a time
- Customer information solicited prior to approval
- Active portfolio management on a weekly/monthly basis
- Use Main Street and SBA lending programs wherever possible to support cash needs

CRE Loans

- Maximum deferments allowed 90 days at a time
- Customer information solicited prior to approval
- Active portfolio management on a weekly/monthly basis
- Use Main Street and SBA lending programs wherever possible to support cash needs

Consumer Loans

- Active weekly management with servicers
- Deferments typically handled 30-90 days at a time
- Minimum payment plans requested
- Offering of deposit products through BankMobile to deepen relationship

Portfolio Management:

Commercial Loan Deferments

Deferments by Portfolio

Total Outstanding (\$ in millions)	As of March 31, 2020			As of April 24, 2020		
	Loan #	Loan \$	%	Loan #	Loan \$	%
<u>C&I</u>						
Transportation	2	\$1.7	0.00%	7	\$17.0	0.81%
Restaurants	1	\$0.6	0.00%	9	\$4.5	0.21%
Middle Market	3	\$3.1	0.15%	48	\$13.6	0.65%
Total C&I⁽¹⁾	6	\$5.4	0.40%	64	\$35.1	1.67%
<u>CRE</u>						
Multi-Family	7	\$4.9	0.13%	59	\$85.1	2.23%
Hotels	1	\$2.7	0.13%	18	\$211.5	5.54%
Office	0	\$0.0	0.00%	18	\$8.3	0.22%
Retail	3	\$1.2	0.00%	12	\$4.7	0.12%
Other ⁽²⁾	21	\$9.8	0.25%	125	\$124.4	3.26%
Total CRE⁽¹⁾	32	\$18.6	0.41%	232	\$434.0	11.37%

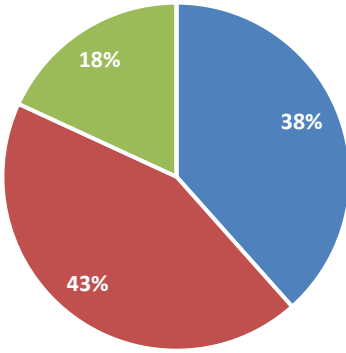
(1) Deferral \$ amounts are total for deferred period

(2) Includes 1-4 family investment property

Portfolio Management: Other Consumer Loan Exposure Breakdown

FICO Score

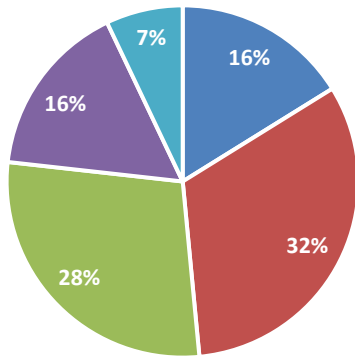
744 Avg FICO



■ 750+ ■ 700-749 ■ 660-699

Debt to Income Ratios

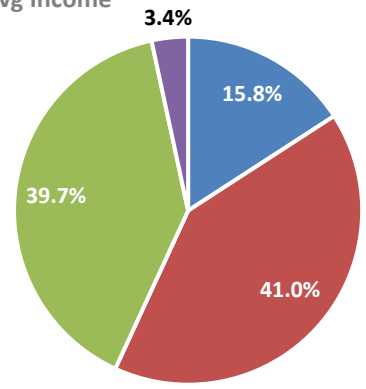
Portfolio average DTI is 21.9%



■ 0-9.99% ■ 10-19.99% ■ 20-29.99%
■ 30-39.99% ■ 40-45%

Borrower Income

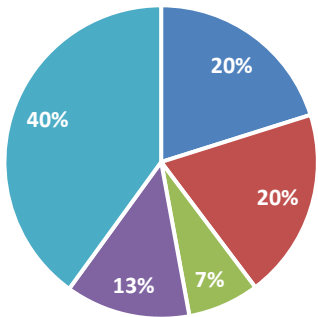
\$103K Avg Income



■ <\$49,999 ■ \$50K-\$99,999 ■ >\$100K ■ NA

Geography

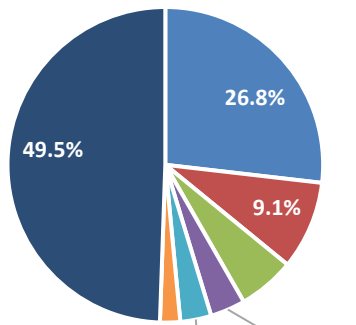
Well Diversified



■ Northeast ■ Central ■ Southeast ■ West ■ All Other

Profession

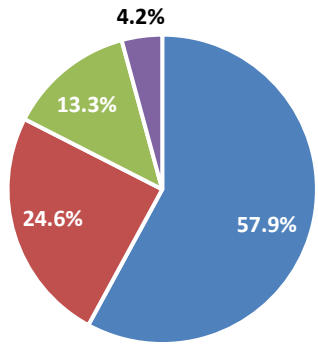
Insignificant exposure to stressed professions



■ Professional Services ■ HealthCare ■ Education ■ Government ■ Retired ■ Self Employed ■ Other

Purpose

■ Debt Consolidation ■ Solar & Home Improvement
■ Specialty ■ Student Refinancing



Portfolio Management:

Consumer Loan Portfolio

Business Line (\$ in millions)	1Q20	4Q19	1Q19	YoY Δ\$	YoY Δ%
Other Consumer					
>750 FICO	\$505	\$469	\$64	\$442	n/a
700-749 FICO	571	511	58	513	n/a
660-699 FICO	238	194	22	216	n/a
<660 FICO	0	0	0	0	n/a
Total Other Consumer	\$1,315	\$1,174	\$144	\$1,171	n/a
Residential & Home Equity Mortgage	\$365	\$386	\$635	(\$270)	(42.5)%
Manufactured Housing	\$69	\$71	\$79	(\$10)	(12.2)%
Total Consumer	\$1,749	\$1,632	\$859	\$891	103.8%

Portfolio Management:

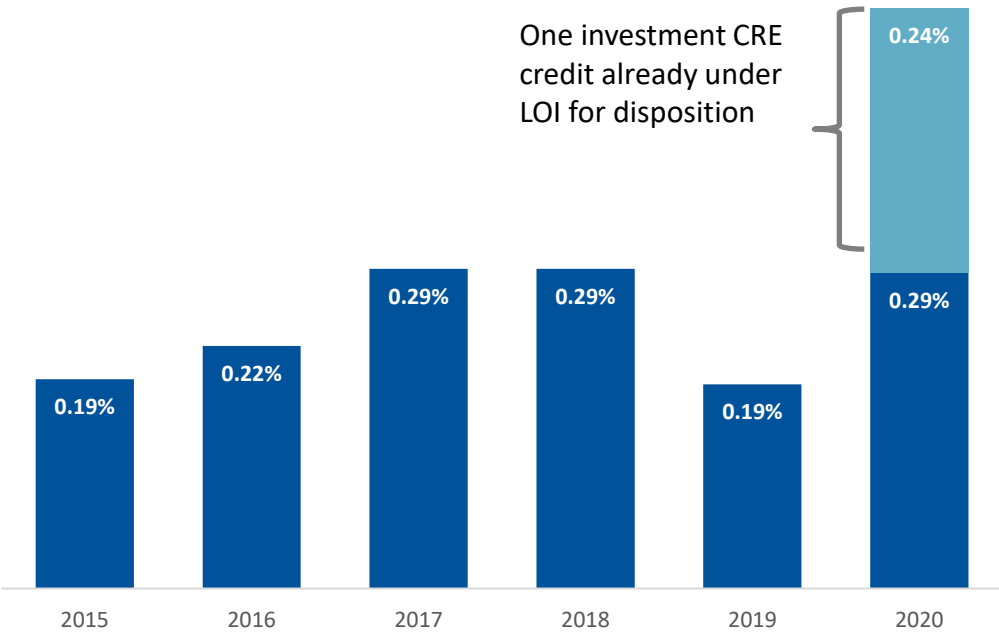
Consumer Loan Deferments

Deferments by Portfolio

Total Outstanding (\$ in millions)	<u>As of March 31, 2020</u>			<u>As of April 24, 2020</u>		
	Loan #	Loan \$	%	Loan #	Loan \$	%
<u>Other Consumer</u>						
FICO <750	1,267	\$23.7	3.09%	2,558	\$39.3	5.19%
FICO >750	427	\$11.2	2.42%	658	\$12.3	2.70%
Income > \$75,000	959	\$24.2	3.18%	1,548	\$30.3	4.09%
Income <\$75,000	735	\$10.7	2.29%	1,668	\$21.3	4.53%
Total Other Consumer ⁽¹⁾	1,694	\$34.9	2.91%	3,216	\$51.6	4.27%
<u>Mortgage</u>						
Residential Mortgage	13	\$1.4	0.43%	103	\$23.1	7.04%
Modular / Modular Housing	63	\$3.4	4.85%	176	\$8.8	9.11%
Total Mortgage ⁽¹⁾	76	\$4.8		279	\$31.9	

(1) Due to variance in deferral programs, deferral \$ amounts are total for 1-month deferral

NPAs to Total Assets



NPA Amount

\$63.2 M

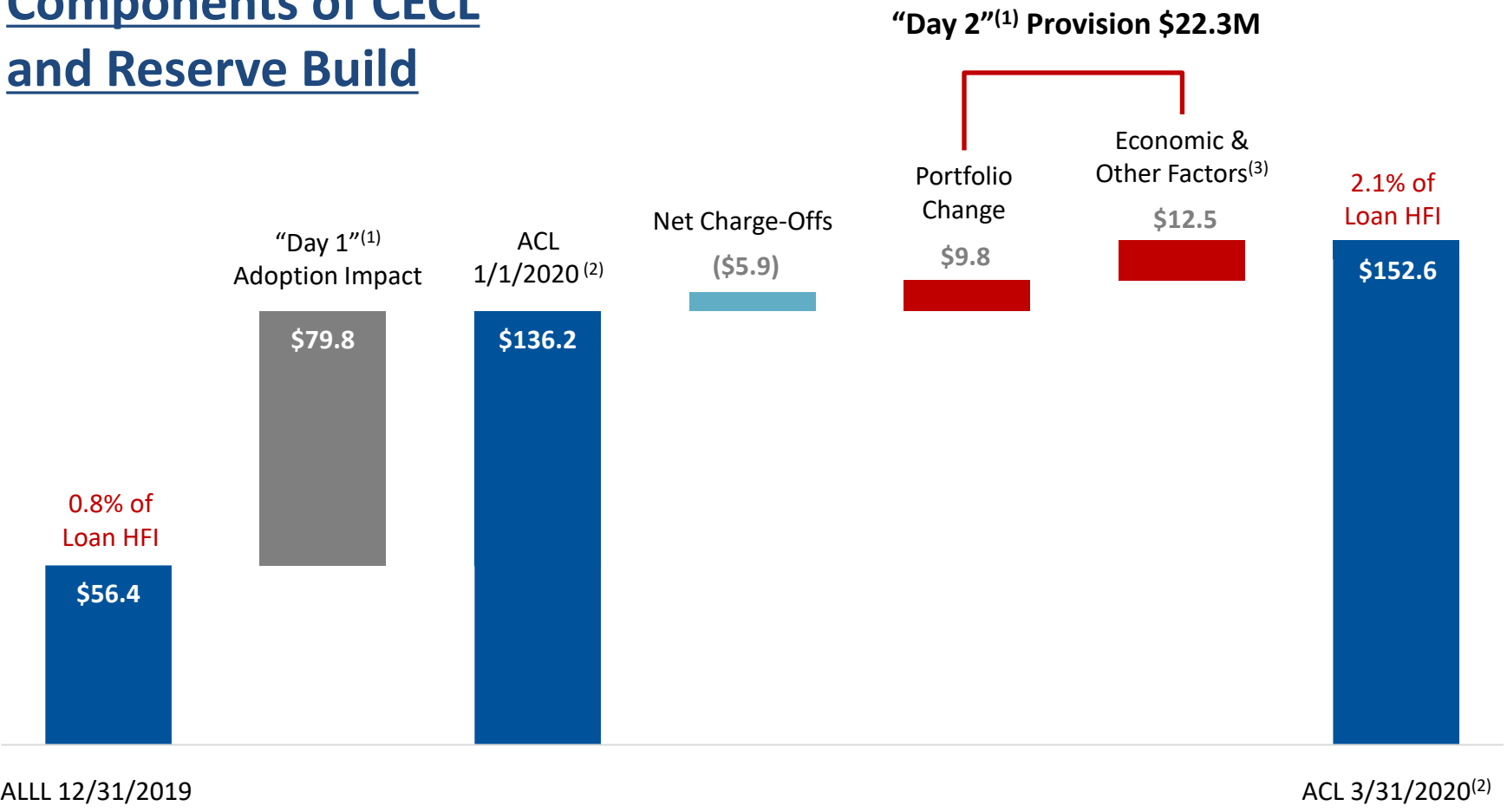
NPA % of Assets

0.53%

Highlights:

- Q1 2020 NPA's impacted by one investment CRE credit where Customers Bank is reducing its exposure.

Components of CECL and Reserve Build



(1) “Day 1” is January 1, 2020 and “Day 2” is March 31, 2020.
 (2) Excludes reserve for unfunded commitment with ACL balance of \$3.4M and \$4.2M as of January 1, 2020 and March 31, 2020, respectively.
 (3) Includes the impact of macroeconomic environment, including COVID-19, provision for individually assessed loans and other qualitative factors.

Allowance for Credit Losses on Loans & Leases

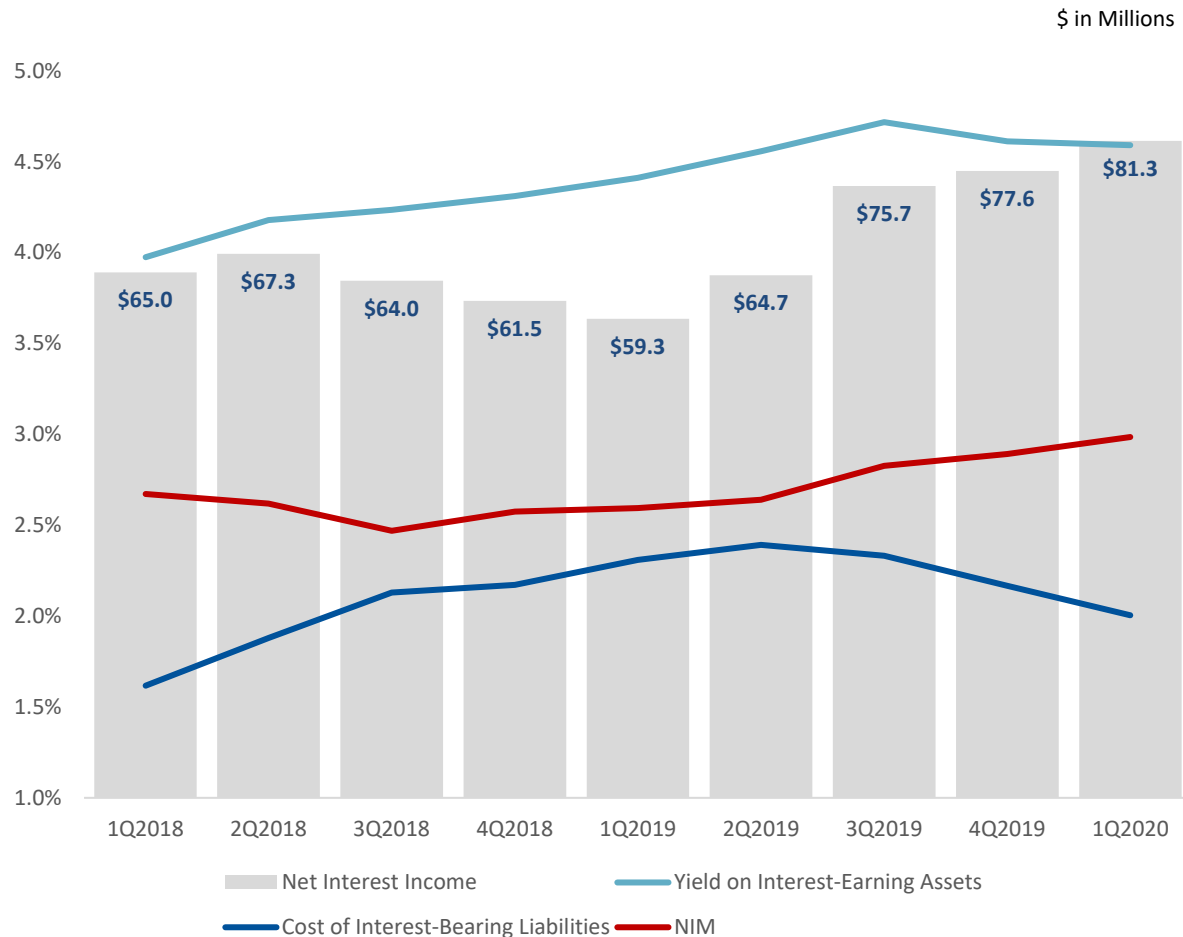
(\$ in thousands)	As of March 31, 2020			Q1 2020
	Loans & Leases HFI Outstanding	Allowance for Credit Losses	Estimated Lifetime Loss Rate	Provision for Credit Losses
<u>Commercial</u>				
C&I	\$2,072,952	\$18,806	0.91%	\$2,534
CRE	1,925,015	32,318	1.68%	8,979
Multi-Family	1,621,634	8,750	0.54%	422
Total Commercial	\$5,619,601	\$59,874	1.07%	\$11,935
<u>Consumer</u>				
Residential Mortgage	\$362,047	\$4,180	1.15%	(\$585)
Manufactured Housing	69,239	4,987	7.20%	125
Other Consumer	1,315,171	83,569	6.35%	10,841
Total Consumer	\$1,746,457	\$92,736	5.31%	\$10,381
Total	\$7,366,058	\$152,610	2.07%	\$22,316

Does not include Reserve for Unfunded Commitments

2) Preserving & Expanding Margin

Preserving & Expanding Margin

Margin Expands as Planned



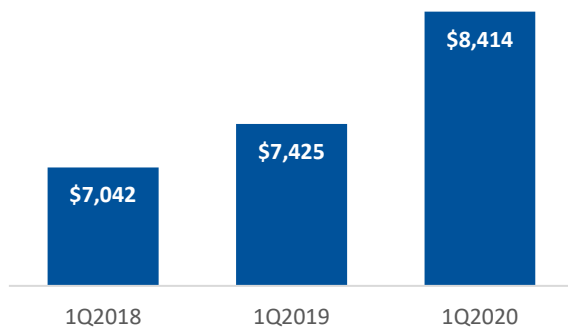
Highlights:

- Focus on building core deposits for core loans
- Funding costs down 16bps in Q1 2020 compared to Q4 2019
- Considerable opportunities to see further decline in deposit costs
- Margin expected to remain above 3% for the full year 2020

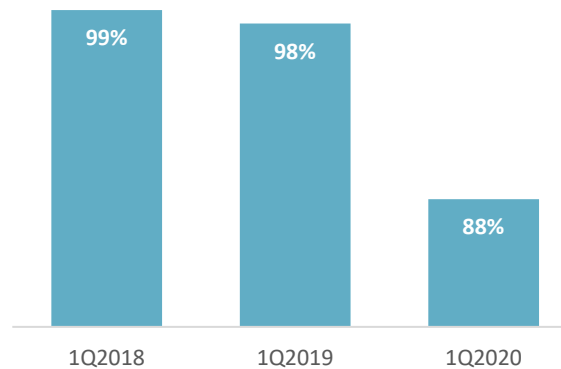
3) Strong Liquidity

Liquidity

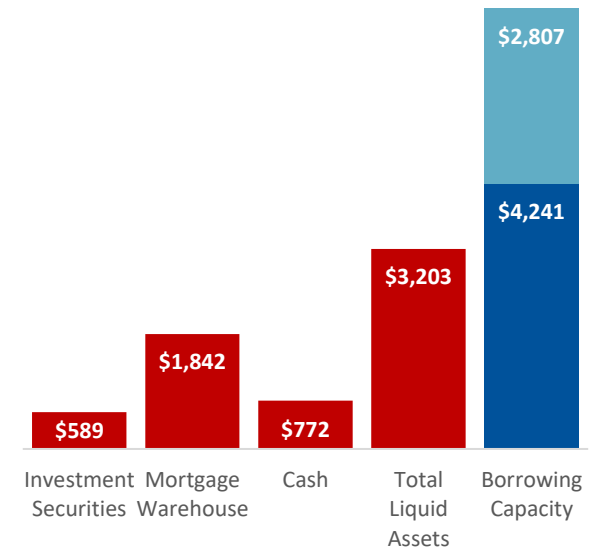
Strong Deposit Growth 19% Increase Since 2018



Loans and Leases Held for Investment to Deposit Ratio



Average Liquid Assets for 1Q2020



■ Utilized ■ Remaining

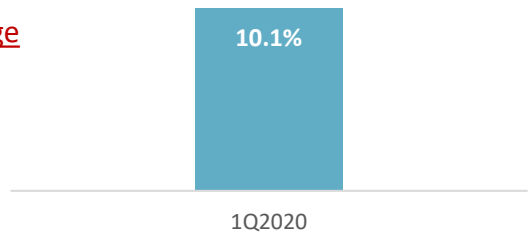
Highlights:

- Strong liquidity position resulting from strong deposit growth
- Mortgage Warehouse portfolio can be liquidated under stressed conditions within 60 days
- Access to a total of \$7.1 billion of borrowing liquidity
- \$2.8 billion in unused borrowing capacity and brokered deposits as of Mar 31, 2020

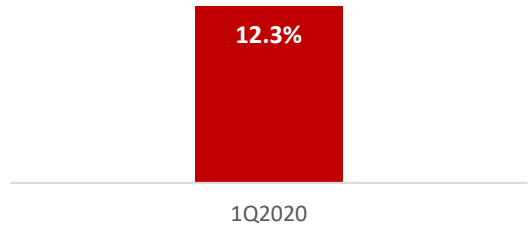
4) Capital Management

Customers Bank

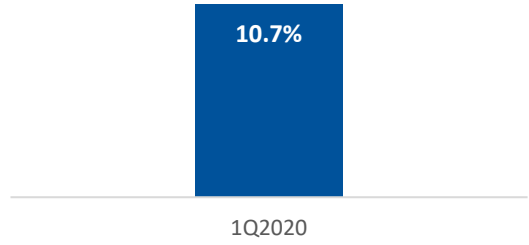
Tier 1 Leverage



Total Risk Based Capital



CET 1

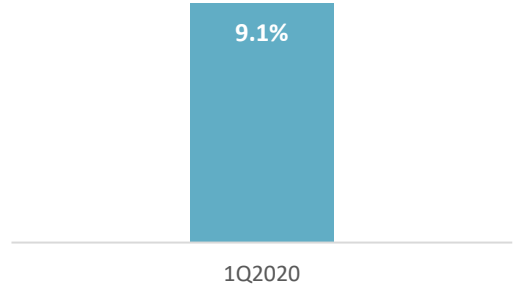


Excess Capital Over Well Capitalized

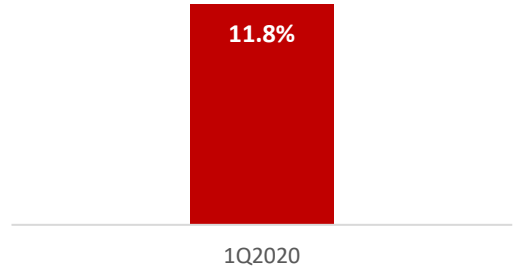


Customers Bancorp

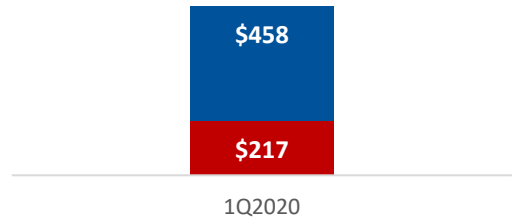
Tier 1 Leverage



Total Risk Based Capital



Equity Capitalization



Q1 2020 Capital Ratios are estimates

■ Preferred ■ Common

5) Maintaining & Improving Profitability

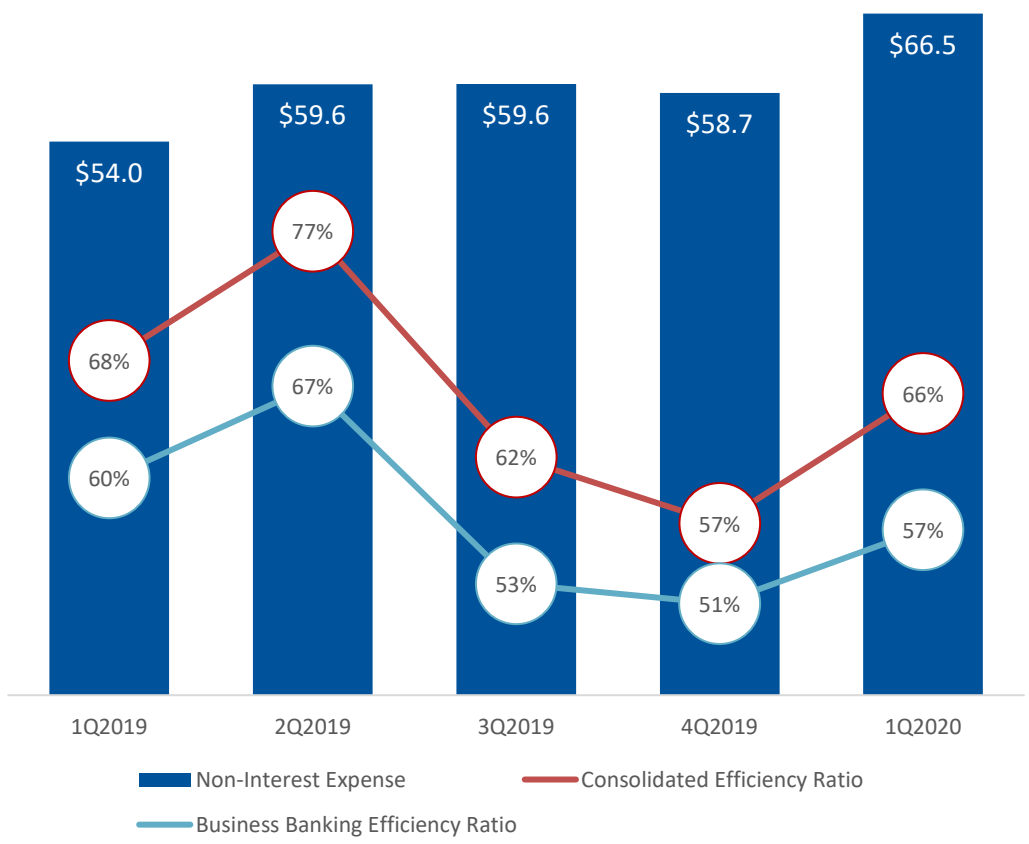
(\$ in thousands except EPS)	1Q2020	4Q2019	1Q2019	\$ YoY Δ	% YoY Δ
GAAP Metrics					
Reported EPS (Diluted)	\$0.22	\$0.75	\$0.38	(\$0.15)	(41.2)%
ROAA	0.4%	1.0%	0.7%	n/a	(0.3)%
ROCE	3.5%	11.6%	6.4%	n/a	(2.9)%
Book Value Per Share	\$23.98	\$26.66	\$24.44	(\$0.46)	(1.9)%
Consolidated Efficiency Ratio	66.0%	57.0%	68.3%	n/a	(2.3)%
Business Banking Segment Efficiency Ratio	56.5%	51.4%	60.1%	n/a	(3.6)%
Non-GAAP Metrics⁽¹⁾					
Core EPS (Diluted)	\$0.26	\$0.75	\$0.38	(\$0.12)	(31.6)%
Adjusted PPNR ROAA	1.3%	1.6%	1.1%	n/a	0.2%
Adjusted PPNR	\$38,595	\$44,676	\$25,305	\$13,290	53%
Tangible Book Value Per Share ⁽²⁾	\$25.60	\$26.17	\$23.92	\$1.68	7.0%
Net Interest Margin	2.99%	2.89%	2.59%	n/a	0.4%

(1) Non-GAAP measures refer to reconciliation in Appendix

(2) Excludes impact of CECL, Non-GAAP measure refer to reconciliation in Appendix

Maintaining & Improving Profitability: Non-Interest Expense

Non-Interest Expense



	1Q20	1Q19	YoY Δ
(\$ in millions)			
Personnel	\$28.3	\$25.8	\$ 2.5
Technology & Communication	13.0	12.0	1.1
Professional Services	7.7	4.6	3.1
Occupancy	3.0	2.9	.1
Other	14.4	8.7	5.7
Total Non-Interest Expense	\$66.5	\$54.0	\$12.5

Key Take Aways

The Company is well positioned to execute on its 2020 and 2025 / 2026 LT strategies

- NIM expected to remain above 3.0% for 2020
- Operating expenses expected to moderate over next few quarters
- Tax rate expected to be 22-23% for 2020
- Excluding PPP Loans, balance sheet at year end 2020 expected to be about the same as at 12/31/2019
- SBA PPP program expected to add about \$85 million (pre-tax) to Equity Capital and over 1,000+ new business checking accounts
- Run rate of \$6.00 per share in core earnings by 2025 / 2026

2020 NIM expansion and profitability targets will be achieved by executing on:



Assets: Measured growth while focus on maintaining / increasing yield on assets

- Disciplined pricing on new originations of high credit quality loans
- Floors built into loan agreements to protect spreads above floating rate indices



Deposits: Continue to grow core deposits and experience repricing in 2020

- \$1.1 billion of digital ascent deposits expected to re-price on July 1, 2020 by up to 100 bps lower
- \$1.1 billion of CD's mature in the 2H of 2020, expected to be repriced significantly downward

Capital allocation and philosophy

- TCE targeted at 7.0% at year end 2020 excluding the impact of CECL, SBA PPP revenues and PPP loans held on balance sheet
- Preferred Equity will not be called in 2020

BankMobile

- BankMobile expected to remain profitable in 2020
- Divestiture on target for execution by year end 2020

Appendix

Forward-Looking Statements

In addition to historical information, this presentation may contain “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements with respect to Customers Bancorp, Inc.’s strategies, goals, beliefs, expectations, estimates, intentions, capital raising efforts, financial condition and results of operations, future performance and business. Statements preceded by, followed by, or that include the words “may,” “could,” “should,” “pro forma,” “looking forward,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” or similar expressions generally indicate a forward-looking statement. These forward-looking statements involve risks and uncertainties that are subject to change based on various important factors (some of which, in whole or in part, are beyond Customers Bancorp, Inc.’s control). Numerous competitive, economic, regulatory, legal and technological events and factors, among others, could cause Customers Bancorp, Inc.’s financial performance to differ materially from the goals, plans, objectives, intentions and expectations expressed in such forward-looking statements, including: the adverse impact on the U.S. economy, including the markets in which we operate, of the coronavirus outbreak, and the impact of a slowing U.S. economy and increased unemployment on the performance of our loan and lease portfolio, the market value of our investment securities, the demand for our products and services and the availability of sources of funding; the effects of actions by the federal government, including the Board of Governors of the Federal Reserve System and other government agencies, that effect market interest rates and the money supply; actions that we and our customers take in response to these developments and the effects such actions have on our operations, products, services and customer relationships; the effects of changes in accounting standards or policies, including Accounting Standards Update (ASU) 2016-13, Financial Instruments—Credit Losses (CECL); and, our ability to divest BankMobile on terms and conditions acceptable to us, in the timeframe we currently intend, and the possible effects on our business and results of operations of a divestiture of BankMobile or if we are unable to divest BankMobile for an extended period of time. Customers Bancorp, Inc. cautions that the foregoing factors are not exclusive, and neither such factors nor any such forward-looking statement takes into account the impact of any future events. All forward-looking statements and information set forth herein are based on management’s current beliefs and assumptions as of the date hereof and speak only as of the date they are made. For a more complete discussion of the assumptions, risks and uncertainties related to our business, you are encouraged to review Customers Bancorp, Inc.’s filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K for the year ended December 31, 2019, subsequently filed quarterly reports on Form 10-Q and current reports on Form 8-K, including any amendments thereto, that update or provide information in addition to the information included in the Form 10-K and Form 10-Q filings, if any. Customers Bancorp, Inc. does not undertake to update any forward-looking statement whether written or oral, that may be made from time to time by Customers Bancorp, Inc. or by or on behalf of Customers Bank, except as may be required under applicable law.

BankMobile Income Statement

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

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Interest income	\$ -	\$ 2	\$ 1	\$ 2	\$ 1	\$ -	\$ 2	\$ 1,344	\$ 2,590	\$ 6,761	\$ 12,383	\$ 11,084	\$ 11,194
Interest expense	\$ 6	\$ 11	\$ 10	\$ 6	\$ 8	\$ 125	\$ 50	\$ 179	\$ 166	\$ 210	\$ 249	\$ 350	\$ 344
Fund transfer pricing net credit	\$ 4,247	\$ 2,738	\$ 2,693	\$ 3,202	\$ 4,401	\$ 3,520	\$ 3,875	\$ 3,822	\$ 5,614	\$ 2,175	\$ 340	\$ 758	\$ 1,433
Net interest income	\$ 4,242	\$ 2,727	\$ 2,684	\$ 3,197	\$ 4,394	\$ 3,394	\$ 3,827	\$ 4,987	\$ 8,038	\$ 8,726	\$ 12,474	\$ 11,492	\$ 12,282
Provision for loan losses	\$ -	\$ -	\$ 478	\$ 652	\$ 243	\$ 463	\$ 422	\$ 1,585	\$ 1,791	\$ 7,552	\$ 1,951	\$ 2,843	\$ 4,488
Deposit fees	\$ 2,803	\$ 1,875	\$ 2,338	\$ 1,833	\$ 1,805	\$ 1,338	\$ 1,691	\$ 1,713	\$ 1,910	\$ 2,915	\$ 3,185	\$ 3,064	\$ 2,909
Card revenue	\$ 13,308	\$ 8,521	\$ 9,355	\$ 9,542	\$ 9,438	\$ 6,199	\$ 6,903	\$ 7,362	\$ 8,626	\$ 6,541	\$ 6,688	\$ 6,305	\$ 6,539
Other fees	\$ 1,216	\$ 1,024	\$ 2,143	\$ 165	\$ 1,228	\$ 1,125	\$ 1,246	\$ 1,450	\$ 1,605	\$ 1,610	\$ 1,739	\$ 1,480	\$ 1,346
Total non-interest income	\$ 17,327	\$ 11,420	\$ 13,836	\$ 11,540	\$ 12,471	\$ 8,662	\$ 9,840	\$ 10,525	\$ 12,140	\$ 11,066	\$ 11,612	\$ 10,849	\$ 10,794
Compensation & benefits	\$ 4,949	\$ 6,965	\$ 6,154	\$ 5,909	\$ 5,671	\$ 5,918	\$ 5,695	\$ 5,850	\$ 6,064	\$ 6,997	\$ 7,210	\$ 7,235	\$ 7,787
Occupancy	\$ 109	\$ 104	\$ 297	\$ 321	\$ 309	\$ 321	\$ 328	\$ 308	\$ 303	\$ 317	\$ 314	\$ 399	\$ 310
Technology	\$ 6,617	\$ 6,386	\$ 11,740	\$ 9,796	\$ 7,129	\$ 7,172	\$ 8,171	\$ 8,248	\$ 8,897	\$ 8,347	\$ 4,471	\$ 4,587	\$ 7,922
Outside services	\$ 4,519	\$ 3,310	\$ 3,871	\$ 3,366	\$ 2,899	\$ 1,665	\$ 2,205	\$ 1,902	\$ 2,284	\$ 3,082	\$ 4,320	\$ 4,043	\$ 4,126
Merger related expenses	\$ -	\$ -	\$ -	\$ 410	\$ 106	\$ 869	\$ 2,945	\$ 470	\$ -	\$ -	\$ -	\$ 100	\$ 50
Other non-interest expenses	\$ 3,025	\$ 3,081	\$ 4,988	\$ 1,085	\$ 1,835	\$ 85	\$ 1,645	\$ 1,959	\$ 1,053	\$ 2,732	\$ 4,930	\$ 882	\$ 2,404
Total non-interest expense	\$ 19,219	\$ 19,846	\$ 27,050	\$ 20,888	\$ 17,949	\$ 16,029	\$ 20,989	\$ 18,267	\$ 18,600	\$ 21,475	\$ 21,245	\$ 17,246	\$ 22,599
Income (loss) before income tax expense	\$ 2,350	\$ (5,699)	\$ (11,008)	\$ (6,803)	\$ (1,327)	\$ (4,436)	\$ (7,744)	\$ (4,340)	\$ (212)	\$ (9,235)	\$ 890	\$ 2,252	\$ (4,011)
Income tax expense (benefit)	\$ 893	\$ (2,166)	\$ (4,100)	\$ (2,563)	\$ (326)	\$ (1,090)	\$ (1,902)	\$ (1,066)	\$ (49)	\$ (2,138)	\$ 206	\$ 559	\$ (816)
Net income (loss) available to common shareholders	\$ 1,457	\$ (3,533)	\$ (6,908)	\$ (4,239)	\$ (1,001)	\$ (3,346)	\$ (5,842)	\$ (3,274)	\$ (163)	\$ (7,097)	\$ 684	\$ 1,693	\$ (3,195)
EPS	\$ 0.04	\$ (0.11)	\$ (0.21)	\$ (0.13)	\$ (0.03)	\$ (0.10)	\$ (0.18)	\$ (0.10)	\$ (0.01)	\$ (0.22)	\$ 0.02	\$ 0.05	\$ (0.10)
Core EPS	\$ 0.02	\$ (0.14)	\$ (0.16)	\$ (0.12)	\$ (0.03)	\$ (0.08)	\$ (0.11)	\$ (0.09)	\$ (0.01)	\$ (0.22)	\$ 0.05	\$ 0.06	\$ (0.07)
End of period deposits (\$ in millions)	\$ 708	\$ 453	\$ 781	\$ 400	\$ 624	\$ 419	\$ 732	\$ 376	\$ 627	\$ 456	\$ 666	\$ 401	\$ 610
Average deposits (\$ in millions)	\$ 794	\$ 532	\$ 531	\$ 558	\$ 644	\$ 468	\$ 497	\$ 532	\$ 635	\$ 489	\$ 529	\$ 543	\$ 622
Average loans (\$ in millions)	\$ 7	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 59	\$ 115	\$ 289	\$ 498	\$ 478	\$ 495
Average excess deposits (\$ in millions)	\$ 787	\$ 530	\$ 529	\$ 556	\$ 642	\$ 466	\$ 495	\$ 474	\$ 520	\$ 200	\$ 30	\$ 65	\$ 127
Yield earned on avg. excess deposits	2.19%	2.07%	2.02%	2.29%	2.78%	3.03%	3.11%	3.20%	4.33%	4.36%	4.53%	4.65%	4.51%

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Reconciliation of Non-GAAP Measures - Unaudited

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

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

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

Core Earnings - Customers Bancorp

(dollars in thousands except per share data)

	Q1 2020		Q4 2019		Q3 2019		Q2 2019		Q1 2019	
	USD	Per share	USD	Per share	USD	Per share	USD	Per share	USD	Per share
GAAP net income to common shareholders	\$7,027	\$0.22	\$23,911	\$0.75	\$23,451	\$0.74	\$ 5,681	\$0.18	\$11,825	\$0.38
Reconciling items (after tax):										
Severance expense	—	—	—	—	—	—	373	0.01	—	—
Loss upon acquisition of interest-only GNMA securities	—	—	—	—	—	—	5,682	0.18	—	—
Merger and acquisition related expenses	40	—	76	—	—	—	—	—	—	—
Legal reserves	830	0.03	—	—	1,520	0.05	—	—	—	—
(Gains) losses on investment securities	(1,788)	(0.06)	(310)	(0.01)	(1,947)	(0.06)	347	0.01	(2)	—
Derivative credit valuation adjustment	2,036	0.06	(429)	(0.01)	378	0.01	605	0.02	257	0.01
Losses on sale of non-QM residential mortgage loans	—	—	595	0.02	—	—	—	—	—	—
Core earnings	<u>\$8,145</u>	<u>\$0.26</u>	<u>\$23,843</u>	<u>\$0.75</u>	<u>\$23,402</u>	<u>\$0.74</u>	<u>\$12,688</u>	<u>\$0.40</u>	<u>\$12,080</u>	<u>\$0.38</u>

Net Interest Margin, Tax Equivalent - Customers Bancorp

(dollars in thousands except per share data)

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
GAAP net interest income	\$ 81,321	\$ 77,593	\$ 75,735	\$ 64,679	\$ 59,304
Tax-equivalent adjustment	205	187	184	183	181
Net interest income tax equivalent	<u>\$ 81,526</u>	<u>\$ 77,780</u>	<u>\$ 75,919</u>	<u>\$ 64,862</u>	<u>\$ 59,485</u>
Average total interest earning assets	\$ 10,976,872	\$ 10,676,730	\$ 10,667,198	\$ 9,851,150	\$ 9,278,413
Net interest margin, tax equivalent	2.99 %	2.89 %	2.83 %	2.64 %	2.59 %

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

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

(dollars in thousands except per share data)

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
GAAP net income	\$ 10,642	\$ 27,526	\$ 27,066	\$ 9,296	\$ 15,440
Reconciling items:					
Income tax expense	3,834	7,451	8,020	2,491	4,831
Provision for credit losses on loan and leases	22,316	9,689	4,426	5,346	4,767
Provision for credit losses on unfunded commitments	751	3	(235)	(102)	(69)
Severance expense	—	—	—	490	—
Loss upon acquisition of interest-only GNMA securities	—	—	—	7,476	—
Merger and acquisition related expenses	50	100	—	—	—
Legal reserves	1,042	—	2,000	—	—
(Gains) losses on investment securities	(2,596)	(310)	(2,334)	347	(2)
Derivative credit valuation adjustment	2,556	(565)	497	796	338
Losses on sale of non-QM residential mortgage loans	—	782	—	—	—
Adjusted net income - pre-tax pre-provision	<u>\$ 38,595</u>	<u>\$ 44,676</u>	<u>\$ 39,440</u>	<u>\$ 26,140</u>	<u>\$ 25,305</u>
Average total assets	\$ 11,573,490	\$ 11,257,207	\$ 11,259,144	\$ 10,371,842	\$ 9,759,529
Adjusted ROAA - pre-tax pre-provision	1.34 %	1.57 %	1.39 %	1.01 %	1.05 %

Adjusted ROCE - Pre-Tax Pre-Provision - Customers Bancorp

(dollars in thousands except per share data)

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
GAAP net income to common shareholders	\$ 7,027	\$ 23,911	\$ 23,451	\$ 5,681	\$ 11,825
Reconciling items:					
Income tax expense	3,834	7,451	8,020	2,491	4,831
Provision for credit losses on loan and leases	22,316	9,689	4,426	5,346	4,767
Provision for credit losses on unfunded commitments	751	3	(235)	(102)	(69)
Severance expense	—	—	—	490	—
Loss upon acquisition of interest-only GNMA securities	—	—	—	7,476	—
Merger and acquisition related expenses	50	100	—	—	—
Legal reserves	1,042	—	2,000	—	—
(Gains) losses on investment securities	(2,596)	(310)	(2,334)	347	(2)
Derivative credit valuation adjustment	2,556	(565)	497	796	338
Losses on sale of non-QM residential mortgage loans	—	782	—	—	—
Pre-tax pre-provision adjusted net income available to common shareholders	<u>\$ 34,980</u>	<u>\$ 41,061</u>	<u>\$ 35,825</u>	<u>\$ 22,525</u>	<u>\$ 21,690</u>
Average total common shareholders' equity	\$ 807,967	\$ 819,018	\$ 787,885	\$ 768,592	\$ 751,133
Adjusted ROCE - pre-tax pre-provision	17.41 %	19.89 %	18.04 %	11.75 %	11.71 %

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

Tangible Common Equity to Tangible Assets - Customers Bancorp

(dollars in thousands except per share data)

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
GAAP - Total shareholders' equity	\$ 972,179	\$ 1,052,795	\$ 1,019,150	\$ 991,405	\$ 978,373
Reconciling items:					
Preferred stock	(217,471)	(217,471)	(217,471)	(217,471)	(217,471)
Goodwill and other intangibles	(14,870)	(15,195)	(15,521)	(15,847)	(16,173)
Tangible common equity	<u>\$ 739,838</u>	<u>\$ 820,129</u>	<u>\$ 786,158</u>	<u>\$ 758,087</u>	<u>\$ 744,729</u>
Total assets	\$ 12,026,342	\$ 11,520,717	\$ 11,723,790	\$ 11,182,427	\$ 10,143,894
Reconciling items:					
Goodwill and other intangibles	(14,870)	(15,195)	(15,521)	(15,847)	(16,173)
Tangible assets	<u>\$ 12,011,472</u>	<u>\$ 11,505,522</u>	<u>\$ 11,708,269</u>	<u>\$ 11,166,580</u>	<u>\$ 10,127,721</u>
Tangible common equity to tangible assets	6.16 %	7.13 %	6.71 %	6.79 %	7.35 %

Tangible Book Value per Common Share - Customers Bancorp

(dollars in thousands except share and per share data)

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
GAAP - Total shareholders' equity	\$ 972,179	\$ 1,052,795	\$ 1,019,150	\$ 991,405	\$ 978,373
Reconciling Items:					
CECL adjustment	65,821	—	—	—	—
Preferred stock	(217,471)	(217,471)	(217,471)	(217,471)	(217,471)
Goodwill and other intangibles	(14,870)	(15,195)	(15,521)	(15,847)	(16,173)
Tangible common equity	<u>\$ 805,659</u>	<u>\$ 820,129</u>	<u>\$ 786,158</u>	<u>\$ 758,087</u>	<u>\$ 744,729</u>
Common shares outstanding	31,470,026	31,336,791	31,245,776	31,202,023	31,131,247
Tangible book value per common share	\$ 25.60	\$ 26.17	\$ 25.16	\$ 24.30	\$ 23.92

Tangible Book Value per Common Share - CAGR - Customers Bancorp

(dollars in thousands except share and per share data)

	<u>Q1 2020</u>	<u>Q1 2015</u>
GAAP - Total shareholders' equity	\$ 972,179	\$ 457,952
Reconciling Items:		
CECL adjustment	65,821	—
Preferred stock	(217,471)	—
Goodwill and other intangibles	<u>(14,870)</u>	<u>(3,661)</u>
Tangible common equity	<u>\$ 805,659</u>	<u>\$ 454,291</u>
Common shares outstanding	31,470,026	26,824,039
Tangible book value per common share	<u>\$ 25.60</u>	\$ 16.94
CAGR	<u>8.6 %</u>	