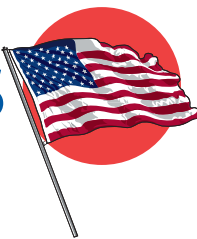


# Customers Bancorp, Inc.



CUSTOMERS BANCORP, INC.

1015 Penn Avenue  
Wyomissing, Pennsylvania 19610  
(610) 933-2000

April 14, 2020

Dear Fellow Shareholders:

Your Board of Directors aims to create long-term shareholder value by guiding Customers Bancorp, Inc.'s strategic direction. We are proud of many of our accomplishments in 2019 that help build a stronger foundation for the future. Customers spent much of the year improving the mix of loans and deposits, which resulted in a wider net interest margin (NIM) and stronger return on assets (ROA), return on equity (ROE) and stronger capital ratios, trends which we believe will create lasting shareholder value. Closer to year-end, after closer evaluation, we determined that the best strategy for Customers Bancorp, Inc. was to remain above \$10 billion in assets. Looking to 2020, we are focused on dealing with the impact on our team members and their families, our customers and our communities from the spread of COVID-19 and continuing to build a stronger balance sheet to deal with weaknesses in the economy. We are confident we will overcome these challenges equal to or better than our peers.

## **Coronavirus (COVID-19)**

As the Board of Directors for Customers Bancorp, Inc., we are fully committed to help the Company, our customers and team members meet the challenges posed by the coronavirus (COVID-19). As our country prepares for the possibility of widespread infections and takes actions to mitigate the impact, our priority is the health and well-being of our customers, team members and their families. Serving the needs of our customers continues to be of utmost importance. In partnership with Senior Management, we are taking decisive action to help prevent the spread of this disease while ensuring that our customers have the ability to access all services available within our financial centers and across the Company's footprint. We will continue to devote our resources, insights and abilities to collaborate with key partners to confront and resolve the challenges posed by COVID-19. The Board of Directors and Company Senior Management continue to engage in active communications with federal and state regulatory agencies and community leaders. We are confident that we can collectively overcome this challenge while continuing to meet the financial needs of the American people.

## **Diversity, Social Responsibility, and Supporting our Communities and Team Members**

We have added an Environmental, Social, and Governance ("ESG") section to our proxy statement this year that you can find on page 3. We stated in last year's proxy that the Board intended to expand the duties of its Nominating and Corporate Governance Committee to include oversight of the Company's ESG responsibilities, and we intend to continue to expand our disclosures, as ESG issues are not new to us, but our disclosures are still evolving.

Customers prides itself on its diversity; 42% of Directors are female or ethnically diverse. Support for our team members and communities is also important to Customers. In 2019, Customers' charitable contributions increased by 31% over 2018, principally supporting housing, education, and improvements in the quality of life in the communities we serve. Many of our team members and leaders are actively involved in supporting local charitable community organizations. They also serve on community and statewide boards of non-profits, service organizations, and charitable organizations. Their time, talent, and personal contributions further enhance our communities.

Customers has time off policies that enable team members to take paid time off to participate in learning and development opportunities, as well as charitable work. Additionally, Customers has a wellness program that 159 team members completed in 2019, which included 224 biometric screenings.

We are also proud to be currently ranked among the top 18 Small Business Administration (SBA) lenders in Southeastern Pennsylvania and top 70 nationwide, supporting entrepreneurship and business creation in all our communities.

### **Shareholder Engagement and Corporate Governance**

The Nominating and Corporate Governance and Compensation Committees, as well as the entire Board of Directors have taken significant actions in the last several years to actively engage with our shareholders, listen to feedback, and improve our executive compensation practices and corporate governance matters, including adopting a majority vote standard for the election of Directors and annual frequency of "Say on Pay" votes as a result of feedback from our investor outreach efforts. We will continue to evaluate our corporate governance practices, evolving industry best practices, and opportunities for improvement as we move forward.

### **We Value Your Input**

We value our investors' input and encourage you to share your thoughts with us. You can send written correspondence addressed to Customers Bancorp, Inc. Board of Directors, c/o Michael De Tommaso, General Counsel, 1015 Penn Avenue, Suite 103, Wyomissing, PA 19610.

Sincerely,

**The Board of Directors of Customers Bancorp, Inc.**



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Jay S. Sidhu Chairman and Chief Executive Officer



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Daniel K. Rothermel



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Andrea Allon



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T. Lawrence Way



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Rick Burkey



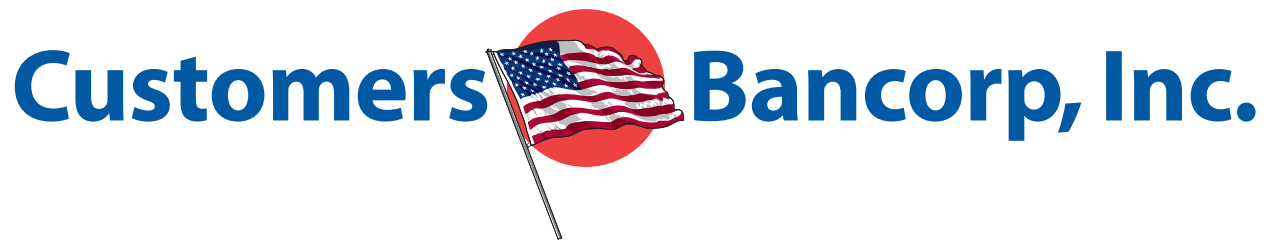
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Steven J. Zuckerman



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Bhanu Choudhrie



CUSTOMERS BANCORP, INC.

1015 Penn Avenue  
Wyomissing, Pennsylvania 19610  
(610) 933-2000

April 14, 2020

## Letter From Our Chairman and Chief Executive Officer

Dear Fellow Shareholders:

You are invited to attend the 2020 Annual Meeting of Shareholders (“**Annual Meeting**”) of Customers Bancorp, Inc. (“**Customers Bancorp**”, “**Customers**”, “**Company**”, “**we**” or “**our**”) to be held Wednesday, May 27, 2020 beginning at 9:00 a.m., EDT. In past years it has been our practice to hold our Annual Meeting at a physical location and welcome our shareholders to participate in the Annual Meeting in person. This year, due to the outbreak of the coronavirus (COVID-19), we are adjusting our customary practice and will not hold an in-person Annual Meeting. Instead, we will hold a virtual Annual Meeting, which will allow shareholders to attend the Annual Meeting through a live webcast on the Internet and participate in substantially the same way as if attending the meeting in person.

Further information about the Annual Meeting, the various matters on which the shareholders will vote, and how to register for, attend and participate in the Annual Meeting is included in the Notice of Annual Meeting and the Proxy Statement which follow this letter. We encourage you to read Customers' 2019 Annual Report on Form 10-K, which can be located at <https://www.envisionreports.com/CUBI> (please copy and paste the link into your browser).

Like you, we have tirelessly spent the past few weeks, day and night, focused on COVID-19 and its implications to our families, team members, customers and company. The world has turned upside down in what feels like the blink of an eye. However, we feel confident that humankind and Americans are resilient and we are very hopeful that we will not only beat the virus, but expect that we will come out stronger because of it. Here are our priorities and strategies, as we lean into the challenges that we are facing.

### Putting People First

In today's environment, as a bank, we are seeking to find a balance between public safety and preventing social and economic disruption. At Customers Bank, most of our team members are working from home and we are executing on our Pandemic Business Continuity Plan. However, the mantra at the company is "business as usual," for all our customers. There will be no interruption of banking services. We will deliver all the products and services expected from a bank of our size and experience. Our financial centers remain open and we are communicating with our customers by phone, video conference, email and text and our customers continue to have access to our strong digital capabilities. We are fully committed to ensuring that we don't miss a step in day-to-day execution and the delivery of the best customer experience possible. We are also committed to protecting the people in our communities, while serving our customers to the fullest extent.

### An Experienced Team

Tough times show and build character. All banks are with you when times are good, but we hope in times like this, our relationship with our customers can truly be cemented and mutual trust becomes unconditional. No entity is large enough to solve every customer problem with capital, however, for us this is personal and we are here for you. We may be more dispersed as a team than ever before, but we have never been more united in delivering Customers Bank to our customers. We have a

strong and experienced team comprised of Relationship Managers and Private Bankers who stand ready to partner with our customers to provide advice, support and to help craft strategy and solutions in the midst of difficult times.

## **2019 Performance**

The Company reported core earnings per share (a non-GAAP measure) of \$2.25 for 2019, in line with our internal expectations, and an amount that equated to record earnings while still maintaining superior asset quality and strong operating expense control. This record performance was reflected in Customers Bancorp., Inc.'s stock price pick-up during the year. Throughout 2019, net interest margin expanded sequentially, reflecting improved loan mix, core deposit growth and disciplined pricing. After diligent consideration and analysis, we decided to end 2019 with total assets above \$10 billion. This decision reflects our desire to continue to grow the Business Banking segment while carefully considering future strategic options for BankMobile. By crossing over \$10 billion in total assets we realize there will be negative implications for Durbin-related fee revenues; however, we are projecting the increase in interest-earning assets will more than offset those headwinds.

## **Looking Ahead - Focusing on Current Challenges from COVID-19 and Goal of \$6 in Core EPS for 2025**

Looking to 2020, we are very focused on the impact of COVID-19, our team members and their families, our customers and our communities. Prior to the emergence of this "Black Swan" event, we were totally focused on meeting our goal of reporting \$3.00 or higher in Core EPS for 2020. The Board of Directors and management have pivoted that strategy now to work towards supporting our customers and communities while maintaining strong liquidity and capital positions at the Bank. We believe it would be prudent to have a strong balance sheet during this challenging period and we are confident we will come out stronger when our nation and other economies around the world declare victory in the fight to find a cure for COVID-19.

Longer term, we remain focused on our goal for about \$6.00 in Core EPS by 2025. We intend to achieve this by moderately growing our balance sheet, continually focusing on superior asset quality and other areas of risk management, controlling operating costs and looking for opportunities this new environment presents to us. The longer term 2025 goal is based upon achieving about a 1.20% or higher ROA and 12% or better ROE, resulting in Core EPS of about \$6.00 per share. We believe the achievement of this long term goal can significantly enhance Customers Bancorp, Inc.'s shareholder value.

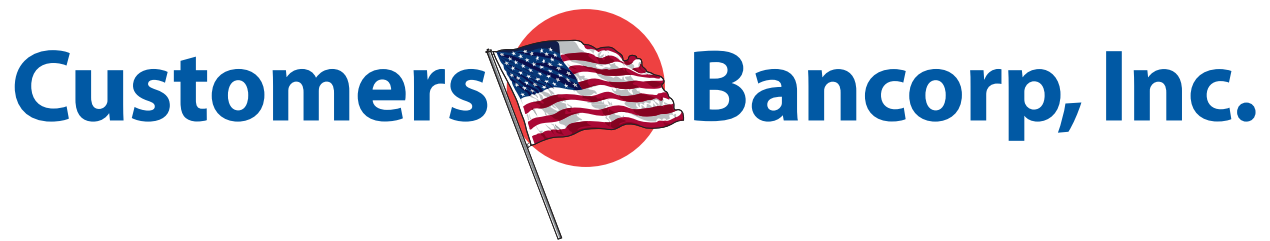
We hope you will be able to attend the meeting virtually. Even when you are planning to attend the Annual Meeting via live webcast, we encourage you to vote your shares by Internet, telephone, or complete, sign and return a proxy card prior to the Annual Meeting. This will ensure that your shares are represented at the Annual Meeting. Every shareholder vote is important. Please read the Proxy Statement carefully before voting your shares.

Thank you for your investment in, and ongoing support of, our Company. We appreciate your confidence and will continue to work to build long term shareholder value.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jay Sidhu", with a stylized, flowing script.

Jay S. Sidhu  
Chairman and Chief Executive Officer



CUSTOMERS BANCORP, INC.

1015 Penn Avenue  
Wyomissing, Pennsylvania 19610  
(610) 933-2000

## NOTICE OF 2020 ANNUAL MEETING OF SHAREHOLDERS

DATE & TIME	LOCATION
9:00 a.m. EDT May 27, 2020	<a href="http://www.meetingcenter.io/259494770">www.meetingcenter.io/259494770</a>

### ITEMS OF BUSINESS

- Electing two Class III Directors of the Company to serve a three-year term
- A proposal ratifying the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2020
- A proposal approving our executive officer compensation (an advisory, non-binding "Say on Pay" resolution)
- Any other business that may properly come before our Annual Meeting

This year, due to the outbreak of the coronavirus (COVID-19), we are adjusting our customary practice and will not hold an in-person Annual Meeting. Instead, we will hold a virtual Annual Meeting, which will allow our shareholders to attend the Annual Meeting through a live webcast and participate in substantially the same manner as if you were attending the meeting in person, including the ability to submit questions and vote your shares electronically. Shareholders wishing to attend the Annual Meeting should visit [www.meetingcenter.io/259494770](http://www.meetingcenter.io/259494770). The password for the meeting is **CUBI2020**. The Proxy Statement contains additional information regarding registering for and attending the Annual Meeting. The webcast will begin promptly at 9:00 a.m. and online access will be available beginning at 8:45 a.m. We encourage you to access the webcast prior to the start time.

**Record Date.** Customers Bancorp, Inc. shareholders as of the close of business on April 2, 2020 (the "**Record Date**") will be entitled to vote at our annual meeting and any adjournments or postponements of the meeting. As of the Record Date, there were approximately 31,470,026 shares of the Company's Voting Common Stock outstanding.

**Your Vote Is Very Important.** Please vote your shares promptly to ensure the presence of a quorum during the 2020 Annual Meeting. You may vote your shares via the Internet or by telephone. If you requested a paper copy of the proxy materials and received a paper copy of the Proxy Card, you may vote by mail. For specific voting instructions, please refer to the information provided in the following Proxy Statement. Submitting your proxy by one of these methods will ensure your representation at the annual meeting regardless of whether you attend the meeting through the webcast.

By Order of the Board of Directors

A handwritten signature in blue ink, appearing to read "Michael De Tommaso".

Michael De Tommaso, Corporate Secretary

To be mailed on or about April 14, 2020

**Important notice regarding the availability of proxy materials for the annual meeting of shareholders to be held on May 27, 2020:** Our 2020 Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2019 are available at <http://www.envisionreports.com/CUBI>. These documents are also available on the Company's website at [www.customersbank.com](http://www.customersbank.com), by selecting "Investor Relations," and then "SEC Filings."

# **PROXY STATEMENT**

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### **Internet Availability of Proxy Materials**

**This Proxy Statement and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 are available at <http://www.envisionreports.com/CUBI>. This website also enables shareholders to vote their proxy. These documents are also available on the Company's website at [www.customersbank.com](http://www.customersbank.com), by selecting "Investor Relations," and then "SEC Filings."**

## PROXY STATEMENT SUMMARY

This summary highlights certain information contained in this Proxy Statement. This summary does not contain all of the information you should consider. We encourage you to review all of the important information contained in this Proxy Statement carefully before voting. For purposes of this Proxy Statement, any references to the "**Company**," "**Customers**," "**we**," "**us**," or "**our**" refer to Customers Bancorp, Inc. For purposes of this Proxy Statement, any references to the "**Board of Directors**" or the "**Board**" refer to the Board of Directors of Customers Bancorp, Inc. For purposes of this Proxy Statement, any references to the "**Bank**" refer to Customers Bank.

### Customers Bancorp, Inc. 2020 Annual Meeting of Shareholders

**Date and Time:** Wednesday, May 27, 2020  
9:00 a.m., EDT

**Location:** [www.meetingcenter.io/259494770](http://www.meetingcenter.io/259494770)

## HOW TO VOTE YOUR SHARES

You may vote if you were a shareholder as of the close of business on April 2, 2020 (the "**Record Date**" for the Annual Meeting). Each share of Voting Common Stock outstanding on the Record Date is entitled to one vote for each director nominee and one vote for the other proposals to be voted on at our Annual Meeting.

Even if you plan to attend our Annual Meeting online through the live webcast, please cast your vote as soon as possible by voting:

#### Online



[www.envisionreports.com/CUBI](http://www.envisionreports.com/CUBI)

#### By Mail



Complete, sign, date and return your proxy card in the envelope provided if you requested a copy of the proxy materials and received a paper copy of the proxy card

#### By Phone



Call the phone number located at the top of the proxy card

#### Virtual Meeting



Attend our annual meeting via live webcast at [www.meetingcenter.io/259494770](http://www.meetingcenter.io/259494770)

Shareholders entitled to vote at the Annual Meeting and attending the Annual Meeting through the live webcast may also vote their shares during the meeting. Instructions on how to vote during the meeting are included at: [www.meetingcenter.io/259494770](http://www.meetingcenter.io/259494770).

In addition, shareholders entitled to vote at the Annual Meeting who wish to change a previously submitted vote may do so by voting online during the meeting. If you experience any difficulties voting during the meeting, please visit: <https://support.vevent.com/>.

**NOTE THAT IF YOU HAVE PREVIOUSLY SUBMITTED A PROXY OR HAVE ALREADY VOTED ONLINE OR BY PHONE AND DO NOT WANT TO CHANGE YOUR VOTE, YOU DO NOT NEED TO VOTE ELECTRONICALLY DURING THE VIRTUAL ANNUAL MEETING.**

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## ITEMS OF BUSINESS AND BOARD VOTING RECOMMENDATION

PROPOSALS FOR YOUR VOTE	BOARD RECOMMENDATION
1. Electing Two Class III Directors	FOR each nominee
2. Ratifying the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020;	FOR
3. Approving Compensation of our Named Executive Officers (an Advisory, Non-binding "Say on Pay" Resolution)	FOR

To review our 2020 Proxy Statement and 2019 Annual Report on line, go to **[www.envisionreports.com/CUBI](http://www.envisionreports.com/CUBI)**. These documents are also available on the Company's website at [www.customersbank.com](http://www.customersbank.com), by selecting "Investor Relations," and then "SEC Filings."

## Customers Bancorp, Inc.'s Key Environmental, Social & Governance Topics

Environmental, social and governance ("ESG") considerations are integrated across our business 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' approach to ESG management includes promoting sound corporate governance, risk management and controls; investing in our Team Members and cultivating a diverse and inclusive work environment; strengthening the communities in which our Team Members live and work; and operating our business in a way that demonstrates Customers' dedication to environmental sustainability.

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-Jay Sidhu, CEO and Chairman, Customers Bancorp, Inc.

***“Our greatest assets are our Team Members and our culture. The center of our culture is the core value to always perform our duties with the highest level of integrity, in order to build and maintain trust among our customers, Team Members, shareholders and community.”***

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### Our Team Members

Customers is committed to attracting and developing higher performing Team Members and fostering a fully diverse and inclusive workplace culture, and promoting a culture of mutual trust and respect, operating with the highest levels of integrity and always following through on our commitments.

### Our Communities

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

### Our Environment

Customers provides financing solutions that generate positive environmental and social impacts and actively manages the environmental impacts of the Company's actions and activities, as well as our customers' impact on the environment.

### Our Risk Culture

Customers' 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 of Directors, Customers is continually focused on enhancing the structures, processes and controls in place that support and promote accountability, transparency and ethical behavior.

***Our environmental, social and governance practices emphasize our unwavering commitment to our customers, Team Members, shareholders and communities in which we live and work.***

## Our Team Members

### DIVERSITY AND INCLUSION

- Customers appointed a Director of Cultural Advancement responsible for engaging with the Board and executive leadership to create accountability and oversight policies and practices to ensure the diversity and cultural health of the Company.
- Customers formed a Diversity Council comprised of eleven Team Members including both senior management and front-line employees responsible for advocating workforce diversity through diversity training, diversity consulting, diversity programs and diversity education.



- Customers remains committed to strengthening the Company's culture of promoting mutual trust and respect, always following through on what we say, unwavering commitment to authenticity and integrity and respecting dignity for all. In support of its commitment, Customers launched a company-wide dignity campaign. All Team Members were presented with a copy of the book titled **Leading with Dignity** by Donna Hicks, Ph.D. Donna Hicks is a conflict resolution specialist and associate at the Weathershed Center for International Affairs, Harvard University. We discussed the principle of "Leadership with Dignity" in small groups throughout the Bank.





- Quarterly "Updates & Conversations with Team Members" calls provide employees the opportunity to ask questions of the Company's CEO and other members of senior leadership.



- Team Members are encouraged to participate in regularly administered employee engagement surveys and to provide honest and direct feedback on a variety of topics such as workplace culture, diversity, recognition, communication and Team Member satisfaction. In 2019, 381 Team Members participated in a company-wide survey on diversity, equity and inclusion and were given the opportunity to provide honest feedback on a number of workplace related topics.

### WORKFORCE DEMOGRAPHICS

- We are proud to say that the majority of our workforce (54%) is comprised of female Team Members and 19% of Team Members are persons of color.

TEAM MEMBER EDUCATION AND DEVELOPMENT	
<ul style="list-style-type: none"> <li>Customers' CUBI University offers a variety of workplace learning and development opportunities empowering Team Members to gain new skills and grow professionally.</li> <li>Customers fosters continuous learning through the adoption of a strong and effective internal coaching program that nurtures professional growth and development.</li> </ul>	
HEALTH AND WELLNESS	
<ul style="list-style-type: none"> <li>159 Team Members participated in Customers' Wellness Program, which included 224 biometric screenings and a variety of nutrition and exercise focused challenges.</li> <li>Customers Employee Assistance Program provides professional assistance and resources helping Team Members lead a happier and more productive life at home and at work.</li> <li>The Company has implemented a Team Member Emergency Hotline to assist our fellow Team Members who are in need of help during the Coronavirus (COVID-19) pandemic.</li> <li>Fifty-four (54) Team Members from across our footprint volunteered to help their fellow Team Members who live in their local areas during these most challenging times.</li> <li>As a result of the COVID-19 pandemic, Customers is giving a special bonus to customer-facing Team Members.</li> </ul>	

#### TEAM MEMBER TURNOVER

- Customers enjoys a low 9% voluntary turnover rate – well below the financial industry average of 15.8% for 2019.

#### 2019 Milestones for Recognition

- Customers Bank named by the Pennsylvania Housing Finance Agency (PHFA) as the top minority lender for the second year in row. PHFA ranked Customers Bank ninth out of more than 80 institutions in Pennsylvania in terms of overall volume of originated residential mortgages involving minority homebuyers.
- Customers Bank received the Civic Award from the Port Chester-Rye Brook-Rye Town, New York Chamber of Commerce for the Bank's outstanding commitment to supporting local businesses and community.
- Customers Bank partnered with Medgar Evers College in Crown Heights, New York to host a special event focused on how communities and organizations can further economic development through Opportunity Zones.
- Customers Bank secured an Affordable Housing Program grant from the Federal Home Loan Bank of Pittsburgh for the final phase of Habitat for Humanity Philadelphia's Diamond Park development project in North Philadelphia. The


Diamond Park development provides the opportunity for families earning between 30 and 60 percent of the local median income to own a new, affordable and energy-efficient 1,150 square foot home.

- Customers Bank, as a result of its commitment to Team Member health and wellness, was recognized by the Philadelphia Business Journal as one of the 2019 Healthiest Employers in the Greater Philadelphia region.
- Customers Bank, in support of its ongoing commitment to workforce diversity, workplace inclusion, supplier diversity and cultural sustainability, appointed a Director of Cultural Advancement responsible for engaging with the Board and executive leadership to create accountability and oversight policies and practices to ensure the diversity and cultural health of the Company.
- Customers Bank received the Financial Capability Innovation Award from EverFi for the Company's work in financial education.

## Our Communities

***"Giving back is a cornerstone of Customers Bank's identity ... because we are all in this together, part of a world that is bigger and more important than any one of us alone."***

**Richard A. Ehst, President & CEO**

CORPORATE GIVING	
<p>In 2019, Customers made nearly \$1.4 million in contributions to non-profits addressing education and social needs. Alvernia University President Thomas F. Flynn accepted a \$250,000 grant from Customers Bank to Fund South Reading Youth Initiative – a program using college students to tutor and mentor public school elementary students.</p>	 <p>Alvernia President Thomas F. Flynn accepts \$250,000 grant from Customers Bank to Fund South Reading Youth Initiative – a program using college students to tutor and mentor public school elementary students.</p>

## TEAM MEMBER GIVING

Team Members are given the opportunity to donate to local charities and non-profits to support our Company value of giving back and contributing to communities around us. In total, Team Members donated over \$158,000 to the United Way, supporting many community outreach programs, primarily via regular payroll contributions; and over \$20,000 that benefited various other causes via one-time donation. Through these contributions, Team Members supported over 41 causes, including Habitat for Humanity, Our Military Kids, Veterans Making a Difference, Cents Ability, The Janus School, Eagles Autism Challenge, Main Line Animal Rescue, Philabundance, Big Brothers Big Sisters of Mercer County New Jersey, Read Alliance, Twilight Wish Foundation, Walk to End Alzheimer's, and the Susan G. Komen Organization.



Customers Bank supports the Baseballtown Charities' Dream Field where youngsters with physical and intellectual disabilities can play baseball in a safe and supportive environment. Here they work out with AA Reading Fightin' Phils on Dream League Opening Day.

## COMMUNITY INVESTMENT

- In 2019, Customers made nearly \$1.5 million in Community Reinvestment Act contributions.



Customers Bank supports a project to develop 20 homes in the Sharswood neighborhood of Lower North Philadelphia.



Customers Bank awarded over \$140,000 to New Jersey Community Capital to support the East Trenton Collaborative, a neighborhood revitalization initiative focused on promoting a community-driven neighborhood planning process.

## MULTICULTURAL FOCUS

- Customers, in support of its ongoing commitment to provide economic opportunities to minorities, women and those with low and moderate incomes, appointed a Director of Multicultural Banking. The Director of Multicultural Banking is responsible for providing the highest quality banking and lending services to the multicultural markets in which our Team Members live and work.

## COMMUNITY ENGAGEMENT

- Many of our Team Members and leaders serve on community and statewide boards of non-profits, service organizations, and charitable organizations.
- Customers' Team Members regularly volunteer their time and business expertise to help organizations that serve our communities. Our Team Members have supported reading readiness drives; health fairs; taught free courses on spending, saving and borrowing; and volunteered their time and knowledge to support community-focused causes.



- Customers' community efforts support a wide-range of charitable organizations through financial contributions and Team Member volunteerism. Since Customers founding in 2009, the Company has partnered with the United Way of Berks County's workplace campaign with an average participation rate of 62% and average gift per employee of more than \$950.

## OUR RISK CULTURE AND RESPONSE TO PRESENT IMPACTS OF COVID-19

TONE AT THE TOP	KEY RISKS
<ul style="list-style-type: none"> <li>• The Board is responsible for setting an appropriate tone at the top for risk culture</li> <li>• The Board is responsible for challenging management and holding senior management accountable for the management of risk</li> <li>• Management sets the tone for risk throughout the organization</li> </ul>	<ul style="list-style-type: none"> <li>• Key risks managed by the Company include liquidity, governance, credit, interest rate, sensitivity, third-party vendors, cybersecurity and fraud</li> </ul>

### Customers Response to COVID-19

- Customers' number one priority is the safety and well-being of our Team Members, customers, families, and the communities in which we live and work.
- We have assembled a cross-disciplinary team, working with our Business Resilience Team Leaders, to monitor the COVID-19 public health emergency and to put measures in place that help ensure both the safety for our Team Members and business continuity for our customers.
- The Company is assessing the COVID-19 pandemic daily, remaining vigilant, and following all recommendations from the World Health Organization (WHO), U.S. Centers for Disease Control and Prevention (CDC) and local authorities.
- Customers continues to develop, update and share guidance with our Team Members so they are fully informed on how to protect themselves, their families and our customers against transmission of the virus.
- We have the technological, cultural and operational infrastructure for certain of our Team Members to work virtually. Additionally, we have put into place policies that require all Team Members, third-party vendors and customers to confirm that they do not pose a risk to others, based on certain criteria.

- The Company has also taken measures to ensure customers continue to receive a high-level of customer service and uninterrupted access to its financial services.
- The Company's Board of Directors and Senior Management continue to engage in active communications with federal and state regulatory agencies and community leaders to ensure the Company is taking all necessary steps to protect the health and safety of all Team Members and customers.
- The Company has implemented a Team Member Emergency Hotline to assist our fellow Team Members who are in need of help during the Coronavirus (COVID-19) pandemic.
- As a result of the COVID-19 pandemic, Customers is giving a special bonus to customer-facing Team Members.

## OUR CORPORATE GOVERNANCE & ETHICS

### BOARD OVERSIGHT

- Customers' Nominating and Corporate Governance Committee oversees the Company's environmental, social and governance strategy

### 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
- All standing Board committees except Directors' Risk consist solely of independent Directors
- Majority voting standard in uncontested election of Directors
- Annual Say-on-Pay vote
- Stock ownership requirements and prohibition on hedging

### CYBERSECURITY

No threat facing corporate America has grown as fast as the danger from cyberattacks. Cybersecurity has become one of the most critical issues facing the world today, and Customers is working relentlessly to address it.

- Customers maintains an enterprise-wide and Board approved information security policy which all Team Members must receive, understand, and acknowledge receipt annually.
- Customers maintains a suite of internal standards of operating procedures that govern cybersecurity activity for the enterprise.
- Customers' Information Security Team works in close partnership with government and law enforcement agencies and other businesses to understand the full spectrum of cybersecurity risks, enhance the Company's defenses and improve resiliency against threats.
- Customers' Team Members receive annual Cybersecurity Awareness education and are expected to be vigilant to cyber risks at all times.
- Customers' Information Security Team regularly conducts enterprise-wide phishing exercises to reinforce the importance of information technology security and to assist in creating a top-notch defense against any kind of phishing attack.
- From a cyber perspective, Customers maintains compliance through adherence to accepted industry best practices and standards like the Federal Financial Institution Examination Council (FFIEC), the National Institute of Standards and Technology (NIST) Cyber Security Framework, the International Standards Organization (ISO) 27001 standards and the Payment Card Industry (PCI) Data Security Standard (DSS).

#### **CCPA AND GDPR COMPLIANCE**

- Customers is fully compliant with the California Consumer Privacy Act (CCPA) and the EU's General Data Protection Regulation (GDPR).

## **OUR ENVIRONMENT**

#### **COMMITMENT TO OUR ENVIRONMENT**

- Since 2012, Customers Bank has been an active lender in the renewable energy industry adding significant value to customer relationships via the Company's knowledge and expertise in the energy sector.
- Customers Bank provided financing for wind power projects that generate 102Mw of electricity annually supplying nearly 50,000 homes with clean renewable energy. The projects offset the carbon emissions of the equivalent of 16,500,000 gallons of gasoline on an annual basis.
- Customers Bank provided financing to a solar power developer and participated in a line of credit that provides late stage development and construction financing to solar developers nationwide.
- Customers' facilities adhere to Universal Sustainability Guidelines and recycling is encouraged at all Company facilities.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of shareholders holding more than 5.0% of our Voting Common Stock as of April 2, 2020:

Name and Address of Beneficial Owner	Voting Common Stock	Percent of Class of Voting Common Stock <sup>(1)</sup>
BlackRock, Inc. 55 East 52 nd Street New York, NY 10055	(2) 4,551,856	14.46 %
Dimensional Fund Advisors LP 6300 Bee Cave Road Austin, TX 78746	(3) 2,634,009	8.37 %
Vanguard Group Inc. 100 Vanguard Blvd. Malvern, PA 19355	(4) 1,814,837	5.77 %

(1) Based on 31,470,026 shares of Customers Bancorp, Inc. common stock outstanding as of April 2, 2020.

(2) This information is based on Schedule 13G/A filed with the Securities and Exchange Commission on February 3, 2020 by BlackRock, Inc.

(3) This information is based on Schedule 13G/A filed with the Securities and Exchange Commission on February 12, 2020 by Dimensional Fund Advisors LP.

(4) This information is based on Schedule 13G/A filed with the Securities and Exchange Commission on February 10, 2020 by Vanguard Group Inc.

The following table sets forth information, as of April 2, 2020, with respect to the beneficial ownership of each Director, each named executive officer, and all Directors and named executive officers as a group.

Name and Address of Beneficial Owner <sup>(2)</sup>	Voting Common Stock <sup>(1) (2) (3)</sup>	Percent of Class of Voting Common Stock <sup>(2)</sup>
<b>Directors</b>		
Andrea Allon <sup>(4)</sup>	18,314	*
Rick Burkey <sup>(5)</sup>	60,576	*
Bhanu Choudhrie <sup>(6)</sup>	674,704	2.14 %
Daniel K. Rothermel	80,977	*
Jay S. Sidhu <sup>(3) (7)</sup>	1,829,102	5.81 %
T. Lawrence Way	214,904	*
Steven J. Zuckerman <sup>(8)</sup>	50,700	*
<b>Executive Officers who are not Directors</b>		
Richard A. Ehst	119,027	*
Carla A. Leibold	8,626	*
Thomas J. Jastrem	—	*
James T. Collins	—	*
<b>All Directors and named executive officers as a group (11 persons)</b>	3,056,930	9.71 %

\* Less than 1%

- (1) Based on information furnished by the respective individual and our share records. Shares are deemed to be beneficially owned by a person if he or she directly or indirectly has or shares the power to vote or dispose of the shares, whether or not he or she has any economic interest in the shares. Unless otherwise indicated, the named beneficial owner has sole voting and dispositive power with respect to the shares.
- (2) Beneficial ownership for each listed person as of April 2, 2020 includes shares issuable pursuant to options to purchase stock held by such person which are exercisable within 60 days of April 2, 2020. Shares subject to options exercisable within 60 days of April 2, 2020 are deemed outstanding for purposes of computing the percentage of class of Voting Common Stock attributable to the person or group holding such options, but are not deemed outstanding for purposes of computing the percentage of any other person or group. Unless otherwise indicated, the address for each beneficial owner is c/o Customers Bancorp, Inc., 1015 Penn Ave., Wyomissing, Pennsylvania 19610.
- (3) Includes shares of our Voting Common Stock issuable upon the exercise of stock options in the following amounts: Mr. Sidhu – 679,701.
- (4) Ms. Allon has an indirect beneficial ownership interest in 965 of these securities through her spouse.
- (5) Mr. Burkey has an indirect beneficial ownership interest in 977 of these securities through his company, BB Investment Group and in 2,811 of these securities through his spouse.
- (6) Mr. Choudhrie has an indirect beneficial ownership interest in 646,764 of these securities through his company, Lewisburg LLC.
- (7) Mr. Sidhu also serves as Chief Executive Officer of Customers Bancorp, Inc.
- (8) Mr. Zuckerman irrevocably transferred the current equivalent of 218,254 shares of Customers Bancorp, Inc. common stock to Sageworth Trust Company, Trustee of the Victoria H. Zuckerman 2006 MG Trust dated 8/21/2006 on May 8, 2012. Mr. Zuckerman has an indirect beneficial ownership interest in 6,815 shares through Steven J. Zuckerman Revocable Trust.

# PROPOSALS TO BE VOTED ON AT THE ANNUAL MEETING

## PROPOSAL 1 ELECTION OF TWO CLASS III DIRECTORS OF THE COMPANY

Our Board of Directors currently consists of seven 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.

Two Directors comprising our Class III Directors will be elected at the Annual Meeting to serve a three-year term or until their respective successors shall have been elected and qualified. On the recommendation of our Nominating and Corporate Governance Committee, our Board of Directors has nominated T. Lawrence Way and Steven J. Zuckerman for election as Directors at the Annual Meeting as follows: Class III — Term to Expire in 2023. Each director nominee has consented to being named in this Proxy Statement or until a successor is duly elected and qualified.

T. LAWRENCE WAY	AGE: 71	DIRECTOR SINCE: 2005
<ul style="list-style-type: none"> <li>■ Chairman of the Audit Committee</li> <li>■ Member of the Nominating and Corporate Governance Committee</li> <li>■ Member of the Directors' Risk Committee</li> </ul>	<p><b>Professional Highlights</b></p> <p>Mr. Way was the Chairman and CEO of Alco Industries, Inc., a diversified industrial manufacturing company, from 2000 until his retirement on December 31, 2010. During his 34 year career with Alco Industries, Mr. Way held a variety of positions including that of Chief Financial Officer and President. He is a Certified Public Accountant, received a Master's in Business Administration from Mount St. Mary's College, a Juris Doctor degree from Rutgers-Camden School of Law, and graduated from Tufts University. He has experience in varied areas of management, finance, operations, and mergers and acquisitions.</p> <p>Mr. Way's background as an attorney and Certified Public Accountant, as well as his experience leading a company through the current economic, social and governance issues as the former Chairman and Chief Executive Officer of Alco Industries, Inc., makes him well-suited to serve on the Board.</p>	

STEVEN J. ZUCKERMAN	AGE: 56	DIRECTOR SINCE: 2009
<ul style="list-style-type: none"> <li>■ Chairman of the Compensation Committee</li> <li>■ Member of the Nominating and Corporate Governance Committee</li> </ul>	<p><b>Professional Highlights</b></p> <p>Mr. Zuckerman founded Clipper Magazine in 1983 as a junior at Franklin &amp; Marshall College in Lancaster, Pennsylvania. He graduated with a BA in Business Management in 1985 and went on to build Clipper into a nationwide media company with over 1,000 employees, publishing and direct mailing advertising magazines to 500 markets in 31 states. His subsidiary companies include Spencer Advertising, Total Loyalty Solutions, Clipper Web Development, Clipper Graphics and Jaxxon Promotions. In 2003, he sold his company to Gannett Corporation, publishers of USA Today. He continued as CEO until June 2013. Since 2013, Mr. Zuckerman is a partner and works in his real estate development firm, Oaktree Development Group, a minor league baseball team, The Lancaster Barnstormers, and other entrepreneurial ventures including a digital and technology based marketing company. Mr. Zuckerman's experience in leadership, digital marketing, entrepreneurship, and building companies makes him uniquely situated to provide the Board with insight in the key areas of leadership development, marketing, and customer strategies.</p>	

The persons named as proxies have advised us that, unless otherwise instructed, they intend at the Annual Meeting to vote the shares covered by validly executed proxies "**FOR**" the election of the nominees named above. The proxies cannot be voted for

a greater number of persons than the number of nominees named above. The Board knows of no reason why the nominees will be unavailable or unable to serve as a Director. For Director elections, a majority of the votes cast in person or by proxy for each such position is required to elect the applicable nominee.

**THE BOARD RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEES LISTED  
IN PROPOSAL 1 TO ELECT TWO CLASS III DIRECTORS OF THE COMPANY.**

## PROPOSAL 2

### RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Company's Board of Directors (the "**Audit Committee**") has appointed Deloitte & Touche LLP ("**Deloitte**") as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020, subject to ratification by our shareholders at the Annual Meeting, and has further directed that management submit the selection of the independent auditor for ratification by the shareholders at the Annual Meeting. Deloitte served as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2019. The Company has been advised by Deloitte that neither it nor any member thereof has any financial interest, direct or indirect, in the Company or any of its affiliates, in any capacity. One or more representatives of Deloitte is expected to be present at this year's Annual Meeting with an opportunity to make a statement if he or she desires to do so and to answer appropriate questions with respect to their examination of the Company's financial statements and records for the fiscal year ended December 31, 2019.

Although the submission of the appointment of Deloitte is not required by the Company's bylaws, the Board is submitting it to the shareholders to ascertain their views. If the shareholders do not ratify the appointment, we will not be bound to seek another independent registered public accountant for 2020, but the selection of other independent registered public accounting firms will be considered in future years.

On March 4, 2019, the Audit Committee had approved the appointment of Deloitte as the Company's new independent registered public accounting firm to perform independent audit services for the fiscal year ending December 31, 2019. During the fiscal years ended December 31, 2018 and 2017 and through March 4, 2019, neither the Company, nor anyone on its behalf, consulted Deloitte regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the consolidated financial statements of the Company, and no written report or oral advice was provided to the Company by Deloitte that was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was the subject of a "disagreement" (within the meaning of Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a "reportable event" (as defined in Item 304(a)(1)(v) of Regulation S-K).

On March 4, 2019, the Company dismissed BDO USA, LLP ("**BDO**") as its independent registered public accounting firm. The reports of BDO on the Company's consolidated financial statement as of December 31, 2018, and for the fiscal years ended December 31, 2018 and 2017, did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles.

#### **Audit and Other Fees Paid to Independent Registered Public Accounting Firm**

The following table presents pre-approved fees billed by Deloitte and BDO for professional services rendered for the fiscal years ended December 31, 2019 and 2018, respectively.

Services Rendered	Fiscal 2019	Fiscal 2018
Audit Fees <sup>(1)</sup>	\$ 922,400	\$ 898,322
Audit-Related Fees <sup>(2)</sup>	285,195	117,340
Tax fees <sup>(3)</sup>	3,000	—
Total	<u>\$ 1,210,595</u>	<u>\$ 1,015,662</u>

- (1) Audit fees consisted principally of fees related to audit services in connection with the Company's annual reports, quarterly reports, HUD audit, CECL-related services performed in 2019 and related out-of-pocket expenses. Audit fees for 2018 included the previously planned spin-off of the BankMobile business, including out-of-pocket expenses.
- (2) Audit-related fees primarily consisted of fees for services in connection with the performance of certain agreed upon procedures and audit-related services for the 401-K Plan audit, Department of Education in connection with the BankMobile Disbursement business, examination procedures for the BankMobile refund management services examination of controls as service organization, services in connection with public placement offerings, and various accounting consultations and other technical issues for assurance and related services that were reasonably related to the performance of the audit and related out-of-pocket expenses.
- (3) Fees for tax advisory and tax compliance services.

### **Pre-approval of Audit and Non-Audit Services**

Under our Audit Committee charter, the Audit Committee is required to pre-approve all auditing services (including providing comfort letters or consents in connection with securities offerings) and permitted non-audit services to be performed for us by the independent registered public accounting firm. The Audit Committee may also delegate the ability to pre-approve audit and permitted non-audited services to a subcommittee consisting of one or more members, provided that any pre-approvals are reported to the full committee at its next scheduled meeting.

In addition, the Audit Committee has adopted a pre-approval policy whereby all services performed by the independent auditor are to be pre-approved. Each year, the Audit Committee approves an annual program of work for each of the audit and audit-related services to be performed by the independent auditor. Engagement-by-engagement pre-approval is not required except for exceptional or ad-hoc incremental engagements which would result in fees exceeding those pre-approved for the applicable category of service. If necessary, a work program for each category of service can be supplemented with additional pre-approved amounts after the Audit Committee reviews the additional services to be performed. The Audit Committee may also consider specific engagements in the "all other services" category on an engagement-by-engagement basis.

**THE BOARD RECOMMENDS A VOTE " FOR" APPROVAL OF PROPOSAL 2 TO RATIFY THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.**

**PROPOSAL 3**  
**A NON-BINDING ADVISORY VOTE ON**  
**EXECUTIVE COMPENSATION**

Section 14A of the Securities Exchange Act of 1934, as amended (“**Section 14A**”), requires that we include in this Proxy Statement the opportunity for our shareholders to vote on an advisory (non-binding) resolution to approve the compensation of our named executive officers (sometimes referred to as “**Say-on-Pay**”). Accordingly, our Board recommends that our stockholders vote in favor of the the following resolution:

**“RESOLVED, that our shareholders approve, on an advisory basis, the compensation of our company’s named executive officers, as disclosed pursuant to the compensation disclosure rules of the U.S. Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables, and the accompanying narrative discussion disclosed in this proxy statement.”**

As described in detail under “Compensation Discussion and Analysis,” the Board believes that the talents of our team members have a significant influence on our long-term success. Our compensation system plays a significant role in our ability to attract, retain and motivate a quality workforce. The Board believes that our current compensation program links compensation realized by our executive officers to our performance, and properly aligns the interests of our executive officers with those of our shareholders, and encourages you to review carefully the Compensation Discussion and Analysis beginning on page [40](#) and the tabular and other disclosures on executive compensation beginning on page 59 of this Proxy Statement.

As an advisory vote, this proposal is not binding upon us as a corporation. However, our Board and Compensation Committee, which are responsible for the design and administration of our executive compensation practices, value the opinions of our shareholders expressed through your vote on this proposal. At the 2019 annual meeting of shareholders, nearly 95% of the votes cast favored our Say-on-Pay proposal. The Board and Compensation Committee will continue their outreach program and study best practices in considering future executive compensation arrangements.

**THE BOARD RECOMMENDS A VOTE “FOR” APPROVAL OF THE SAY-ON-PAY  
RESOLUTION.**

## AUDIT COMMITTEE REPORT

Our Audit Committee is composed of three Board members. Our Board has determined that all Audit Committee members are independent under the New York Stock Exchange ("NYSE") listing standards and applicable SEC rules and regulations. Our Board has also determined that all Audit Committee members are financially literate in accordance with NYSE listing standards and has qualified Audit Committee member, Andrea Allon, as an "audit committee financial expert" as defined by SEC rules. The Audit Committee's purposes and responsibilities are stated in our Audit Committee charter, a copy of which is available on our website at [www.customersbank.com](http://www.customersbank.com) under the "Investor Relations" and "Governance Documents" tab.

Management is responsible for the financial reporting process, including the system of internal controls, and for the preparation of our consolidated financial statements in accordance with generally accepted accounting principles. Our independent registered public accounting firm is responsible for auditing those financial statements. The Audit Committee's responsibility is to monitor and review these processes, acting in an oversight capacity relying on the information provided to it and on the representations made by management and the independent registered accounting firm.

In connection with the preparation and filing of our Annual Report on Form 10-K for the year ended December 31, 2019, the Audit Committee (a) reviewed and discussed the audited financial statements with our management, (b) discussed with Deloitte & Touche LLP ("**Deloitte**"), our independent registered public accounting firm for the fiscal year ended December 31, 2019, the matters required to be discussed by the Public Company Accounting Oversight Board ("**PCAOB**") Auditing Standard 1301 (Communications with Audit Committees) and the SEC, and (c) has received and reviewed the written disclosures and the letter from Deloitte required by Rule 3526 of the PCAOB regarding Deloitte's communications with the Audit Committee concerning independence and had discussed with Deloitte its independence. Based on the review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2019 for filing with the SEC.

Respectfully submitted:

T. Lawrence Way, Chair

Andrea Allon

Daniel K. Rothermel

## BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

### Board of Directors

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.

The names, ages, positions and business backgrounds of each of the Customers Bancorp, Inc. Directors are provided below.

<b>Name</b>	<b>Director Since*</b>	<b>Position With Customers Bancorp</b>	<b>Age</b>	<b>Term Expires:</b>
T. Lawrence Way	2005	Director	71	2020
Steven J. Zuckerman	2009	Director	56	2020
Bhanu Choudhrie	2009	Director	41	2021
Jay S. Sidhu	2009	Director, Chairman and Chief Executive Officer	68	2021
Andrea Allon	2016	Director	58	2022
Rick B. Burkey	2016	Director	74	2022
Daniel K. Rothermel	2009	Lead Independent Director	82	2022

\* Pre-2011 dates include services as a director of Customers Bank prior to its reorganization into a bank holding company structure pursuant to which Customers Bank became a wholly-owned subsidiary of the Company (the "Reorganization") on September 17, 2011.

Below are the biographies of our Directors, as well as information on their experience, qualifications and skills that support their service as a director of the Company:

JAY S. SIDHU	AGE: 68	DIRECTOR SINCE: 2009
<ul style="list-style-type: none"> <li>■ Chairman and Chief Executive Officer</li> <li>■ Member of the Executive Committee</li> <li>■ Member of the Directors' Risk Committee</li> </ul>	<p><b>Professional Highlights</b></p> <p>Mr. Sidhu joined Customers Bank as Chairman and Chief Executive Officer in the second quarter of 2009. Before joining Customers Bank, Mr. Sidhu was the Chief Executive Officer of Sovereign Bank and Sovereign Bancorp, Inc. from 1989 and its Chairman from 2002 until his retirement on December 31, 2006. Mr. Sidhu was also the Chairman and Chief Executive Officer of Sidhu Advisors, LLC, a consulting firm from 2007 to 2009. Mr. Sidhu is a recipient of Financial World's CEO of the year award, and was also named Turnaround Entrepreneur of the Year, while he was the CEO of Sovereign. In 2016, he was named Financial Technology Entrepreneur of the Year. He has received many other awards and honors, including a Hero of Liberty Award from the National Liberty Museum and Caron Foundation's Citizen of the Year. Mr. Sidhu also serves as Executive Chairman of Megalith Financial Acquisition Corporation. Mr. Sidhu has also served on the boards of numerous businesses and not-for-profits, including as a member of the Board of Grupo Santander in Madrid, Spain and Atlantic Coast Financial Corporation in Jacksonville, Florida. He obtained a MBA from Wilkes University and is a graduate of Harvard Business School's Leadership Course for CEOs. Mr. Sidhu also helped establish the Jay Sidhu School of Business and Leadership at Wilkes University.</p> <p>Mr. Sidhu's demonstration of day-to-day leadership, combined with his extensive banking sector experience, provide the Board with intimate knowledge of the Company's direction and strategic opportunities.</p>	

<b>DANIEL K. ROTHERMEL</b> <b>AGE: 82</b> <b>DIRECTOR SINCE: 2009</b>	
<ul style="list-style-type: none"> <li>■ Lead Independent Director</li> <li>■ Chairman of the Directors' Risk Committee</li> <li>■ Member of the Executive Committee</li> <li>■ Member of the Compensation Committee</li> <li>■ Member of the Audit Committee</li> <li>■ Chairman of the Nominating and Corporate Governance Committee</li> </ul>	<p><b>Professional Highlights</b></p> <p>Mr. Rothermel has been the Chairman of the Board of Cumru Associates, Inc., a private holding company located in Reading, Pennsylvania, since January 1, 2013. Prior to that, and since 1989, he was President and Chief Executive Officer of Cumru Associates, Inc. Mr. Rothermel also served over twenty years on the Board of Directors of Sovereign Bancorp and Sovereign Bank. At Sovereign, he was lead independent Director and served on the Audit, Governance, and Risk Management Committees and was chairman of the Executive Committee. He is a graduate of Pennsylvania State University with a B.S. in Business Administration (finance and accounting) and of the Washington College of Law of the American University with a Juris Doctor.</p> <p>Mr. Rothermel's background as an attorney and general counsel, plus his extensive experience in corporate governance and as a Director of Sovereign Bank, provides a unique and valuable perspective to the Board.</p>

<b>BHANU CHOUDHRIE</b> <b>AGE: 41</b> <b>DIRECTOR SINCE: 2009</b>	
<ul style="list-style-type: none"> <li>■ Member of the Executive Committee</li> </ul>	<p><b>Professional Highlights</b></p> <p>Mr. Choudhrie has served as a Director of Customers Bank since July 2009, and was an original member of Customers Bancorp's Board. On January 30, 2013, the Company's Board of Directors re-appointed Mr. Bhanu Choudhrie to a vacant Board seat with a term expiring in 2015. Mr. Choudhrie had stepped down as a Director in October 2011 pending the January 2013 notification of completion of the Federal Reserve Bank's standard name check on him in connection with his U.K. citizenship. Mr. Choudhrie is a private equity investor with investments in the United States, United Kingdom, Europe and Asia. He is currently a Director of C&amp;C Alpha Group Limited, a London based family private equity group. C&amp;C Alpha Group was founded in 2002 and has its global headquarters in London and offices in several countries. Its team comprises entrepreneurs, financial analysts, project developers, project managers and consultants. Mr. Choudhrie is also Director of C&amp;C Alpha Group Investments Ltd, a Dubai entity; and Director and officer of various investment and operating entities formed and/or doing business in the United States, United Kingdom, Europe and Asia. Mr. Choudhrie also currently serves as a Trustee of Path to Success, a United Kingdom registered charity, and as a Director and President for the Choudhrie Family Foundation, a U.S. Foundation. In March 2016, Mr. Choudhrie completed the Harvard Business School Owner/President Management Program.</p> <p>Mr. Choudhrie's broad international expertise provides the Board with a global market perspective and private equity experience.</p>

T. LAWRENCE WAY      AGE: 71      DIRECTOR SINCE: 2005	
<ul style="list-style-type: none"> <li>■ Chairman of the Audit Committee</li> <li>■ Member of the Nominating and Corporate Governance Committee</li> <li>■ Member of the Directors' Risk Committee</li> </ul>	<p><b>Professional Highlights</b></p> <p>Mr. Way was the Chairman and CEO of Alco Industries, Inc., a diversified industrial manufacturing company, from 2000 until his retirement on December 31, 2010. During his 34 year career with Alco Industries, Mr. Way held a variety of positions including that of Chief Financial Officer and President. He is a Certified Public Accountant, received a Master's in Business Administration from Mount St. Mary's College, a Juris Doctor degree from Rutgers-Camden School of Law, and graduated from Tufts University. He has experience in varied areas of management, finance, operations, and mergers and acquisitions.</p> <p>Mr. Way's background as an attorney and Certified Public Accountant, as well as his experience leading a company through the current economic, social and governance issues as former Chairman and Chief Executive Officer of Alco Industries, Inc., makes him well-suited to serve on the Board.</p>

STEVEN J. ZUCKERMAN      AGE: 56      DIRECTOR SINCE: 2009	
<ul style="list-style-type: none"> <li>■ Chairman of the Compensation Committee</li> <li>■ Member of the Nominating and Corporate Governance Committee</li> </ul>	<p><b>Professional Highlights</b></p> <p>Mr. Zuckerman founded Clipper Magazine in 1983 as a junior at Franklin &amp; Marshall College in Lancaster, PA. He graduated with a BA in Business Management in 1985 and went on to build Clipper into a nationwide media company with over 1,000 employees, publishing and direct mailing advertising magazines to 500 markets in 31 states. His subsidiary companies include Spencer Advertising, Total Loyalty Solutions, Clipper Web Development, Clipper Graphics and Jaxxon Promotions. In 2003, he sold his company to Gannett Corporation, publishers of USA Today. He continued as CEO until June 2013. Since 2013, Mr. Zuckerman is a partner and works in his real estate development firm, Oaktree Development Group, a minor league baseball team, The Lancaster Barnstormers, and other entrepreneurial ventures including a digital and technology based marketing company.</p> <p>Mr. Zuckerman's experience in leadership, digital marketing, entrepreneurship, and building companies makes him uniquely situated to provide the Board with insight in the key areas of leadership development, marketing, and customer strategies.</p>

ANDREA ALLON      AGE: 58      DIRECTOR SINCE: 2016	
<ul style="list-style-type: none"> <li>■ Member of the Audit Committee</li> <li>■ Audit Committee Financial Expert</li> <li>■ Member of the Directors' Risk Committee</li> </ul>	<p><b>Professional Highlights</b></p> <p>Andrea Allon has served as the Chief Operating Officer of the Chamber of Commerce for Greater Philadelphia since May 2006, one of the largest and oldest chambers of commerce in the United States. Prior to joining the Chamber, Ms. Allon was a Partner of Ernst &amp; Young LLP overseeing audit services provided to public companies primarily in the financial services and technology industries. Ms. Allon spent over 20 years with Ernst &amp; Young in the Philadelphia and New York offices and has also taught accounting and auditing at the college level as an adjunct instructor. Ms. Allon earned her MBA from Columbia University and a Bachelor of Science from the Wharton School of the University of Pennsylvania.</p> <p>Ms. Allon's long experience in public accounting as well as her experience with the Chamber of Commerce provide the Board with many insights on business, internal controls, and governance matters that are of great value to the Board.</p>

<b>RICK B. BURKEY</b>		<b>AGE: 74</b>	<b>DIRECTOR SINCE: 2016</b>
		<b><u>Professional Highlights</u></b>	
<ul style="list-style-type: none"> <li>■ Chairman of the Compliance Committee</li> <li>■ Member of the Nominating and Corporate Governance Committee</li> <li>■ Member of the Directors' Risk Committee</li> </ul>		<p>Mr. Burkey graduated from Lehigh University with a B.S. degree in civil engineering. He has over 45 years of experience in Commercial and Industrial Construction and Real Estate Development. He currently serves as Chairman of the Board of Burkey Construction Co. and is a Director of Associated Construction &amp; Management Corp. He is actively involved in the ownership and management of numerous real estate ventures including Industrial Park Development &amp; Senior Housing. Previously serving on the Board of Berkshire Bank, Mr. Burkey now serves as a Director of Customers Bancorp, Inc., which acquired Berkshire Bank in 2011.</p> <p>Mr. Burkey's insights into the real estate markets are important to the Board given Customer's loan portfolio composition.</p>	

## Named Executive Officers

Members of the executive management team are an essential component of Customers' governance and risk management processes and the Company's success. The Company exercises great care in the selection of its executive team members, carefully assessing the skills and personal attributes that each member brings to the organization. As the leaders of the Company, the executive management team members are well qualified for their roles and work together with other management members to build the Company and create shareholder value.

For information regarding Jay S. Sidhu; see "**Board of Directors**".

<b>Richard A. Ehst</b>		<b>AGE: 73</b>
<b>President and Chief Operating Officer</b>		
<b><u>Professional Highlights</u></b>		
<p>Mr. Ehst joined Customers Bank as President and Chief Operating Officer in August 2009. Mr. Ehst was previously an Executive Vice President, Commercial Middle Market, Mid-Atlantic Division, of Sovereign Bank. Before this role, Mr. Ehst served as Regional President for Berks County from 2004 until 2009 and Managing Director of Corporate Communications for Sovereign from 2000 until 2004 where his responsibilities included reputation risk management and marketing services support systems. Before joining Sovereign Bank, Mr. Ehst was an independent consultant to more than 70 financial institutions in the mid-Atlantic region, including Sovereign Bank, where he provided guidance on regulatory matters, mergers and acquisitions and risk management. Mr. Ehst was named Chief Executive Officer of Customers Bank in January 2020.</p>		

<b>Carla A. Leibold</b>		<b>AGE: 52</b>
<b>Executive Vice President, Chief Financial Officer and Treasurer</b>		
<b><u>Professional Highlights</u></b>		
<p>Ms. Leibold joined Customers Bank in 2013 as Senior Vice President, Chief Accounting Officer and Controller. Earlier in 2018, Ms. Leibold was promoted to Executive Vice President, Chief Accounting Officer and Controller. Prior to joining Customers Bank, Ms. Leibold served as the principal accounting officer for Farmer Mac where she was the Vice President and Controller from 2010-2013. She also served as the Director of Accounting and Financial Reporting of Farmer Mac from 2007-2010. Ms. Leibold started her career in public accounting and held various roles of increasing leadership responsibility at Sallie Mae and Freddie Mac before joining Farmer Mac. Ms. Leibold holds a B.S. in Accounting from The Pennsylvania State University. She is a Certified Public Accountant and is a member of the American Institute of Certified Public Accountants. Ms. Leibold currently serves on the Board of Directors of the John Paul II Center for Special Learning. The John Paul II Center serves children and adults with intellectual and developmental disabilities by providing diversified programs.</p>		

<b>James Collins</b> <b>Senior Executive Vice President, Chief Administrative Officer</b>	<b>AGE: 52</b>
<b>Professional Highlights</b>	
<p>Jim Collins is Senior Executive Vice President and Chief Administrative Officer at Customers Bank. Collins has served as an executive member and has been actively involved in numerous leadership boards and committees within Customers Bank including the Office of the Chair. Collins joined Customers Bank in 2009, and in 2010 was named EVP, Chief Administrative Officer. Since joining Customers Bank, Collins has been part of the executive management team and has lead multiple teams in Technology, Operations, Digital Banking, and Administration. Prior to joining Customers Bank, Collins spent 15 years working for Sovereign Bank in roles of increasing responsibility including being a Market Executive for Mid Atlantic, a Regional Executive in Retail Banking, and the first appointed Director of Small Business Banking. He started his career working for Mobil Oil Corporation with roles in Sales and Marketing for their retail distribution network. Collins earned an MBA in Finance from Lehigh University, as well as a Bachelor of Science degree from Lock Haven University of Pennsylvania. He also completed Leadership for Senior Executives in Harvard's Executive Education program. Collins has served on many community boards including being a member of the Board of Directors for the Central Bucks Chamber of Commerce for the past 15 years. He is also a member of the Chairman's Club for the Central Bucks Chamber of Commerce.</p>	

<b>Thomas Jastrem</b> <b>Executive Vice President, Chief Risk Officer</b>	<b>AGE: 60</b>
<b>Professional Highlights</b>	
<p>Mr. Jastrem joined Customers Bank as the Senior Lender and Manager of the Special Assets Department in December 2006 and then was promoted to Executive Vice President and Chief Credit Officer in November 2009. He was recently promoted in September 2019 as Chief Risk Officer for Customers Bank. Previous to his employment with Customers Bank, Mr. Jastrem was also a Division Head for Community Banking in Southeastern Pennsylvania for Wells Fargo Bank. In addition, he was Vice President and Manager of the Special Assets Department for Golden State Sanwa Bank and successfully completed the banks credit training program with Lloyds Bank California. He is a proven banking executive with senior management experience, leadership abilities and broad commercial banking knowledge including Corporate/Middle Market Lending, Special Assets, Credit Underwriting and Business Development. Mr. Jastrem is a graduate of Wilkes University with a BS in Commerce and Finance with a Major in Accounting.</p>	

## BOARD AND CORPORATE GOVERNANCE

Customers Bancorp, Inc. is committed to maintaining sound corporate governance principles and the highest standards of ethical conduct, helping to ensure that we are in compliance with applicable corporate governance laws, regulations, and stock exchange listing requirements, and supporting long-term shareholder value.

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## Ongoing Shareholder Engagement and Our Response

The Nominating and Corporate Governance Committee ("N&CG Committee") and Compensation Committee regularly consider the feedback received from shareholders, as well as outside proxy advisory services. The Company seeks to communicate with its shareholders in a wide variety of ways, including through its website, annual report, news releases, quarterly reports, investor presentations, industry conferences, analyst days, annual meetings of shareholders and one-on-one meetings with shareholders. The N&CG Committee, Compensation Committee, Audit Committee, full Board of Directors, and management are very appreciative of the willingness of our shareholders to provide their input, which has helped shape and strengthen our corporate governance in recent years. Engagement feedback related to corporate governance is discussed below, and feedback related to executive compensation is discussed more fully in the Compensation Discussion and Analysis section beginning on page [40](#).

What We Heard from Shareholders	Customers' Response
<p>Some of our shareholders advocated for one or more of the following corporate governance changes:</p> <ul style="list-style-type: none"> <li>• With respect to the Board, our shareholders generally seek greater diversity, tenure limits, and a better understanding of how the Board evaluates its performance, composition, independence, and succession planning.</li> <li>• Shareholders requested that the Company enhance its ESG disclosures.</li> <li>• In past years, our shareholders advocated adopting a majority vote standard and moving to an annual frequency for say-on-pay voting.</li> </ul>	<p>Customers Bancorp has grown in a rapid but controlled manner. The Company believes that its corporate governance practices are generally in line with other small- and mid-cap bank peers, but recognizes that as it grows, it will transition away from practices designed for smaller companies, and gradually adopt the corporate governance practices of larger and more mature institutions.</p> <p>The Company has taken the following steps in response to feedback from its shareholders:</p> <ol style="list-style-type: none"> <li>1) Moved to an annual frequency for the Say on Pay vote;</li> <li>2) Adopted a majority voting standard for uncontested director elections; and</li> <li>3) Enhanced the Company's ESG disclosures.</li> </ol> <p>As it continues to grow, the Company expects the N&amp;CG Committee to continue to review and recommend the best path forward for the Board to consider.</p>

## Corporate Governance Highlights

Customers' Board governance has many diverse elements, in general characterized by the following major highlights:

Board of Directors
<ul style="list-style-type: none"> <li>• A very experienced and diverse board: 14% female, 28% minority. The Board takes diversity, experience, director qualifications and Environmental, Social and Governance (ESG) matters very seriously</li> <li>• Six out of seven Directors are independent (the other is our CEO). Two have CPA licenses, two have a Juris Doctor degree and all Directors offer significant financial expertise</li> <li>• Independent Lead Director who conducts regular executive sessions with and without Chairman and CEO; involved in formation of agendas of Board meetings, Board retreats, and Board / management retreats</li> <li>• The Compensation Committee is also charged with succession planning</li> <li>• All standing Board committees except the Directors' Risk Committee consist solely of independent Directors</li> <li>• Held 12 Board meetings in 2019</li> <li>• Board meets regularly in executive session</li> <li>• 87% attendance by Directors at 2019 Board meetings</li> <li>• The Board conducts an explicit examination of the roles and responsibilities of the overall Board as well as each of the Board Committees via the periodic completion of a performance self-assessment</li> <li>• Bi-annual off-site retreats to discuss corporate strategy, annual and three-year business plans, and strategic options, as well as Board access to various levels of management at the Company</li> <li>• 100% of Directors serve on two or fewer public company boards; any director that is CEO of a public company serves on no more than one other public company board</li> <li>• The Board conducts a thorough strategic options analysis each year, with contributions from outside advisers</li> <li>• The Board members bring a diverse background and very extensive experience to the Boardroom, including C Suite law, public accounting, entrepreneurship, regulatory and risk management, technology, real estate and marketing</li> </ul>

## Shareholder Rights and Engagement

- Our CEO and senior management participated in our investor outreach program with the Company's largest institutional investors. The outreach program was conducted throughout the year. The Chairs of our Audit Committee, Compensation Committee, and Directors' Risk Committee also attended the Company's most recent Analyst Day, meeting with many shareholders and analysts that cover the Company.
- The Company seeks to communicate with its shareholders in a wide variety of ways, including through its website, annual report, news releases, quarterly reports, investor presentations, industry conferences, analyst days, annual meetings of shareholders and one-on-one meetings.
- In the last year, the company proactively reached out to at least the 25 largest shareholders, which represent at least 62% of our outstanding shares. Through our interactions, as well as by tracking industry best practices, we have gained more in-depth understanding of investor viewpoints and concerns that we have incorporated into restructuring our compensation programs and philosophy.
- Investor feedback drives continual enhancements to disclosures, compensation matters, and corporate governance.

## Compensation

- All compensation is based upon a clearly defined, quantitative pay-for-performance compensation philosophy and model described in greater detail in the Compensation Discussion and Analysis section beginning on page [40](#).
- The CEO has taken all his performance based compensation in stock over the past two years.
- Multiple executive compensation clawback and recoupment requirements covering both cash and equity for annual and long-term awards
- Stock ownership and retention policies for our non-management Directors and executive officers
- Prohibit hedging of Company securities
- Independent compensation consultant engaged by Compensation Committee
- A thorough review of peer group is conducted annually to include similarly sized institutions in similar markets and similar lines of business, as well as certain other peers where the Company competes for talent or engages in a unique regional / national line of business.

## Strategy and Risk

- Board oversight of Company's strategy, financial performance, risk management framework, and risk appetite including a thorough annual strategic option analysis
- Risk oversight by full Board and its committees; twice annually hold off-site all-day Risk Summit meetings of Board and management
- Directors' Risk Committee, chaired by the Lead Independent Director, includes members of the Board's standing committees. The Directors' Risk Committee held 9 meetings and 2 Company-wide Risk Summits in 2019.
- Board reinforcement and oversight of strong ethics and risk practices
- Compensation programs consistent with risk management and safety and soundness considerations, in addition to clawback and recoupment requirements
- Board oversight of CEO and management succession planning; a clear CEO & COO succession plan is in place
- Active Bank Board engagement with regulatory matters through its Regulatory Management Committee

These highlights are examined in greater depth in the following review of Customers' corporate governance philosophy and practices.

## 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](http://www.customersbank.com) by selecting "Investor Relations," and then "Governance Documents."

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.

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.

## Code of Ethics and Business Conduct, and ESG

Each of our Directors, officers and employees 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. The Code of Conduct is available on our website at [www.customersbank.com](http://www.customersbank.com) by selecting "Investor Relations," and then "Governance Documents;" any amendments to the Code of Conduct will be posted in the same location.

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.

The Board of Directors recognizes the importance of its responsibilities as it relates to Environmental, Social and Governance (ESG) matters as evidenced by this year's expanded ESG disclosures. The Board expanded the duties of its Nominating and Corporate Governance Committee to include oversight of the Company's ESG responsibilities and is committed to driving a positive impact on society and the environment through the advancement of our ESG strategy.

## Risk Management

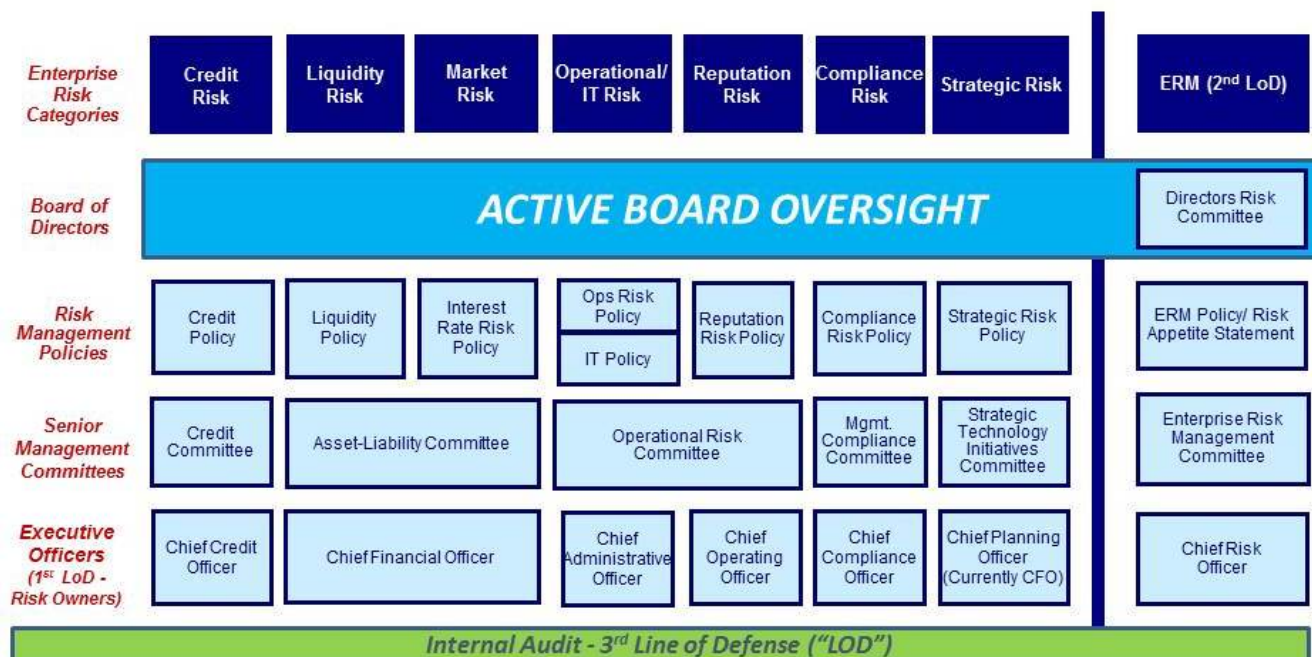
Banks are in the business of taking risk, and we consider prudent risk management key to our success over time. The responsibility for risk management begins with the Board of Directors. The Board is responsible for setting an appropriate tone at the top for risk culture. Further, the Board is responsible for challenging management and holding senior management accountable for the management of risk.

Management is responsible for producing the Company's Risk Appetite Statement which is approved annually by the Board. Management sets the tone for risk throughout the organization and monitors areas of potential risk. At each regular meeting of the Board of Directors, management reports on risk and is responsible for escalating existing and emerging risks to the Board. Some of the key risks that we manage include credit, liquidity, market, operational, IT/cybersecurity, reputation, compliance, and strategic risk.



Enterprise Risk Management (ERM) is a framework for risk management which includes identifying potential risks and opportunities, evaluation, determination of the right course of action, and on-going monitoring. The goal is to proactively identify potential sources of risk, manage them in a manner consistent with the Company's risk appetite, and create a continual feedback loop. The diagram below illustrates Customers' ERM structure; the key risks, the Board of Directors active oversight role, key policies defining our risk tolerances and controls, the management committees responsible for governing compliance, and the executive officers responsible for day-to-day management of risks within the policy defined tolerances.

### Risk Governance Structure



### Director Independence Standards

All the Directors, other than the Chairman and CEO, are independent Directors as determined by the Board. The Board has adopted the Director Independence Standards set forth in our Corporate Governance Guidelines to assist the Board in making director independence determinations. The Director Independence Standards are intended to comply with the New York Stock Exchange ("NYSE") corporate governance rules, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the implementing rules of the Securities and Exchange Commission ("SEC") thereunder (or

any other legal or regulatory requirements, as applicable) and the Federal Deposit Insurance Corporation Improvement Act. The Board, with the assistance of the N&CG Committee, will make independence determinations on an annual basis at the time the Board approves director nominees for inclusion in the Proxy Statement and, if a director joins the Board between annual meetings, at such time based on the applicable NYSE requirements and an evaluation of all of the relevant facts and circumstances.

Directors are requested to inform the Chair of the N&CG Committee and the Chief Executive Officer of any circumstance that might reasonably affect his or her independence under the requirements of the NYSE and these guidelines. If so notified, the Board, with the assistance of the Committee, will re-evaluate, as promptly as practicable thereafter, such director's independence. The Board will include the Chief Executive Officer, and the Board may elect or nominate other members of management as Directors.

Of the Directors of the Company who have served during 2019, each of Messrs. Choudhrie, Burkey, Rothermel, Way, and Zuckerman and Ms. Allon (who remain as current Directors of the Company) is considered independent, as independence for Board members is defined under NYSE rules. In determining whether these Directors met the definition of an independent director, the Board of Directors considered routine banking transactions between Customers Bank or its affiliates and certain of the Directors, their family members and businesses with whom they are associated, such as loans, deposit accounts, routine purchases of insurance or securities brokerage products, any overdrafts that may have occurred on deposit accounts, any contributions we made to non-profit organizations with whom any of the Directors are associated, and any transactions that are discussed under "Transactions With Related Parties."

## Stock Ownership Requirements & Prohibition of Hedging

In 2016, the Board adopted a stock ownership policy for Directors and executive management. There is a five year implementation period for Directors and management to reach the targeted level of stock ownership, which means that covered persons have until at least January 2021 to reach targeted ownership levels.

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, key members of the executive management team are required to own shares of the Company's common stock. The share ownership requirement is intended to align the interests of the executive with the interests of the shareholders so that decisions are consistently made considering the shareholders' interests. The ownership requirement varies from six times the executive's (Chief Executive Officer's) base salary, to three times the executive's (Chief Operating and Chief Financial Officers') base salary, to one times the executive's (as determined by the Board of Directors, primarily Executive Vice Presidents') 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.

## Board Responsibilities

The Board of Directors has many responsibilities, some requiring a very diverse set of general management as well as specific skills.

The primary functions of the Board of Directors of the Company include the following:

- Act in the best interests of the Company and its shareholders, and set a climate of corporate trust, confidence and overall transparency. In discharging these responsibilities, the Board relies on the expertise, honesty and integrity of the Company's executive management, other senior officers, the internal audit function, the independent accountants, and outside advisors and consultants.
- Ensure policies and processes are in place for maintaining the integrity and reputation of the Company and reinforcing a culture of ethical conduct of business, compliance with laws and regulations and management of all key business risks.
- Develop strategic direction and hold management accountable for the execution of strategy, once it is developed.
- Oversee the direction and management of the Company.

- Establish and periodically review, update and amend corporate governance guidelines.
- Establish and periodically review, update and amend codes of ethics and other appropriate policies for Directors, officers and team members.
- Establish and periodically review key policies guiding management in the level of risk the Company is willing to assume, including credit, liquidity, interest rate, operational, reputational, regulatory, and other risks.
- Review, advise, consult and approve business strategies and the strategic plan constructed to guide management's efforts to enhance long-term shareholder value.
- Oversee and evaluate internal control systems and processes, financial reporting, and public disclosure of information.
- Oversee and evaluate management's implementation of, and compliance with, the Company's risk management policies.
- Monitor corporate performance on an on-going basis against the profit plan and the performance of peer companies.
- Periodically review the Chief Executive Officer's performance and annually approve his compensation.
- Conduct management succession planning and review.
- Conduct a self-evaluation at least annually to determine whether the Board and its committees are functioning effectively.

The Board executes its oversight responsibilities directly and through its committees.

## Director Qualifications

The N&CG 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 N&CG 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 N&CG Committee deems appropriate.

## Director Nominations

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 N&CG 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 nominees' independence.

There are no stated minimum criteria for director nominees, and the N&CG Committee may also consider such other factors as it may deem are in our best interests and the interests of our shareholders. The N&CG 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 N&CG Committee seeks candidates with diverse professional backgrounds and experiences, representing a mix of industries and professions, and with varied skill sets and expertise.

The N&CG 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 N&CG Committee or the Board decides not to re-nominate a member for reelection, the N&CG 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 N&CG 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.

The N&CG Committee will evaluate any recommendation for a director nominee proposed by a shareholder consistent with with the Committee's Charter. The Nominating and Corporate Governance Committee Charter is available on our website at [www.customersbank.com](http://www.customersbank.com) by selecting "Investor Relations," "Governance Documents," and finally selecting the Nominating and Corporate Governance Committee Charter. See page 71 for additional information on shareholder proposals.

## Board Leadership and Oversight

### Chairman of the Board

Given the existence of a Lead Independent Director and the Company's overall governance profile, as well as the Board's belief that it should maintain the flexibility to determine the leadership of the Company, the Board does not have a fixed policy

regarding the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Board believes that the Board should select the Chairman of the Board, from time to time, based on criteria that it deems to be in the best interests of the Company and its shareholders.

The Board of Directors believes that our Chief Executive Officer is best suited to serve as Chairman because he is the director most familiar with our business and the financial services industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. Independent Directors and management have different perspectives and roles in strategy development. Our independent Directors bring experience, oversight and expertise from outside the Company and industry, while the Chief Executive Officer brings industry-specific experience and expertise. The Board believes that the combined role of Chairman and Chief Executive Officer promotes effective strategy development, and its execution, and facilitates information flow between management and the Board, which are essential to effective governance.

As noted above, one of the key responsibilities of the Board is to develop strategic direction and hold management accountable for the execution of strategy once it is developed. The Board believes the combined role of Chairman and Chief Executive Officer, together with a Lead Independent Director having the duties described below, is in the best interest of shareholders because it provides the appropriate balance between management and strategy development on the one hand and independent oversight on the other.

## **Lead Independent Director**

Daniel K. Rothermel, an independent director who serves as Chairman of the N&CG Committee and the Directors' Risk Committee, was selected by the Board of Directors to serve as the Lead Independent Director. As Lead Independent Director, Mr. Rothermel presides over all Board meetings when the Chairman is not present, and presides over meetings of the non-management Directors held in executive session. The Lead Independent Director also has the responsibilities to (i) following consultation with the Chairman and Chief Executive Officer and other Directors, approve Board meeting agendas and schedules, assuring that there is sufficient time for discussion of all agenda items; (ii) call special meetings or executive sessions of the Board and call and chair executive sessions or meetings of the non-management or independent Directors and, as appropriate, provide feedback to the Chairman and Chief Executive Officer, and otherwise serve as a liaison between the independent Directors and the Chairman; (iii) work with committee chairs to ensure coordinated coverage of Board responsibilities; (iv) facilitate communication between the Board and senior management, including advising the Chairman and the Chief Executive Officer of the Board's informational needs and approving the types and forms of information sent to the Board; (v) serve as an additional point of contact for Board members and shareholders, and be available for consultation and direct communication with major shareholders; (vi) facilitate the Board's review and consideration of shareholder proposals properly submitted for inclusion in the Company's annual Proxy Statement; (vii) serve as a "sounding board" and advisor to the Chairman and Chief Executive Officer; (viii) contribute to the performance review of the Chairman and Chief Executive Officer; and (ix) stay informed about the strategy and performance of the Company and reinforce that expectation for all Board members. The Lead Independent Director also has the responsibility of acting as a liaison between management and the non-management Directors, advising the Chairman and Chief Executive Officer on the efficiency of the Board meetings, and facilitating teamwork and communication between the non-management Directors and management.

## **Board of Directors Oversight**

As a commercial bank, Customers operates in a world with many various risks that must be effectively controlled in order for the Company to achieve its mission of increasing shareholder value. The Board of Directors believes that establishing the right "tone at the top" and full and open communication between management and the Board of Directors are essential for effective risk management and oversight and accomplishment of its mission. The Board has established key committees to help it in its oversight of the Company's risks, specifically the Directors' Risk Committee, the Audit Committee, the Compensation Committee, and the N&CG Committee.

At each regular Board meeting, the Directors receive a summary on areas of material interest or risk to Customers from each of the respective Board committee chairpersons conducting meetings between Board meetings. In addition, the Chairperson of the Customers Bank Board Consumer Compliance Committee and Regulatory Management Committee, committees formed at the Bank Board level to specifically oversee Bank compliance with laws and regulations, also reports to the Company's Board. These summary reports are generally oral, although can be in writing, and assist the Directors in the early identification of emerging issues and risks to the Company accomplishing its mission of creating shareholder value. The Board of Customers also created a Management Risk Committee to monitor and oversee all risks of Customers Bank in a more detailed fashion. The Board will regularly ask a committee to investigate or focus on emerging risks or issues. The committees will also provide guidance and make recommendations to management on how to best approach issues and risks and bring any material issues to the attention of the full Board.

The Board committees are briefly explained in the following paragraphs, and their responsibilities more fully described in the immediately following sections.

The Board has established a Directors' Risk Committee which reports to and assists the Board of Directors on overseeing and reviewing information regarding our enterprise risk management framework. The Directors' Risk Committee defines the risk appetite of the Company, and oversees the risks assumed by the Company to ensure consistency with the risk appetite. Members of management may be invited by the Directors' Risk Committee to attend meetings thereof. The Directors' Risk Committee held a Company-wide Risk Summit twice in 2019 with the Directors, management and select experts. The Chief Risk Officer reports directly to the Directors' Risk Committee to facilitate clear unfettered communication between the risk professionals and the Board.

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to areas of financial reporting including those related to accounting regulation. The Audit Committee consists of independent, non-executive Directors free from any relationship that would interfere with the exercise of his or her independent judgment. The independent auditors are ultimately accountable to the Audit Committee and the Board of Directors. The Audit Committee reviews the independence and performance of the auditors and annually recommends to the Board of Directors the appointment of the independent auditors or approves any discharge of auditors when circumstances warrant. The chief internal auditor reports directly to the Audit Committee to facilitate clear unfettered communication between the internal audit team and the Board. The annual internal audit risk assessment and internal audit plan are approved by the Audit Committee. The Audit Committee performs other oversight functions as requested by the Board of Directors.

The Compensation Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to our compensation policies and programs and the related risks. The N&CG Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks associated with Board of Directors organization and membership, and succession planning for our Directors.

## Board Committees

The by-laws of the Company give the Board authority to designate the committees of the Board. The committee structure and committee assignments are reviewed annually by the Board and the Board assigns Board members to various committees. The Board believes that experience and continuity are more important than mandatory rotation of committee assignments or chairs. Standing committees include: Directors' Risk, Audit, Compensation, and N&CG Committee, each of which is comprised principally (or exclusively, as noted) of non-management Directors and has regularly scheduled meetings and as needed meetings. Pursuant to the Company's bylaws, the Board of Directors has the ability to establish such other permanent or temporary committees as the Board deems necessary for the proper conduct of the business of the Company. The Audit, Compensation, and N&CG Committees are comprised exclusively of Directors who meet the criteria for independence required by the NYSE and all other applicable laws, rules and regulations regarding director independence. The Directors' Risk Committee includes a Director who also serves as Chief Executive Officer. Management Directors may attend the general session of any regularly scheduled committee meeting at the pleasure of the committee chair.

Each committee has its own charter that complies with the NYSE corporate governance listing standards and any other applicable laws, rules and regulations. Each charter sets forth the purposes and responsibilities of the committee as well as legal or other requirements affecting the committee, the source of the committee's authority, minimum membership, membership requirements, the minimum number of meetings per year and procedures for committee member appointment. The charters also address committees reporting to the Board and provide for periodic self-evaluation.

The committee chair, in consultation with management and other committee members, develops the committee's agenda. The committee chair, in consultation with the Chairman, Lead Independent Director and/or other committee members, determines whether special committee meetings or longer meetings are advisable. The committee chair reports on a committee's meeting at the full Board meeting following the committee meeting.

The Board's standing committees also may act as committees of Customers Bank pursuant to the authorization granted to those committees by the governing documents of and resolutions adopted by the Bank's Board of Directors and the Company's Board. Each standing committee shall exercise its oversight responsibilities with the understanding that the Bank's interests are not to be subordinated to the interests of the parent holding company in a way as to jeopardize the safety and soundness of the Bank.

## Board Committee Membership

The table below highlights the membership composition of our Directors on our Board committees for the Company:

Name	Executive	Nominating and Corporate Governance	Audit	Risk	Compensation
Andrea Allon			X	X	
Rick Burkey		X		X	
Bhanu Choudhrie	X				
Daniel K. Rothermel	X	X*	X	X*	X
Jay S. Sidhu	X*			X	
T. Lawrence Way		X	X*	X	
Steven J. Zuckerman		X			X*

\* Committee Chair

## Committee Charters

The Directors' Risk, Audit, Compensation, and N&CG Committees have each adopted charters which are available on our website, [www.customersbank.com](http://www.customersbank.com) by selecting "Investor Relations," and then "Governance Documents."

## Board of Directors Meeting Attendance

Customers' Board of Directors is scheduled to meet monthly, or as needed. In 2019, the Company's Board of Directors met 12 times. The Company's Directors attended 87% of the applicable meetings of the full Board of Directors in 2019 and 98% of the committees of the Board on which he or she served.

While we have no formal policy regarding director attendance at our Annual Meeting, we make every effort to schedule our Annual Meeting at a time and date to maximize attendance by Directors, taking into account the Directors' schedules. We believe that Annual Meetings provide an opportunity for shareholders to communicate with Directors and have requested that all Directors make every effort to attend our Annual Meetings. Historically, with few exceptions, all of the Directors have done so. Six of the seven Directors attended the 2019 Annual Meeting of the shareholders.

## Board Committee Descriptions and Responsibilities

Following is a more detailed description of each of the Board committees and their responsibilities:

### Directors' Risk Committee

The Directors' Risk Committee reports and assists the Board of Directors in overseeing and reviewing the information regarding our enterprise risk management framework, including the policies, procedures and practices employed to manage credit risk, liquidity risk, interest rate risk, operational risk, compliance risk, information technology risk and cybersecurity risk. For this purpose, the Directors' Risk Committee performs the following functions:

- Reviews and approves the charters of the Directors' Risk Committee, Management ALCO and Management Risk Committees. The Committee reviews and approves our significant risk assessment and risk management policies. In addition, the Committee retains the ability to authorize management to develop and implement any additional policies relating to risk assessment and management;
- Receives information from the Chief Credit Officer and discusses matters related to the management of credit risk as appropriate;
- Receives information from the Chief Executive Officer, Chief Financial Officer and Treasurer, Chief Operating Officer, Chief Administrative Officer, Chief Risk Officer, and Chief Information Security Officer regarding the activities of management, including matters related to the management of liquidity, market, operational/IT, reputation and strategic risks as well as cybersecurity and our aggregate risk profile as appropriate;
- Receives information from the Chief Internal Auditor regarding matters related to risk management throughout the enterprise as appropriate;
- Receives information from the General Counsel regarding matters related to legal and compliance risk;
- Identifies and prioritizes the risk factors and projected mitigation strategies associated with each CAMELS+ component. In so doing, the Committee has assigned responsibility of each risk factor to management and continuously monitors performance and controls;
- Receives and discusses information regarding the allowance for loan and lease loss estimation methodology and estimates;
- Identifies key ratios and establishes risk tolerance thresholds in order to assess the current and projected level of risk; and
- Reviews the overall enterprise risk priorities and discusses the strategic initiatives required to improve our risk profile. As part of these reviews, discusses both internal and external factors that could impact the risk profile of the enterprise.

The Directors' Risk Committee held nine meetings and two Company-wide Risk Summits in 2019. The Directors' Risk Committee Charter is available on our website at [www.customersbank.com](http://www.customersbank.com) by selecting "Investor Relations," "Governance Documents," and finally selecting the Directors' Risk Committee Charter.

### Audit Committee

The Audit Committee oversees our accounting and financial reporting processes, the effectiveness of internal controls over financial reporting and operational areas, and the audits of our financial statements and internal control effectiveness assertions. For this purpose, the Audit Committee performs several functions:

- Approves in advance the engagement of the independent registered public accounting firm for all audit and non-audit services, and approves the fees and other terms of the engagement;
- Maintains responsibility for the appointment, compensation, oversight, retention and termination of our independent registered public accounting firm and evaluates the qualifications, performance, and independence of the independent registered public accounting firm;
- Establishes, maintains and oversees procedures to facilitate the receipt, retention and treatment of complaints received from third parties regarding accounting, internal accounting controls, or auditing matters;
- Reviews and discusses, with our independent registered public accounting firm, the adequacy and effectiveness of the Company's internal controls, including any significant deficiencies in the design or operation of internal controls and

significant changes in internal controls reported by the independent auditor or management, and reviews and discusses reports from management and Internal Audit regarding the Company's internal controls and procedures;

- Reviews the critical accounting policies and alternative treatments of financial information discussed by the independent registered public accounting firm with management, and reviews with management significant judgments made in the preparation of the financial statements;
- Reviews, with management and our independent registered public accounting firm, our financial reporting processes and internal financial controls;
- Reviews the annual audited financial statements and recommends to the Board of Directors their inclusion in our Annual Report;
- Reviews the quarterly financial statements and earnings press releases;
- Reviews and approves related party transactions;
- Periodically reviews and discusses with the independent registered public accounting firm the matters required to be discussed by PCAOB Auditing Standard 1301 (Communications with Audit Committees) and any formal written statements received from the independent registered public accounting firm; and
- Meets with the independent registered public accounting firm, chief internal auditor, chief financial officer, and chief accounting officer in executive sessions to discuss matters of concern or the overall conduct of the financial activities of the Company.

The Board of Directors has determined that each member of the Audit Committee in 2019 was independent as independence for Audit Committee members is defined under the NYSE rules, and has further determined the members meet the financial and accounting expertise and literacy standards pursuant to Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended. The Board determined that Ms. Allon qualified as an "audit committee financial expert" within the meaning of the rules of the SEC and the NYSE.

The Audit Committee held 19 meetings during 2019.

The Audit Committee Charter is available on our website at [www.customersbank.com](http://www.customersbank.com) by selecting "Investor Relations," "Governance Documents," and finally selecting the Audit Committee Charter.

## Compensation Committee

The Compensation Committee is charged with the responsibility of the development and oversight of the Company's compensation philosophy for compensating executive management, officers and other key personnel. It is the Company's objective to compensate its Team Members at a level sufficient to attract, motivate, and retain the talent needed to achieve the Company's mission to create shareholder value. The Compensation Committee determines that the officers and key management personnel of the Company are compensated with salary, supplemental and incentive compensation, and benefits that are consistent with its philosophy and mission.

The Compensation Committee Charter is available on our website at [www.customersbank.com](http://www.customersbank.com), by selecting "Investor Relations," "Governance Documents," and finally selecting the Compensation Committee Charter.

The Compensation Committee's duties include the following:

- Review, evaluate, and recommend to the Board the compensation of, and benefits provided to, the Company's executive officers, including the Chief Executive Officer, at least annually, and report to the Board concerning its recommendations for final Board approval; provided that the Chief Executive Officer may not be present during voting or deliberations on his or her compensation;
- Consider the effectiveness of risk management strategies utilized during the year and the value of similar incentives to the senior executive officers of comparable companies;
- Review and approve corporate goals and objectives relevant to the compensation of the executive officers, evaluate the performance of the executive officers in light of those goals and objectives, and approve the level of the executive officers' compensation based on that evaluation, subject to final approval by the Board;
- Annually review and adjust (if necessary) the selected peer group used to benchmark appropriate compensation levels;

- Administer the Company's equity incentive plans, including without limitation, making grants (subject to final approval by the Board) and monitoring awards under such plans, interpreting the terms of such plans and taking such other actions as contemplated by such plans;
- Review and advise on: (i) general salary, (ii) employee benefits, and (iii) other general compensation matters, with the Company's management;
- Annually review and assess compensation programs to determine if they expose the Company to unnecessary or excessive risk and to implement policies and practices that may help manage and monitor such risk within acceptable parameters; and
- Review and discuss with management the Compensation Discussion and Analysis ("CD&A") and related disclosures to be included in the Company's annual Proxy Statement or annual report on Form 10-K ("SEC Filings") and, based thereon, determine whether to recommend to the Board that the CD&A be included in the Company's annual SEC Filings.

For additional details regarding the Compensation Committee's role in determining executive compensation, please see "Executive Compensation; Compensation Discussion and Analysis" beginning at page [40](#) of this Proxy Statement.

The Compensation Committee held 6 meetings during 2019.

To execute its responsibilities, the Compensation Committee may determine it is advisable to use expert compensation consultants, legal counsel or other advisers. The Compensation Committee is authorized as follows:

- The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser.
- The Committee shall be directly responsible for the appointment, termination, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Committee.
- The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee.
- The Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, only after taking any potential conflicts of interest into consideration.

## **Compensation Committee Member Independence**

The Board of Directors has determined that the members of the Compensation Committee in 2019, Mr. Zuckerman and Mr. Rothermel, were independent as independence for Compensation Committee members is defined under the NYSE rules.

## **Compensation Committee Interlocks and Insider Participation**

None of the members of our Compensation Committee had any relationship requiring disclosure pursuant to Item 404 of Regulation S-K nor any other interlocking relationships as defined by the SEC. Our Code of Ethics and Business Conduct prohibits any transactions between Compensation Committee members and the Company or any insiders, other than for routine banking activities.

## **Nominating and Corporate Governance Committee**

Among its responsibilities, the N&CG Committee has responsibility for identifying and evaluating candidates for director and recommending the nomination of Directors to the full Board. The Nominating and Corporate Governance Committee Charter is available on our website at [www.customersbank.com](http://www.customersbank.com) by selecting "Investor Relations," "Governance Documents," and finally selecting the Nominating and Corporate Governance Committee Charter. This Committee:

- Reviews and assesses the adequacy of our corporate governance guidelines, personal codes of conduct and related internal policies and guidelines;
- Assists the Board in interpreting and applying corporate governance guidelines, and recommends any proposed changes to the Board for approval;
- Makes recommendations to the Board regarding non-management director compensation; and
- Oversight of the Company's ESG responsibilities.

The Board has determined that each member of the N&CG Committee in 2019 was independent as defined under NYSE rules. The N&CG Committee held 2 meetings during 2019.

## COMPENSATION DISCUSSION AND ANALYSIS

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## Overview

The following Compensation Discussion & Analysis (“CD&A”) provides an overview of the Company's compensation philosophy, objectives and process, and the structure of our 2019 executive compensation program. Further, it discusses our Compensation Committee’s rationale and decision-making process for determining the compensation of our named executive officers (“NEOs”). The Compensation Committee continues to review the potential impact of the coronavirus (COVID-19) pandemic on the Company’s 2020 performance. The impact of COVID-19 was not factored into 2019 compensation, but will likely be a factor in 2020 compensation decisions. This CD&A is intended to be read in conjunction with the tables which immediately follow this section and the accompanying narrative disclosure, which provide further historical compensation information for our 2019 NEOs:

Jay S. Sidhu	Chairman & Chief Executive Officer
Richard A. Ehst	President & Chief Operating Officer
Carla A. Leibold	Executive Vice President & Chief Financial Officer and Treasurer
Thomas J. Jastrem	Executive Vice President & Chief Risk Officer
James T. Collins	Senior Executive Vice President & Chief Administrative Officer

## I. Executive Summary

In 2019, the Company made great strides in delivering on its operational and financial strategic goals. This included generating core earnings per share of \$2.25; maintaining strong capital ratios; growing C&I loans (excluding commercial loans to mortgage companies) by 26%; increasing demand deposits by 34%; decreasing lower-yielding multi-family loans by 27%; and expanding the Company's net interest margin, tax equivalent ("NIM") by 32 basis points to 2.89% for fourth quarter 2019 compared to 2.57% for fourth quarter 2018. In 2020, we will remain focused on strengthening the balance sheet through a remix in our assets and liabilities, expanding our NIM, increasing our adjusted pre-tax and pre-provision ROAA and ROCE, and maintaining strong capital ratios. Risk Management will remain at the core of all of our banking operations. Dealing with COVID -19 and its impact on our Team Members, customers, and communities will be a high priority in 2020. Longer term, we are striving to achieve \$6 in core earnings per share by 2025, which we expect should drive significant shareholder value creation over the coming years.

We will focus on the following key strategic priorities in 2020:

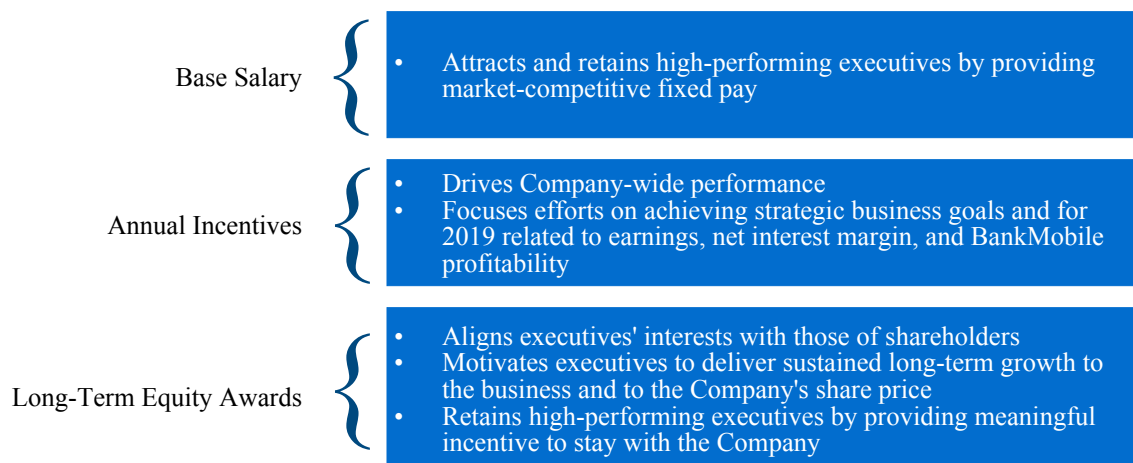
- 1) Effectively deal with challenges presented by the COVID-19 pandemic
- 2) Focus and grow core banking operations with improved core profitability
- 3) Improve our mix of assets and liabilities, while increasing our net interest margin and maintaining strong capital levels
- 4) Keep BankMobile profitable, and attempt to divest by the end of 2020

To successfully achieve each of these priorities, we must continue to employ and motivate a highly-talented executive team. Our Compensation Committee believes that executive compensation should be linked to the Company's overall financial performance, strategic success and shareholder returns, and the contribution of its executives to that performance and success. Our executive compensation program is designed to attract highly qualified individuals, retain those individuals in a competitive marketplace for executive talent and motivate performance in a manner that supports achievement of our mission of increasing shareholder value while ensuring that these programs do not encourage excessive risks that threaten the value of the Company.

We believe our executive compensation program as developed and implemented, as presented in this CD&A, achieves these objectives.

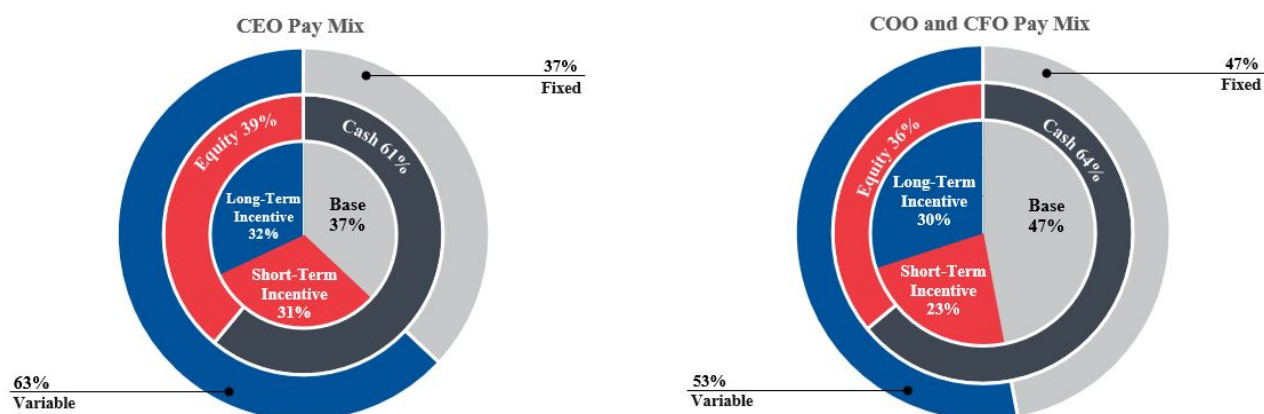
### How Our Pay Program Works

Our guiding principle is to establish compensation programs that are fair and reasonable, market competitive and performance driven. Our compensation programs are designed to attract, motivate and retain qualified and talented executives, motivating them to achieve our business goals and rewarding them for superior short-term and long-term performance. When doing this, our Compensation Committee aligns the interests of our executives with those of our shareholders in order to attain our ultimate objective of driving long-term, sustainable shareholder value. Our compensation program utilizes three primary elements:



## Target Pay Mix

We utilize the above-mentioned primary compensation elements to create executive compensation packages that include somewhat below average base salaries compared to our peer group and significant variable, at-risk pay in order to align pay with performance. The balance between these components may change from year to year based on corporate strategy and objectives, among other considerations. For fiscal year 2019, our CEO, COO and CFO had the following target pay mix:



## Key Changes in Compensation Plan for 2019

As disclosed in last year's proxy, for 2019, the Compensation Committee considered the Company's focus on improving performance, and accordingly reviewed compensation plans for smaller asset-sized peers. Considering this approach, the Compensation Committee established new targets and maximums for both the short-term and long-term incentive plans for 2019. The changes in targets are detailed below.

### Annual Performance Award: Target as a % of Salary

	Target For 2018	Lower Target For 2019	Maximum For 2018	Lower Maximum For 2019
CEO	150%	85%	225%	120%
COO	75%	50%	113%	80%
CFO	65%	50%	98%	80%

### Long Term Incentive Plan: Target as a % of Salary

	Target For 2018	Lower Target For 2019	Maximum For 2018	Lower Maximum For 2019
CEO	150%	85%	200%	136%
COO	75%	65%	100%	104%
CFO	65%	65%	85%	104%

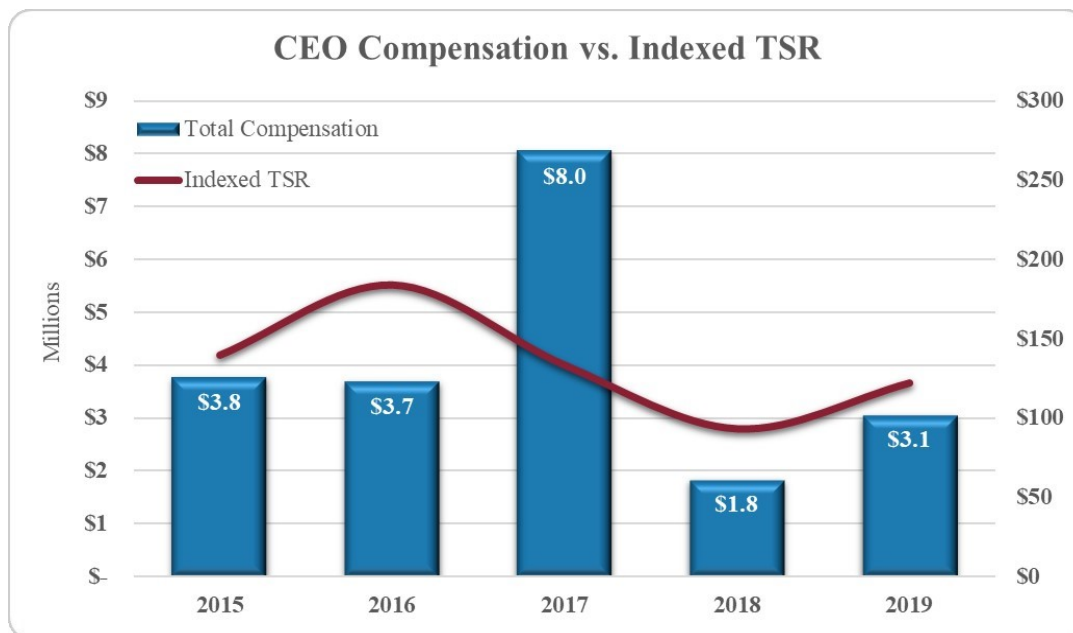
For 2020's annual performance award, the Compensation Committee has chosen the following three goals:

1. Meet Board approved 2020 Profit Plan for core earnings (50% weight), after considering impact of COVID-19 on our customers and communities.
2. Maintain NPAs equal to or better than peer average (25% weight).
3. Maintain net interest margin, with performance better than peers (25% weight).

In 2020, the Compensation Committee will review further the Company's peer group, and is likely to expand the total number of companies and ensure that the peer group continues to have good overlap in geography, business mix, and asset size for 2020. This review will take into account the Board's strategic direction to cross the \$10 billion asset mark at December 31, 2019 and resume its moderate growth strategy. As part of that exercise, the

Compensation Committee may reassess targeted and maximum annual performance and long term incentive award percentages for 2020.

### Alignment of Pay and Performance



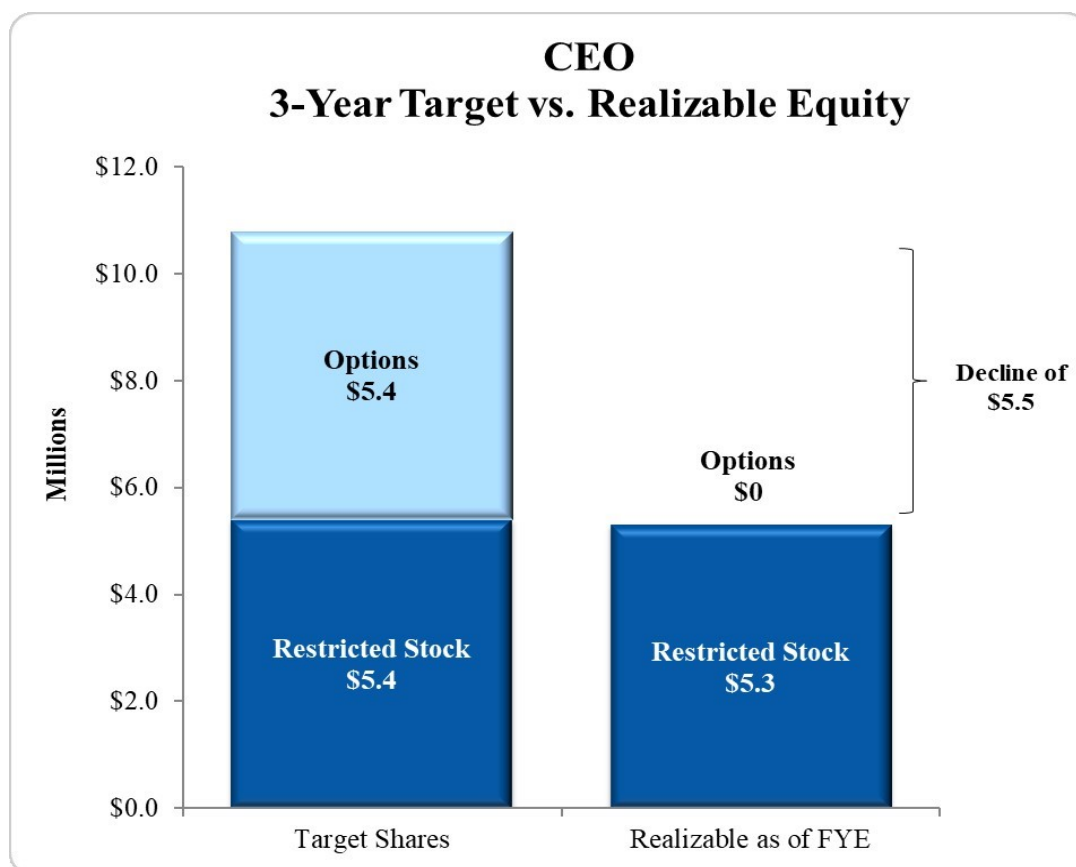
Our compensation program is grounded in a quantified and clearly articulated and measured pay-for-performance philosophy. Performance goals in both our short- and long-term incentive plans are set at challenging levels, with the ultimate goal that the achievement of meaningful metrics will drive long-term, sustainable shareholder value. When financial and stock performance goals are not met, pay outcomes for our executives should reflect this reality.

One way to look at the alignment of pay and performance would be directional correlation between performance and pay, as well as components of pay: when performance goes up, does pay rise? Conversely, when performance goals are not achieved, does pay decline? While there are other factors certainly to consider, and there is a lag effect due to the timing of award grants, a look at our CEO pay (as reported in the Summary Compensation Table) over the past five years is indicative of this directional pay and performance alignment.

### Another View of Pay and Performance Alignment: Realizable Pay

The previous graphic does not fully tell our pay-for-performance story. We believe shareholders should understand how much of that target compensation value is actually “realizable” by executives. This comparison in the accompanying chart is another demonstration of the alignment between pay and performance that permeates our pay programs.

As shown, over the past 3 years, our CEO has received stock options and restricted units that total approximately \$10.8 million, calculated using grant date fair value of stock options and restricted stock units; however, due to our disappointing short-term stock price performance, the actual value that our CEO could realize from these equity awards is far less. All options granted to our CEO in 2017 contain the performance requirement that the market price of our voting common stock trade above \$40 per share for a period of 10 days in order for the options to become exercisable.



**"Target Shares"** is the value of equity (restricted stock units and stock option grants) based on the grant date fair value.

**"Realizable"** is defined as the equity compensation earned or deliverable for each year calculated as of the end of the 2019 fiscal year, including the intrinsic value of long-term incentive plan components, as valued on December 31, 2019 (the last trading day of fiscal year 2019) using the year-end share price of \$23.81/share. Options are valued based on spread value as of December 31, 2019.

## Compensation Governance

Our Compensation Committee continues to strengthen our plans, policies and practices, and reviews risk mitigation and governance matters, to ensure that our executive compensation program is incorporating market best practices. These practices, which encourage actions that are in the long-term interests of our shareholders and the Company, include:

What We Do	What We Don't Do
✓ Pay-for-performance philosophy and culture	✗ No immediate vesting ("single-trigger") of equity awards
✓ Strong emphasis on performance-based incentive awards	✗ No hedging of Company shares
✓ Comprehensive clawback policy, addressing both equity and cash awards	✗ No backdating or repricing of stock option awards
✓ Responsible use of shares under our long-term incentive program	✗ No highly leveraged incentive plans that encourage excessive risk taking
✓ Stock ownership targets for executives and non-executive directors	✗ No resetting of financial targets for performance-based incentive awards
✓ Engage an independent compensation consultant, who performs no other consulting work for Customers	
✓ Conduct annual shareholder outreach	

## Ongoing Shareholder Engagements and Our Response

We are focused on fostering strong shareholder relationships leading to mutual understanding of issues and approaches, ultimately resulting in compensation plan design and implementation strategies that foster long-term growth and are supportable by shareholders. We were happy that at our May 2019 Annual Meeting nearly 95% of the votes cast favored our Say-on-Pay proposal, and we have moved to an annual say-on-pay vote frequency to give our shareholders a more immediate way to voice their views on our compensation practices.

The Company seeks to communicate with its shareholders in a wide variety of ways, including through its website, annual report, news releases, quarterly reports, investor presentations, industry conferences, analyst days, annual meetings of shareholders and one-on-one meetings. In the last year, the Company proactively reached out to at least the 25 largest shareholders, which represent at least 62% of our outstanding shares. Through our interactions, as well as by tracking industry best practices, we have gained more in-depth understanding of investor viewpoints and concerns that we have incorporated into restructuring our compensation programs and philosophy.

Changes to our compensation practices that were heavily influenced by shareholder feedback include:

What We Heard	What We Did								
<i>Demonstrate how pay and performance are aligned over time</i>	<ul style="list-style-type: none"> <li>After reviewing the basic structure of pay mix and components, we adopted a completely formulaic approach that aligns pay with performance by establishing an LTI plan that is entirely quantitative and paid entirely in restricted stock units with a 60/40 performance / time-based vesting mix.</li> <li>Strengthened our CD&amp;A disclosure regarding how performance affects pay outcomes.</li> </ul>								
<i>Overlapping/inappropriate selection of performance metrics for short-term and long-term awards</i>	<p>□ TSR was viewed as inappropriate to be short-term metric so we eliminated the TSR metric from STI and introduced a LTI plan with a 3-year relative TSR metric. □ For 2019, the performance metrics for the short-term and long-term incentives were selected as follows. We refer to these metrics, along with the targeted and maximum amounts that can be earned by the executives, as the 2019 Compensation Plan.</p> <table> <tr> <th>STI</th><th>LTI</th></tr> <tr> <td>Actual Core EPS vs. Planned EPS of \$2.25 (50%)</td><td>3-Year Relative TSR</td></tr> <tr> <td>Minimum 2.75% NIM by Q4 2019 (25%)</td><td>3-Year Relative ROACE</td></tr> <tr> <td>BankMobile Profitability by Q4 2019 (25%)</td><td>3-Year Relative Average Non-Performing Assets to Total Assets</td></tr> </table>	STI	LTI	Actual Core EPS vs. Planned EPS of \$2.25 (50%)	3-Year Relative TSR	Minimum 2.75% NIM by Q4 2019 (25%)	3-Year Relative ROACE	BankMobile Profitability by Q4 2019 (25%)	3-Year Relative Average Non-Performing Assets to Total Assets
STI	LTI								
Actual Core EPS vs. Planned EPS of \$2.25 (50%)	3-Year Relative TSR								
Minimum 2.75% NIM by Q4 2019 (25%)	3-Year Relative ROACE								
BankMobile Profitability by Q4 2019 (25%)	3-Year Relative Average Non-Performing Assets to Total Assets								
<i>Performance goals were not disclosed for performance-based awards and difficult to determine rigor</i>	<ul style="list-style-type: none"> <li>We now discuss performance goals in more detail in our proxy disclosure along with the actual achievement and how it incurs incentives for executives.</li> </ul>								
<i>Frequent evaluation of compensation practices might be valuable</i>	<ul style="list-style-type: none"> <li>Starting in 2018, the Company committed to an annual frequency for the say-on-pay vote, providing more real-time feedback on compensation decisions.</li> </ul>								
<i>Concerns on Excise Tax Gross-Up</i>	<ul style="list-style-type: none"> <li>Customers has eliminated the excise tax gross-up from all agreements established in 2014 or later and committed that gross-ups will not be allowed in future agreements.</li> <li>Only the pre-existing employment agreements for the current CEO and COO retain the gross-up, and these provisions will sunset with the retirement of these officers.</li> </ul>								

In addition to feedback related to our executive compensation philosophy and practices, we also received input regarding other areas of our corporate governance which is discussed on page 26 in the section titled "Ongoing Shareholder Engagement and Our Response."

## II. Executive Compensation Philosophy

Our Compensation Committee believes that our executive compensation program is aligned with our long-term strategic goals, long-term value creation for our shareholders and sound risk management. Our guiding principle is to establish compensation programs that are fair and reasonable, market competitive and performance driven. We seek to compensate our executives in a manner that will attract, motivate and retain the talent we need to achieve both short-term and long-term business objectives.

### Core Compensation Principles

In determining the level and type of compensation for base salary and incentives, our core compensation principles are as follows:

- We believe in pay-for-performance, encouraging achievement of strategic objectives and creation of shareholder value.
- We will pay compensation that is fair and market competitive, keeping mindful of programs that may encourage excessive compensation.
- We will maintain an appropriate balance between base salary and short- and long-term incentive opportunities, generally with below average base salaries.

- We will provide executive incentive compensation opportunities contingent on the Company's annual and long-term performance, as well as individual contributions.
- Our incentive programs are designed to motivate and reward our leadership team, while avoiding those components that may lead our team members to take inappropriate risks.
- Our incentive programs will incorporate an appropriate retention element in order to maintain a consistent, high performing management team.
- We seek to ensure comparative compensation across all divisions and departments of the Company while considering position requirements, geography, responsibilities and other relevant factors applicable to job performance.
- Our incentive compensation programs will focus on key performance metrics, including Company profitability, business area contribution to profitability and individual performance, consistent with the Company's strategic objectives.

### III. Compensation Setting Process

#### Role of Compensation Committee

The Compensation Committee is responsible for the design, implementation and administration of the compensation program for our executive officers, including but not limited to our CEO and other NEOs. The Committee participates in the consideration of employment of prospective executive officers of the Company. The Committee also administers the Company's equity-based incentive plans and, accordingly, is responsible for reviewing cash and equity incentives payable to executives and has the authority to grant restricted shares to all participants under the Company's equity award plans, and to determine all terms and conditions of such awards. Although the Compensation Committee retains an independent compensation consultant to advise on compensation planning, the Committee retains, and does not delegate, any of its responsibility to determine executive compensation.

#### Role of Management

Although the Compensation Committee is ultimately responsible for designing our executive compensation program, input from our Chief Executive Officer and other members of senior management is critical in ensuring that the Compensation Committee has the appropriate information needed to make informed decisions. The Chief Executive Officer and other members of the executive management team participate in compensation-related activities in an informational and advisory capacity, and the Chief Executive Officer presents performance summaries for the other named executive officers and recommendations relating to their compensation to the Compensation Committee for its review and approval.

The Chief Executive Officer excuses himself from all Compensation Committee and Board of Director discussions of his compensation. As a practical matter, he may discuss the formula by which his and other executives' incentive compensation is structured, but does not participate in decisions regarding their awards or changes to their own compensation.

#### Compensation Consultant

The Compensation Committee retained the services of McLagan, which is part of the Rewards Solutions practice at Aon plc. ("McLagan") to assist with executive compensation planning and analysis. McLagan was retained by and reports directly to the Compensation Committee.

The Compensation Committee considered the independence of McLagan in light of SEC rules and NYSE listing standards. The Compensation Committee requested and received a report from McLagan addressing McLagan's independence and the independence of its advisors involved in the engagement which included (i) other services provided to us by McLagan; (ii) fees paid by us as a percentage of McLagan's total revenue; (iii) policies or procedures maintained by McLagan that are designed to prevent a conflict of interest; (iv) any business or personal relationships between the senior advisors and any member(s) of the Compensation Committee; (v) any company stock owned; and (vi) any business or personal relationships between our executive officers and the senior advisors. The Compensation Committee discussed these considerations and concluded that the work performed by McLagan involved in the engagement did not raise any conflict of interest. The Company paid McLagan \$130,908 for services rendered in connection with their engagement as a compensation consultant for the year ended December 31, 2019.

## Peer Groups

The Compensation Committee refers to a comparative group of companies when evaluating executive compensation. At least annually, the Committee evaluates the peer group for suitability and modifies the peer group as needed. Our Compensation Committee utilizes this peer group data as one reference point along with various other factors, such as the individual's performance, experience, and competitive market conditions. As such, the Committee does not commit to setting our executive pay levels at any particular percentile of the peer group.

The general criteria we used for selecting the 2019 peer group:

- **Size** - publicly owned banks of comparative size of asset size between \$5 billion and \$20 billion, from approximately 0.5x to 2.0x our assets
- **Business** - banks with predominately commercial loans
- **Region** - operating in the northeast and Mid-Atlantic states
- **Unique characteristics** - companies we normally compete with for talent due to our unique business model, as well as our participation in certain regional and national businesses.

In terms of asset size, Customers is approximately the same size as the median of the peer group. Certain larger companies were included in the peer group because Customers believe that those institutions are competitors in its efforts to attract and retain talent. The selected peer group for 2019 included:

United Bankshares Inc.	Community Bank System Inc.	First Commonwealth Financial
First Financial Bancorp	Provident Financial Services	Brookline Bancorp Inc.
Union Bkshs Corp	Northwest Bancshares, Inc.	United Financial Bancorp
WesBanco Inc.	NBT Bancorp Inc.	WSFS Financial Corp.
Berkshire Hills Bancorp Inc.	Independent Bank Corp.	S&T Bancorp Inc.
TowneBank	Eagle Bancorp Inc	Flushing Financial Corp.
	Park National Corp.	

## Consideration of Risk

The Compensation Committee strives to provide strong incentives to management for the long-term, while avoiding excessive risk taking in the short term. Goals and objectives reflect a mix of multiple quantitative factors to avoid excessive reliance on a single performance measure. As a matter of best practice, beginning in 2010, the Compensation Committee began to periodically review the relationship between the incentive compensation provided to the named executive officers and any related incentives to take on inappropriate risk to achieve performance goals, and to confirm that the incentive compensation criteria do not encourage unnecessary and excessive risk taking.

The periodic risk assessment includes an evaluation of:

- the design of proposed incentive plans to ensure they satisfy regulatory requirements and do not encourage excessive or imprudent risk taking;
- the internal controls over determining incentive payments and a review of the accuracy of the incentive payments and any related accruals; and
- the Board of Directors' oversight of the incentive compensation program to determine if it provides effective governance over the program and satisfies regulatory expectations.

The most recent risk assessment conducted in 2017 concluded that our incentive compensation plans provide incentives that appropriately balance risk and reward; are compatible with effective controls and risk management; are supportive of strong governance, including active oversight by the Board of Directors; and are not reasonably likely to have a material adverse effect on Customers.

## IV. Elements of 2019 Executive Compensation

We pay our named executive officers in accordance with a pay-for-performance philosophy by providing competitive compensation for demonstrated performance. The Compensation Committee employs a total compensation approach in establishing executive compensation opportunities, consisting of base salary, annual incentive compensation, long-term equity awards (which include performance- and time-vesting restricted stock units), a competitive benefits package and limited perquisites.

In 2018, the Company adopted a new executive compensation program that incorporated the feedback gathered from our investors as well as information on market practices from our independent compensation consultants to adhere to industry best practices. A significant portion of the compensation awards are performance-based to align executives' interests with shareholders. The performance targets are set as a percentage of base salary with the ability to scale up or down depending upon the extent performance targets are reached.

The following table outlines the major elements of 2019 total compensation for our CEO, COO and CFO:

	<u>Element</u>	<u>Term</u>	<u>Strategic Role</u>
<b>Fixed</b>	<b>Base Salary</b>	Short Term	<ul style="list-style-type: none"> <li>Helps attract and retain executives through market-competitive base pay</li> <li>Based on individual performance, experience, and scope of responsibility</li> </ul>
<b>Performance-based</b>	<b>Annual Performance Awards</b>	Short Term (paid in cash or stock, at Compensation Committee's discretion)	<ul style="list-style-type: none"> <li>Encourages achievement of short-term strategic and financial performance metrics that create shareholder value.</li> <li>In 2019, corporate performance metrics included: actual Core EPS vs. Planned EPS, NIM of at least 2.75% by Q4 2019, and BankMobile profitability by Q4 2019.</li> <li>In 2019, the plan design was intended for awards to be made 75% cash and 25% RSUs, with a 3-year ratable vesting schedule that is a strong incentive for retention. <b>The Compensation Committee determined that the CEO, COO, and CFO should not receive cash bonuses, and so these awards were paid entirely in RSUs for 2019.</b></li> </ul>
	<b>Long-Term Incentive Awards</b>	Long Term	<ul style="list-style-type: none"> <li>Aligns executives' interests with those of shareholders, motivates and rewards long-term sustained performance and creates a retention incentive through multi-year vesting.</li> <li>In 2019, equity awards consisted entirely of RSUs <ul style="list-style-type: none"> <li>40% time based (3-year ratable vesting)</li> <li>60% performance based (3-year cliff vesting)</li> </ul> </li> </ul>
<b>Fixed</b>	<b>Other Compensation</b>	Short Term	<ul style="list-style-type: none"> <li>Establishes limited perquisites in line with market practice, as well as health and welfare benefits on the same basis as our general employee population</li> </ul>

## Summary of 2019 Compensation Plan

### Salary

Salary is 100% paid in cash; both Annual Performance Award and Long-Term Incentive Awards are calculated as a percentage of base salary.

### 2019 Annual Performance Award

Position	% of Annual Salary	
	Target	Maximum
Chief Executive Officer	85%	120%
President and Chief Operating Officer	50%	80%
Chief Financial Officer	50%	80%
<b>2019 Award Allocation</b>		
Annual performance awards are paid:	<u>Planned</u>	<u>Actual</u>
Cash	75%	—%
RSUs with 3-year ratable vesting.	25%	100%
<b>Performance Metrics for Grant of Award</b>	<b>Weighting of metric</b>	
Actual Core EPS vs. Planned EPS of \$2.25	50%	
Net Interest Margin of at least 2.75% by Q4 2019	25%	
BankMobile Profitability by Q4 2019	25%	
The achievement of all other objectives laid out at the October 2018 Analyst Day will be considered		
<b>Award Class</b>	<b>Award Multiple</b>	
120% of metric target	150%	
110% of metric target	125%	
100% of metric target	100%	
80% of metric target	50%	
Less than 80% of metric target	0%	

### 2019 Long Term Incentive Plan

Position	% of Annual Salary	
	Target	Maximum
Chief Executive Officer	85%	136%
President and Chief Operating Officer	65%	104%
Chief Financial Officer	65%	104%
Long-Term Incentive Awards are 100% Restricted Stock Units (RSUs):		
40% of award time based with ratable vesting over three years		
60% of award performance based restricted stock units with three year cliff vesting		
Performance Metrics to Vest Award	Weighting of metric	
Three year Relative Total Shareholder Return	33%	
Three year Relative ROACE	33%	
Three year Relative Average Non-Performing Assets to Total Assets	34%	
Award Class	Award Multiple	
120% of metric target	150%	
110% of metric target	125%	
100% of metric target	100%	
80% of metric target	50%	
Less than 80% of metric target	0%	

*Both cash and equity awards are subject to clawback provisions.*

*For 2019, the Compensation Committee lowered target and maximum award amounts for both the annual performance award and long-term incentive plan, and changed the goals for the annual incentive award. Those changes are detailed in the above section "Key Changes in Compensation Plan for 2019" on page [42](#).*

## Base Salary

The Compensation Committee believes that base salaries for named executive officers should be targeted at the lower end of market competitive levels, which is offset by an above average bonus potential.

In setting base salary levels, the Compensation Committee assesses:

- competitive base salary information and peer market data
- individual performance
- responsibilities
- leadership
- operational effectiveness
- experience in the industry
- competitive market conditions

For 2019, our NEOs received the following base salary compensation:

Executive	2018 Base Salary	2019 Base Salary
Jay S. Sidhu	\$ 736,000	\$ 736,000
Richard A. Ehst	475,000	475,000
Carla A. Leibold	300,000	400,000
Thomas J. Jastrem	—	305,000
James T. Collins	—	290,000

The Compensation Committee took into consideration all of the aforementioned criteria as well as overall Company performance and total compensation mix to determine 2019 base salary levels. After six months of satisfactory performance in the CFO role, Ms. Leibold's base salary was increased from \$300,000 to \$400,000 during 2019.

## Annual Incentive Awards

Annual performance awards are provided to reward our team members for achieving and exceeding predefined performance goals, including Company performance, division/department performance and individual contribution by the team member, as appropriate for the team member's position and role in the Company. Annual performance awards were not paid in cash for 2018 and 2019.

The Compensation Committee defines performance measures and goals for three of our named executive officers (our CEO, CFO and COO). Based on the weighted level of performance achieved versus pre-defined metrics, these executives can earn an award greater than or less than target, ranging from 0% up to 120% of base salary. The performance measures support our strategic plan and are utilized to create accountability and ensure rewards are tied to our financial and strategic success.

For 2019, target annual incentive opportunities were as follows (% of salary):

Executive	Target	Maximum
Jay S. Sidhu	85%	120%
Richard A. Ehst	50%	80%
Carla A. Leibold	50%	80%

The CEO, COO and CFO Annual Incentive Awards for 2019 were all paid in restricted stock units that vest ratably over a three year period. No cash bonuses were paid in 2018 or 2019 to those executives.

## 2019 Performance Metrics and Results

The performance measures utilized in 2019 are summarized below:

Metric	Weighting	Threshold	Target	Outperformance	Maximum
Core EPS (1) vs. Planned EPS	50%	80%	100%	110%	120%
Net interest margin of at least 2.75% by Q4 2019	25%	80%	100%	110%	120%
BankMobile Profitability by Q4 2019	25%	80%	100%	110%	120%
	<b>Performance Award</b>	<b>80%</b>	<b>100%</b>	<b>110%</b>	<b>120%</b>

(1) Core Earnings is a non-GAAP measure, defined as net income to common shareholders adjusted for unusual income or expense items as determined appropriate by the Compensation Committee to exclude from the calculation of the annual performance award.

These three goals were chosen because of their alignment with near-term achievements that should drive shareholder value over the long-term.

- Actual Core EPS vs. Planned EPS was weighted at 50% compared to a weighting of 25% for each of the other two metrics because of the importance of achieving the financial goals established at the beginning of the year. Actual Core EPS vs. Plan was chosen as a metric because management should have significant influence over achieving the financial goals as set by the Board, and Core EPS is a primary valuation driver for the stock.
- The net interest margin goal was chosen because it enaptures the targeted mix changes in both loans and deposits, and a wider margin is part of the broader strategy to improve profitability.
- BankMobile profitability was chosen as a key metric because of the importance of reducing losses as this business segment grows and matures, as well as positioning the business to be separated from Customers.

Actual performance against the three goals was as follows:

- Actual Core EPS vs. Planned EPS.** Core EPS was \$2.25, equal to Planned EPS of \$2.25. The Compensation Committee considered record earnings achieved in Q3 2019 and Q4 2019 despite a flat yield curve and other headwinds not contemplated in the 2019 Profit Plan and awarded the executives the maximum payout for this goal.
- Net interest margin of at least 2.75% by Q4 2019.** NIM exceeded 2.75% by Q3 2019 at 2.83% and further expanded to 2.89% by Q4 2019. NIM for the full year of 2019 was 2.75%. Diligent execution on strategic balance sheet restructuring goals resulted in superior NIM results for 2019. The Compensation Committee considered the superior results achieved earlier than anticipated and awarded the executives the maximum payout for this goal.
- BankMobile profitability by Q4 2019.** BankMobile was profitable in Q4 2019, and actually reached profitability in Q3 2019, one quarter earlier than planned. The higher-than-expected profitability achieved earlier than anticipated despite elevated fraud losses incurred as a result of an organized crime ring resulted in the Compensation Committee awarding the executives the maximum payout for this goal.
- The Compensation Committee also considered that all other major objectives laid out at the October 17, 2018 Analyst Day had been achieved in reaching its determination that the executives had earned the maximum payout permissible under the 2019 annual incentive plan. However, the Compensation Committee determined that the executives should be paid entirely in restricted stock units and receive no cash bonuses.

## 2019 Earned Bonuses (All paid in equity)

Based upon the preceding performance discussion, the Compensation Committee authorized payouts for the annual performance award to the three eligible executives as follows:

Executive	2019 Earned Incentives		Planned Allocation		Actual Approved by Compensation Committee	
	Payout % <sup>1</sup>	\$	Cash	Equity	Cash	Equity
Jay S. Sidhu	120%	\$883,200	\$662,400	\$220,800	\$0	\$883,200
Richard A. Ehst	80%	\$380,000	\$285,000	\$95,000	\$0	\$380,000
Carla A. Leibold	80%	\$320,000	\$240,000	\$80,000	\$0	\$320,000

- (1) Earned payout % was maximum percentage of base salary as the Compensation Committee considered record earnings in Q3 2019 and Q4 2019, significant financial achievements in excess of goals and earlier than planned despite significant headwinds and achievements of other short term and long term targets disclosed at our Analyst Day conference on October 17, 2018.

The payout for the annual performance award was planned at 75% cash and 25% restricted stock units, but for the 2019 annual performance awards, the Compensation Committee determined that no cash bonuses should be paid, and so 100% of the awards

were made in the form of restricted stock units that vest ratably over three years. The decision to pay the annual bonuses in restricted stock units was intended to further align compensation with stock performance over time. These equity awards will be reported as 2020 Stock Awards, the year in which they were granted, in the 2021 Proxy Statement.

### Annual Incentives for Other NEOs

Messrs. Collins and Jastrem each earned \$170,000 for 2019 annual incentive awards, all of which was paid in restricted stock units that vest ratably over three years during 2020. 75% of the annual incentive award was tied to overall Company performance and 25% of the award was tied to individual performance. Any annual incentive awards or long-term equity awards granted to the other NEOs are based entirely on the discretion of the Compensation Committee after consideration of feedback from the CEO.

## Long-Term Equity Incentives

Long-term equity incentives represent the largest at-risk element of our executive compensation program. Our equity incentives are designed to align the interests of our executive officers with those of our shareholders by creating an incentive for our executive officers to maximize shareholder value.

Certain equity grants are made within the context of our long-term incentive plan, with equity grants made annually with a significant performance based vesting component to align with the Company's long-term goals.

Long-term incentives are delivered entirely in the form of RSUs, with 40% of the award subject to time-based vesting and 60% of the award subject to performance-based criteria. The Compensation Committee believes this mix further reinforces our pay-for-performance philosophy, serves as a strong retention vehicle, and aligns executive and shareholder interests.

The awards had the following vesting and performance criteria:

**Time-vesting RSUs** - These awards vest ratably over three years, with one-third of the shares vesting each year on the anniversary of the grant date.

**Performance-based RSUs** - these awards vest three years after their grant date (i.e., cliff vesting) subject to performance with regard to the following metrics:

Metrics	Weighting
3-year Relative Total Shareholder Return	33%
3-year Relative ROACE	33%
3-year Relative Average Non-Performing Assets to Total Assets	34%

These performance based goals were chosen because:

- Three year relative TSR was chosen because the shareholder return is considered a good measure of the value that management is creating for shareholders over a period of time.
- Three year relative ROACE was chosen because it is viewed as a good measure of the Company's profitability and the returns it generates from its balance sheet. This profitability is also expected to be a driver of shareholder value over time.
- Three year relative average nonperforming assets to total assets was chosen as a metric to capture asset quality. The Company believes that the riskiness of the balance sheet determines the amount of capital that should be held and capturing non-performing assets as a percent of assets is the most meaningful metric for measuring asset quality, a key element for a sustainable profitable bank through all economic cycles, and measuring the credit risk profile of the Company.

For each goal, awards vest based on Company performance relative to its peers as follows:

	Performance Requirement (% of peer group median)	Performance Award Multiple
Threshold	80%	50%
Target	100%	100%
Outperformance	110%	125%
Maximum	120%	150%

## 2018 Long-Term Equity Incentives Granted in 2019

The following table shows the 2018 long-term equity incentive awards granted to the CEO, COO, and CFO on October 23, 2019, the first Compensation Committee meeting held after receipt of shareholder approval of the Company's 2019 Stock Incentive Plan.

Executive	Time-Based RSUs		Performance-Based RSUs		Total LTI Award	
	Granted (#)	Grant Date Fair Value (\$)	Granted (#)	Grant Date Fair Value (\$)	Granted (#)	Grant Date Fair Value (\$)
Jay S. Sidhu	20,597	441,600	30,896	662,410	51,493	1,104,010
Richard A. Ehst	6,646	142,490	9,970	213,757	16,616	356,247
Carla A. Leibold	4,851	104,005	7,276	155,997	12,127	260,002

## 2019 Long-Term Equity Incentives Granted in 2020

The following table shows the 2019 long-term equity incentive awards granted to the CEO, COO, and CFO on April 2, 2020, which reflected the lower targeted amounts disclosed in the 2019 Proxy Statement and described above.

Executive	Time-Based RSUs		Performance-Based RSUs		Total LTI Award	
	Granted (#)	Grant Date Fair Value (\$)	Granted (#)	Grant Date Fair Value (\$)(1)	Granted (#)	Grant Date Fair Value (\$)
Jay S. Sidhu	24,949	250,238	37,424	375,363	62,373	625,601
Richard A. Ehst	12,313	123,499	18,470	185,254	30,783	308,753
Carla A. Leibold	10,369	104,001	15,553	155,997	25,922	259,998

(1) Grant date fair values are estimated for performance-based RSUs.

Going forward, the Compensation Committee will review and approve long-term equity incentive awards annually at its April meeting.

## Bonus Recognition and Retention Program Discontinued

The Bonus Recognition and Retention Program ("BRRP") (which meets the definition of non-qualified deferred compensation under IRC Section 409A) was a separate long-term incentive program established for the CEO, COO, CFO, CLO and other selected executives. The objective of the Plan was to encourage retention and align executive and shareholder long term interests. The Company discontinued the BRRP in 2019 after receiving shareholder approval of the 2019 Stock Incentive Plan.

## V. Additional Compensation Policies and Practices

### Executive Stock Ownership Requirements

To help ensure a strong alignment between executives and shareholder interests, the Company has adopted an equity ownership policy. The Company requires the executive management team to have an equity ownership interest in Customers Bancorp, Inc., in accordance with the following schedule:

Position	Requirement
Chief Executive Officer	6x Annual Base Salary
Chief Operating Officer, Chief Financial Officer	3x Annual Base Salary
Other Executive Officers (1)	1x Annual Base Salary

(1) Excludes the Chief Internal Auditor, Chief Risk Officer, and Chief Credit Officer. The Compensation Committee defines which executive vice presidents are subject to the share ownership requirements.

Equity ownership interests that are counted towards meeting this requirement include the value of all owned or vested stock issued by the Company, including shares held in the employee stock purchase plan, unvested restricted share units, and unvested deferred units (including both the employee and the employer contribution to the BRRP). The value of stock options, vested or unvested, are not considered in meeting the equity ownership requirements. Restricted share units that vest can be sold by an executive in order to generate sufficient cash to cover the tax obligation associated with the shares vesting.

Executives have five years from March 2016 or the executive's date of hire to accumulate their respective ownership interest in compliance with these guidelines. The current value of the shares the executive will own after any sale of common stock, other than a sale of common stock to meet tax obligations, must exceed the equity ownership requirement. It is permissible for the executive who does not meet the ownership requirements to exercise vested options in a cash settlement.

### Anti-Hedging Policy

Both the Company's Code of Conduct and Insider Trading Policy prohibit the Company's Directors, officers and team members from engaging in hedging transactions involving the Company's securities. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit a director, officer or employee to continue to own Company securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same objectives as the Company's other shareholders. Therefore, the Company prohibits Directors, officers and team members from engaging in such transactions.

### Clawback Policy

All equity and cash awards are subject to Customers' clawback policy. Customers reserves the right to "clawback" up to 100% of unvested restricted shares, options, or other stock based compensation awards as well as cash compensation in the event that subsequent discovery reveals that the awards were made based on faulty financial results. The clawback provision would also be triggered by the engagement of conduct that includes: illegal activity, breach of a fiduciary duty, intentional violation or grossly negligent disregard of our policies, rules, or procedures. Additional clawback provisions will be incorporated as promulgated by the SEC or other regulatory body.

### Employee Benefits

We provide health, life, vision and dental insurance, and matching 401(k) contributions, on terms similar to those provided to employees generally. See "Insurance" and "401(k) Retirement Savings and Profit Sharing Plan" below. We also provide Messrs. Sidhu, Ehst and Collins with automobiles they primarily use for business purposes. We provide country club memberships for Mr. Sidhu.

In 2019, the Compensation Committee and the Board of Directors approved a death benefit for Mr. Ehst in the event of his passing while he is employed (hereinafter the "Death Benefit Plan"). The Death Benefit Plan provides that if Mr. Ehst were to pass away while employed, his estate receives \$1.3 million. Upon Mr. Ehst's retirement, the death benefit ceases.

### **401(k) Retirement Savings and Profit Sharing Plan**

Customers Bank has a 401(k) profit sharing plan whereby eligible employees may contribute up to 100% of their salary to such plan up to the IRS annual contribution limit. Customers Bank provides a matching contribution equal to 50% of the first 6% of the contribution made by the employee.

### **Insurance**

All eligible full-time employees of Customers Bank are covered as a group by basic hospitalization, major medical, long-term disability, term life and prescription drug plans. Customers Bank pays the total cost of such plans for employees with the exception of the major medical and the prescription drug plan, in which cost sharing and co-payments are required by the employees.

### **Compliance with Section 409A of the Internal Revenue Code**

The executive compensation arrangements are intended to be maintained in conformity with the requirements of Section 409A of the Internal Revenue Code, which imposes certain restrictions on deferred compensation arrangements and tax penalties on the affected employees if their deferred compensation arrangements do not comply with those restrictions.

### **Supplemental Executive Retirement Plan for Chairman and Chief Executive Officer**

Pursuant to a previous employment agreement with Mr. Sidhu, we established a supplemental executive retirement plan ("SERP") for Mr. Sidhu in 2010. The SERP is a deferred compensation plan whereby we created a reserve account on our books for Mr. Sidhu. During the third quarter of 2010, we credited an amount to this account that was sufficient to create a hypothetical fund that would provide payments of \$300,000 per year for fifteen years commencing on Mr. Sidhu's sixty-fifth birthday, assuming a rate of return of 7% per year, compounded annually. Additionally, we credit the account with any gains or losses as if we had deposited the amounts in certain investment funds selected by Mr. Sidhu. Mr. Sidhu's is now fully vested in the SERP.

Mr. Sidhu's entire interest in the account will be paid to him in fifteen annual installments beginning generally upon the later of (a) his separation from service, or (b) his sixty-fifth birthday. Mr. Sidhu is now 67 years of age and is therefore entitled to SERP payments. Any portion of Mr. Sidhu's interest in the account remaining upon his death will be paid to his beneficiary in a single lump sum. In the event of Mr. Sidhu's death prior to the later of (a) his separation from service with us, or (b) his sixty-fifth birthday, \$3.0 million will be paid to his beneficiary in a single lump sum in lieu of the installment payments described above.

These obligations under the SERP will be general unsecured obligations by us to pay money in the future. Mr. Sidhu will have no rights to any assets or investments held by us to meet our obligations under the SERP, except as a general creditor of the Company.

### **Named Executive Officer Agreements**

On December 30, 2016, we entered into an amended and restated employment agreement with Mr. Sidhu as Chairman and CEO of Customers. Under the terms of the agreement, Mr. Sidhu will receive a minimum base salary plus a performance-based incentive bonus and a monthly car allowance. The term of the agreement is annually extended to another year unless Mr. Sidhu or the Company give notice to the contrary. Mr. Sidhu will also be entitled to cash or equity incentive compensation up to the amount of his base salary under an executive incentive plan to be approved by the Board of Directors. The December 30, 2016 employment agreement with Mr. Sidhu eliminated the previous employment agreement provisions providing that Customers, in connection with an acquisition or a raise of capital, (i) up to \$400 million, grant Mr. Sidhu options to purchase up to 10.0% of the shares issued in such issuance; (ii) from \$401 million to \$749 million, grant Mr. Sidhu options to purchase up to 6.7% of the shares issued in such issuance; and (iii) above \$750 million of equity, grant Mr. Sidhu options to purchase up to 3.4% of the shares issued in such issuance.

Under a previous employment agreement with Mr. Sidhu, our Board of Directors developed and implemented a non-qualified retirement income plan designed to provide Mr. Sidhu with a retirement benefit, targeted at \$300,000 per year (depending on performance of the investments in the informal funding vehicle) for 15 years commencing upon his retirement at or after age 65. The supplemental executive retirement plan established for Mr. Sidhu is described in more detail above and in "Non-qualified Deferred Compensation" on page 64 of this Proxy Statement.

On December 30, 2016, the Company and Mr. Sidhu also entered into a letter agreement (the "Sidhu Letter Agreement"), which, subject to certain conditions, provided for the payment of a one-time cash bonus to Mr. Sidhu in connection with the completion of the sale of the BankMobile division of Customers Bank ("BankMobile") to a third party. However, due to the change in strategy to dispose of the BankMobile business via a spin-off of the BankMobile business to the Customers Bancorp, Inc. shareholders through an in-kind dividend and subsequent merger of that business into another bank, which if completed, would not have generated any revenue to Customers, the letter agreement was terminated by Mr. Sidhu. No payments were made to Mr. Sidhu pursuant to this letter agreement.

On December 30, 2016, we also entered into amended and restated employment agreements with Mr. Ehst as Chief Operating Officer of Customers. With respect to Mr. Ehst's employment agreement, the term of the agreement is annually extended for another year unless Mr. Ehst or we give notice to the contrary. Mr. Ehst receives a minimum base salary, plus incentive compensation in cash or equity or both and in such amounts as determined by the Board of Directors in accordance with incentive programs developed for him. The December 30, 2016 employment agreement with Mr. Ehst also eliminated the previous employment contract provisions providing that Customers, in connection with an acquisition or a raise of capital, (i) up to \$400 million, grant Mr. Ehst options to purchase up to 1.5% of the shares issued in such issuance; (ii) from \$401 million to \$749 million, grant Mr. Ehst options to purchase up to 1% of the shares issued in such issuance; and (iii) above \$750 million of equity, grant Mr. Ehst options to purchase up to 0.5% of the shares issued in such issuance.

Each of Messrs. Sidhu and Ehst will be entitled to severance compensation under their respective agreements if he terminates his employment for "Good Reason" (as defined in their respective employment agreements), if his employment is terminated by us other than for "Cause" (as defined in their respective employment agreements) during the employment term or on expiration of the employment term. If a "Change in Control" (as defined in their respective employment agreements) has not occurred within twelve months before termination of employment, then: (1) he will receive the sum of his then current base salary plus the average of his last three years' annual performance bonuses, for the greater of (a) three years in the case of Mr. Sidhu and two years in the cases of Mr. Ehst, or (b) the period of time remaining in his employment term, generally payable in equal installments on his normal pay dates, subject to normal tax deductions and withholding; (2) any unvested equity awards he has received will vest in full; (3) he will be entitled to an allocable fraction of any cash bonus that would have been payable to him for the current year had he remained employed through the date of payment; and (4) we will continue to provide health insurance (including dental if applicable) and any life or disability insurance benefits ("health benefits") for the shorter of the period on which his cash severance compensation is measured or the maximum period we are then permitted to extend his benefit under the applicable plan or policy or applicable law. If a Change in Control shall have occurred within twelve months before termination of his employment, then: (1) he will receive cash equal to three times the sum of his then current base salary plus the average of his annual performance bonuses for the immediately preceding three years, payable in a lump sum; (2) any unvested equity awards he has received will vest in full; (3) he will be entitled to an allocable fraction of any performance bonus that would have been payable to him for the current year had he remained employed through the date of payment; (4) we shall continue to provide health benefits for the shorter of three years or the maximum period we are then permitted to extend his benefit under the applicable plan or policy or applicable law; and (5) if applicable, reimbursement of any "parachute payment" excise tax under Section 4999 of the Code, grossed up to include any additional taxes payable on that benefit.

On October 23, 2019, we entered into an employment agreement with Ms. Leibold as Chief Financial Officer of Customers. With respect to Ms. Leibold's employment agreement, the term of the agreement is for two years and is annually extended for another year commencing on the one-year anniversary of the effective date thereof unless Ms. Leibold or we give notice to the contrary. Ms. Leibold receives a minimum base salary, plus incentive compensation in cash or equity or both and in such amounts as determined by the Board of Directors in accordance with incentive programs developed for her.

Ms. Leibold will be entitled to severance compensation under her employment agreement if she terminates her employment for "Good Reason" (as defined in her employment agreement), if her employment is terminated by us other than for "Cause" (as defined in her employment agreement) during the employment term or on expiration of the employment term. If a "Change in Control" (as defined in her employment agreement) has not occurred within twelve months before termination of employment, then: (1) she will receive the sum of her then current base salary plus the average of her last three years' annual performance bonuses, for the greater of (a) two years, or (b) the period of time remaining in her employment term, generally payable in equal installments on her normal pay dates, subject to normal tax deductions and withholding; (2) any unvested equity awards she has received will vest in full; (3) she will be entitled to an allocable fraction of any cash bonus that would have been payable to her for the current year had she remained employed through the date of payment; and (4) we will continue to provide health insurance (including dental if applicable) and any life insurance benefits ("health benefits") for the shorter of the period on which her cash severance compensation is measured or the maximum period we are then permitted to extend her benefit under the applicable plan or policy or applicable law. If a Change in Control shall have occurred within twelve months before termination of her employment, then: (1) she will receive cash equal to three times the sum of her then current base salary plus the average of her annual performance bonuses for the immediately preceding three years, payable in a lump sum; (2) any unvested equity awards she has received will vest in full; (3) she will be entitled to an allocable fraction of any performance bonus that would have been payable to her for the current year had she remained employed through the date of payment; and

(4) we shall continue to provide health benefits for the shorter of three years or the maximum period we are then permitted to extend her benefit under the applicable plan or policy or applicable law, subject to a reduction of this aggregate amount to the maximum amount allowable without causing her to become subject to any "parachute payment" excise tax under Section 4999 of the Code.

Mr. Jastrem does not have an employment agreement with us providing for compensation in connection with severance or a change of control. On March 30, 2015, we entered into a Change of Control Agreement with Mr. Jastrem. Under the Change of Control Agreement, the executive is entitled to certain payments if his employment is terminated other than for Cause, or by the executive for Good Reason, in each case within one year after a Change in Control of the Company. If these events occur, the executive is entitled to a single lump sum payment, subject to tax withholding obligations, of (i) two hundred percent (200%) of the highest rate of base annual salary in effect for the executive during the twelve month period prior to termination of employment, and (ii) two hundred percent (200%) of the average of the aggregate annual performance bonuses earned by the executive during each of the three preceding fiscal years. The Change of Control Agreement contains non-solicitation and similar covenants that remain in effect for a period of twelve months following termination upon a Change in Control, as well as covenants related to confidentiality of proprietary information.

Mr. Collins does not have an employment agreement with us providing for compensation in connection with severance or a change of control. On December 22, 2010, we entered into a Change of Control Agreement with Mr. Collins. Under the Change of Control Agreement, the executive is entitled to certain payments if his employment is terminated other than for Cause, or by the executive for Good Reason, in each case within one year after a Change in Control of the Company. If these events occur, the executive is entitled to a single lump sum payment, subject to tax withholding obligations, of (i) two hundred percent (200%) of the highest rate of base annual salary in effect for the executive during the twelve month period prior to termination of employment, and (ii) two hundred percent (200%) of the average of the aggregate annual performance bonuses earned by the executive during each of the three preceding fiscal years. The Change of Control Agreement contains non-solicitation and similar covenants that remain in effect for a period of twelve months following termination upon a Change in Control, as well as covenants related to confidentiality of proprietary information.

## **COMPENSATION COMMITTEE REPORT**

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The Compensation Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and, based upon this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated in the Company's Annual Report on Form 10-K.

Compensation Committee:

Steven J. Zuckerman, Chair

Daniel K. Rothermel

## EXECUTIVE COMPENSATION

The following table discloses the compensation earned or awarded with respect to our named executive officers during the years indicated. The Compensation Discussion and Analysis contains information concerning how the Compensation Committee viewed its 2019 compensation decisions for the named executive officers.

The table below sets forth the compensation for each of the named executive officers for the fiscal years ended December 31, 2019, 2018, and 2017. The cash bonus column includes amounts earned during the years reported pursuant to the annual short-term incentive program which are payable in cash. Amounts reported under the stock awards and option awards columns include stock and options granted during the year reported based on the grant date fair value regardless of the year in which it is earned. For example, the amounts reported under 2019 Stock Awards for our CEO include RSUs granted in 2019 for 2018 annual incentive awards and RSUs granted in 2019 for 2018 long-term incentive awards.

### Summary Compensation Table <sup>(9)</sup>

	Year	Salary (\$)	Cash Bonus (\$)		Stock Awards (\$) <sup>(6)</sup>	Option Awards (\$) <sup>(7)</sup>	All Other Compensation (\$) <sup>(8)</sup>	Total (\$)
Jay S. Sidhu	2019	736,000	—	<sup>(1)</sup>	2,281,767	—	33,539	3,051,306
Chairman & CEO	2018	680,932	—	<sup>(1)</sup>	1,136,505	—	11,649	1,829,086
	2017	636,000	—	<sup>(1)</sup>	2,007,402	5,380,768	22,513	8,046,683
Richard A. Ehst	2019	475,000	—	<sup>(2)</sup>	736,314	—	11,795	1,223,109
President & COO	2018	475,000	—	<sup>(2)</sup>	424,409	—	10,000	909,409
	2017	425,000	—	<sup>(2)</sup>	788,955	869,754	10,558	2,094,267
Carla A. Leibold	2019	346,154	—	<sup>(3)</sup>	437,359	—	7,615	791,128
Executive Vice President & Chief Financial Officer	2018	248,056	—		240,033	—	7,440	495,529
Thomas J. Jastrem	2019	297,602	—	<sup>(4)</sup>	—	—	7,965	305,567
Executive Vice President & Chief Risk Officer								
James T. Collins	2019	279,615	—	<sup>(5)</sup>	25,006	—	8,997	313,618
Senior Executive Vice President & Chief Administrative Officer								

- (1) Mr. Sidhu earned a bonus of \$883,200 for 2019, all of which was received in restricted stock units in 2020 and will be reported as 2020 Stock Awards in the 2021 Proxy Statement.  
Mr. Sidhu earned a bonus of \$1,177,757 for 2018, all of which was received in restricted stock units in 2019 and is reported as 2019 Stock Awards in the table above.  
Mr. Sidhu did not accept an annual performance bonus for 2017. Mr. Sidhu received \$7,288,785 of equity compensation for 2016 performance and other matters during 2017 which is reported as 2017 Stock and Option Awards in the table above.
- (2) Mr. Ehst earned a bonus of \$380,000 for 2019, all of which was received in restricted stock units in 2020 and will be reported as 2020 Stock Awards in the 2021 Proxy Statement.  
Mr. Ehst earned a bonus of \$380,067 for 2018, all of which was received in restricted stock units and is reported as 2019 Stock Awards in the table above.  
Mr. Ehst did not accept an annual performance bonus for 2017. Mr. Ehst received \$1,592,280 of equity compensation for 2016 performance and other matters during 2017 which is reported as 2017 Stock and Option Awards in the table above.
- (3) Ms. Leibold earned a bonus of \$320,000 for 2019, all of which was received in restricted stock units in 2020 and will be reported as 2020 Stock Awards in the 2021 Proxy Statement.  
Ms. Leibold earned a bonus of \$277,368 for 2018, all of which was received in restricted stock units, including \$100,011 which was granted in 2018 and included in 2018 Stock Awards in the table above. The remaining \$177,357 is included in 2019 Stock Awards in the table above.
- (4) Mr. Jastrem earned a bonus of \$170,000 for 2019, all of which was received in restricted stock units in 2020 and will be reported as 2020 Stock Awards in the 2021 Proxy Statement.

- (5) Mr. Collins earned a bonus of \$170,000 for 2019, all of which was received in restricted stock units in 2020 and will be reported as 2020 Stock Awards in the 2021 Proxy Statement.
- (6) Represents the aggregate grant date fair value, calculated in accordance with FASB ASC Topic 718, of the stock awards described in footnotes 1 through 5 above. The grant date fair values have been determined based on the assumptions and methodologies set forth in our 2019 financial statements (**NOTE 14 - SHARE-BASED COMPENSATION PLANS**). For performance-based restricted stock units granted during 2019, the maximum potential value that can be earned is as follows: Mr. Sidhu - \$993,615; Mr. Ehst - \$320,635; and Ms. Leibold - \$233,996.
- (7) Represents the aggregate grant date fair value, as calculated in accordance with FASB ASC Topic 718, of option awards. The grant date fair values have been determined based on the assumptions and methodologies set forth in our 2019 financial statements (**NOTE 14 - SHARE-BASED COMPENSATION PLANS**).
- (8) The amounts listed in this column include matching 401(k) contributions paid under our 401(k) Retirement Savings and Profit Sharing Plan for each of Messrs. Sidhu, Jastrem and Collins and Ms. Leibold; and country club memberships for Mr. Sidhu. We provide Messrs. Sidhu, Ehst and Collins with automobiles which they primarily use for business purposes. All Other Compensation for Messrs. Sidhu and Ehst also includes the value attributable to their personal use of these automobiles in 2019, 2018, and 2017 and for Mr. Collins for 2019.
- (9) The following columns are intentionally omitted from this table: Non-Equity Incentive Plan Compensation, Change in Pension Value, and Non-qualified Deferred Compensation Earnings. The table also does not reflect expected long-term equity incentive awards for 2019 that may be awarded consistent with the Company's compensation plan which will be disclosed as 2020 Stock Awards in the 2021 Proxy Statement.

## Grants of Plan Based Awards <sup>(1)</sup>

The following table sets forth certain information regarding awards granted to each of our named executive officers during 2019. 60% of the RSUs issued on October 23, 2019 to Messrs. Sidhu and Ehst and to Ms. Leibold are subject to additional performance-based vesting criteria consistent with the compensation plan implemented in 2018. The Compensation Discussion and Analysis includes additional information regarding the incentive awards made to named executive officers and our share based compensation programs.

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards			All other stock awards: Number of shares of Common Stock	All other option awards: Number of shares of Common Stock underlying options	Exercise or base price of option awards	Grant date fair value of stock and option awards
		Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	(\$/Share)	(\$)(2)
Jay S. Sidhu	3/14/2019				61,087	—	—	1,177,757
	10/23/2019				20,597	—	—	441,600
	10/23/2019	15,448	30,896	46,344		—	—	662,410
Richard A. Ehst	3/14/2019				19,713	—	—	380,067
	10/23/2019				6,646	—	—	142,490
	10/23/2019	4,985	9,970	14,955		—	—	213,757
Carla A. Leibold	3/14/2019				9,199	—	—	177,357
	10/23/2019				4,851	—	—	104,005
	10/23/2019	3,638	7,276	10,914		—	—	155,997
James T. Collins	3/14/2019				1,297	—	—	25,006

- (1) The following column is intentionally omitted from this table: Estimated Future Payouts under Non-Equity Incentive Plan Awards.
- (2) Represents the grant date fair value, as calculated in accordance with FASB ASC Topic 718, of these option or stock awards. The grant date fair value has been determined based on the assumptions and methodologies set forth in the consolidated financial statements included in NOTE 14 - SHARE-BASED COMPENSATION PLANS of our Annual Report on Form 10-K for the year ended December 31, 2019.

## Outstanding Equity Awards at Fiscal Year End<sup>(1)</sup>

The following table sets forth information on outstanding option awards and stock awards held by the named executive officers at December 31, 2019, including the number of shares underlying each stock option, the exercise price and the expiration date of each outstanding option, and the number of shares and market value of stock awards.

Name & Principal Position	Option Awards					Stock Awards	
	Number of Securities Underlying Options Exercisable (#)		Number of Securities Underlying Options Unexercisable (#)	Option Exercise Price (\$/share)	Option Expiration Date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)
Jay S. Sidhu	679,701	(2)	---	15.23	5/22/2023	---	---
Chairman and	---		310,000	(3)	23.36	8/26/2025	---
Chief Executive Officer	---		241,500	(4)	25.97	11/9/2026	---
	---		120,000	(5)	28.24	7/26/2027	---
	---		500,000	(6)	26.65	12/20/2027	---
	---		---	---	---	31,430	(7) 748,348
	---		---	---	---	34,314	(8) 817,016
	---		---	---	---	965	(9) 22,977
	---		---	---	---	23,158	(10) 551,392
	---		---	---	---	75,745	(11) 1,803,488
	---		---	---	---	8,776	(12) 208,957
	---		---	---	---	19,745	(13) 470,128
	---		---	---	---	61,087	(14) 1,454,481
	---		---	---	---	20,597	(15) 490,415
	---		---	---	---	30,896	(16) 735,634
Richard A. Ehst	---		46,395	(3)	23.36	8/26/2025	---
President and	---		36,225	(4)	25.97	11/9/2026	---
Chief Operating Officer	---		100,000	(6)	26.65	12/20/2027	---
	---		---	---	---	5,238	(7) 124,717
	---		---	---	---	5,719	(8) 136,169
	---		---	---	---	645	(9) 15,357
	---		---	---	---	11,811	(11) 281,220
	---		---	---	---	15,168	(17) 361,150
	---		---	---	---	3,278	(12) 78,049
	---		---	---	---	7,373	(13) 175,551
	---		---	---	---	19,713	(14) 469,367
	---		---	---	---	6,646	(15) 158,241
	---		---	---	---	9,970	(16) 237,386
Carla A. Leibold	---		5,000	(3)	23.36	8/26/2025	---
Executive Vice President and Chief Financial Officer	---		---	---	---	243	(9) 5,786
	---		---	---	---	3,457	(18) 82,311
	---		---	---	---	922	(18) 21,953
	---		---	---	---	3,486	(21) 83,002

Name & Principal Position	Option Awards				Stock Awards		
	Number of Securities Underlying Options Exercisable (#)	Number of Securities Underlying Options Unexercisable (#)	Option Exercise Price (\$/share)	Option Expiration Date	Number of shares or units of stock that have not vested (#)		Market value of shares or units of stock that have not vested (\$)
	---	---	---	---	9,199	(14)	219,028
	---	---	---	---	4,851	(15)	115,502
	---	---	---	---	7,276	(16)	173,242
Thomas J. Jastrem	---	20,000	(3)	23.36	8/26/2025	---	---
Executive Vice President and	---	---	---	---	365	(9)	8,691
Chief Risk Officer	---	---	---	---	1,614	(18)	38,429
	---	---	---	---	4,248	(20)	101,145
	---	---	---	---	1,046	(21)	24,905
James T. Collins	---	20,000	(3)	23.36	8/26/2025	---	---
Senior Executive Vice President and	---	---	---	---	328	(9)	7,810
Chief Administrative Officer	---	---	---	---	519	(18)	12,357
	---	---	---	---	2,593	(19)	61,739
	---	---	---	---	4,248	(20)	101,145
	---	---	---	---	1,297	(14)	30,882

(1) Except as otherwise noted in a footnote, all awards relate to shares of Voting Common Stock. At December 31, 2019, the closing market price of our Voting Common Stock, as listed on The New York Stock Exchange, was \$23.81. The following columns are intentionally omitted from this table: Option Awards: Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options, Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested, and Stock Awards: Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested.

(2) These stock options vested on the fifth anniversary of the date of grant (May 22, 2018).

(3) The stock options vest on the fifth anniversary of the date of grant (August 26, 2020) and are subject to certain performance criteria.

(4) These stock options vest on the fifth anniversary of the date of grant (November 9, 2021) and are subject to certain performance criteria.

(5) The stock options vest on the fifth anniversary of the date of grant (July 26, 2022), subject to a condition that the market price of our Voting Common Stock trade above \$40 per share for ten days during the vesting period.

(6) The stock options vest on the fifth anniversary of the date of grant (December 20, 2022), subject to a condition that the market price of our Voting Common Stock trade above \$40 per share for ten days during the vesting period.

(7) The restricted stock units, issued under the BRRP, vest on the fifth anniversary of the date of grant (January 22, 2020).

(8) The restricted stock units, issued under the BRRP, vest on the fifth anniversary of the date of grant (February 16, 2021).

(9) The restricted stock units vest annually in thirds on the anniversary of the date of the grant (February 28, 2018, 2019 and 2020). At December 31, 2019, one-third of the grant was unvested.

(10) The restricted stock units, issued under BRRP, vest on the fifth anniversary of the date of the grant (February 28, 2022).

(11) The restricted stock units vest on the third anniversary of the date of the grant (November 9, 2020) and are subject to certain performance criteria.

(12) The restricted stock units vest annually in thirds on the anniversary date of the grant (July 2, 2019, 2020 and 2021). At December 31, 2019, two-thirds of the grant was unvested.

(13) The restricted stock units vest on the third anniversary of the date of grant (July 2, 2021) and are subject to certain performance criteria.

(14) The restricted stock units vest annually in thirds on the anniversary date of the grant (March 14, 2020, 2021 and 2022). At December 31, 2019, the entire grant was unvested.

(15) The restricted stock units vest annually in thirds on the anniversary date of the grant (October 23, 2020, 2021 and 2022). At December 31, 2019, the entire grant was unvested.

(16) The restricted stock units vest on the third anniversary of the date of grant (October 23, 2022) and are subject to certain performance criteria.

(17) The restricted stock units vest on the third anniversary of the date of grant (June 1, 2020) and are subject to certain performance criteria.

- (18) The restricted stock units vest annually in thirds on the anniversary of the date of grant (March 1, 2019, 2020 and 2021). At December 31, 2019, two-thirds of the grant was unvested.
- (19) The restricted stock units, issued under the BRRP, vest on the fifth anniversary of the date of grant (March 1, 2023).
- (20) The restricted stock units vest annually in thirds on the anniversary of the date of grant (September 26, 2019, 2020, and 2021). At December 31, 2019, two-thirds of the grant was unvested.
- (21) The restricted stock units vest annually in thirds on the anniversary of the date of grant (October 23, 2019, 2020, and 2021). At December 31, 2019, two-thirds of the grant was unvested.

## Option Exercises and Stock Vesting

The following table sets forth information on stock option exercises and stock vesting for the named executive officers for the fiscal year ended December 31, 2019.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise #	Value Received on Exercise \$	Number of Shares Acquired on Vesting #	Value Received on Vesting \$
Jay S. Sidhu	—	—	35,103	760,215
Richard A. Ehst	—	—	7,955	170,694
Carla A. Leibold	—	—	2,737	59,114
Thomas J. Jastrem	5,500	119,172	3,817	81,361
James T. Collins	5,500	113,353	3,202	68,016

## Pension Benefits

Customers does not provide a pension plan to its team members.

## Non-qualified Deferred Compensation

The following Non-qualified Deferred Compensation table summarizes activity during 2019 and the account balance as of December 31, 2019 for our non-qualified defined contribution plans that provide for the deferral of compensation.

Name	Executive Contributions in Last FY (\$)	Registrant Contribution in Last FY (\$)	Aggregate Earnings (Losses) in Last FY (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FY (\$)
Jay S. Sidhu (1)	-0-	-0-	1,157,686	-0-	5,478,351

- (1) Represents the supplemental executive retirement plan ("SERP") for Mr. Sidhu. As a result of the acquisition of USA Bank on July 9, 2010, Mr. Sidhu's SERP became effective, and Mr. Sidhu is entitled to receive the balance of the SERP account payable over 15 years commencing upon the later of his separation from service or his 65th birthday. If Mr. Sidhu dies prior to his payment commencement date, his beneficiary receives a lump sum payment equal to \$3,000,000. If Mr. Sidhu dies after reaching age 65, his beneficiary receives the remainder of his scheduled retirement benefits. If Mr. Sidhu's employment is terminated for cause, he forfeits the benefits provided under the SERP. See "Supplemental Executive Retirement Plan for Chairman and Chief Executive Officer" for more details on Mr. Sidhu's SERP. The Company also has Company Owned Life Insurance ("COLI") on Mr. Sidhu. The policy was fully funded in 2014. The policy has a net surrender value of \$3,768,448 and a face value of \$6,100,000.

## Potential Payments Upon Termination Or Change In Control

The tables below show the value of estimated payments pursuant to the employment agreements, change of control agreements, equity plans and other plans described above upon a termination of employment for Messrs. Sidhu, Ehst, Jastrem, and Collins and Ms. Leibold, including gross-up payments for any excise tax on the parachute payments upon a change in control, for Messrs. Sidhu and Ehst. All termination events are assumed to occur on December 31, 2019. The payments represent the maximum possible payments under interpretations and assumptions most favorable to the executive officer. The amounts shown in the tables include estimates of amounts that would be paid to the executive upon the occurrence of the specified event. The actual amounts to be paid to the named executive officers can only be determined at the time of their termination and may be more or less than the amounts contained in the tables and the various agreements and plans. See "Named Executive Officer Agreements" for more details.

Assuming the noted events had occurred on December 31, 2019, payments and benefits estimated due to Messrs. Sidhu, Ehst, Jastrem, Collins and Ms. Leibold would be estimated as follows:

Jay S. Sidhu

	Resignation For Good Reason or Termination Without Cause	Termination in Connection with Change in Control	Death
Salary and Annual Performance Award (1)	\$ 11,469,533	\$ 11,469,533	\$ —
Other Incentive/Bonus (2)	883,200	883,200	—
Health and Welfare Benefits (3)	67,968	67,968	—
Stock Options (4)	—	—	—
Restricted Shares (4)	7,302,836	7,302,836	7,302,836
Death Benefit (5)	—	—	3,130,000
Excise Tax Gross Up	—	—	—
<b>TOTAL</b>	<b>\$ 19,723,537</b>	<b>\$ 19,723,537</b>	<b>\$ 10,432,836</b>

Richard A. Ehst

	Resignation For Good Reason or Termination Without Cause	Termination in Connection with Change in Control	Death
Salary and Annual Performance Award (1)	\$ 2,441,969	\$ 3,662,953	\$ —
Other Incentive/Bonus (2)	380,000	380,000	—
Health and Welfare Benefits (3)	51,746	77,620	—
Stock Options (4)	—	—	—
Restricted Shares (4)	2,037,207	2,037,207	2,037,207
Death Benefit (5)	—	—	1,515,789
Excise Tax Gross Up	—	—	—
<b>TOTAL</b>	<b>\$ 4,910,922</b>	<b>\$ 6,157,780</b>	<b>\$ 3,552,996</b>

Carla A. Leibold

	Resignation For Good Reason or Termination Without Cause	Termination in Connection with Change in Control	Death
Salary and Annual Performance Award (1)	\$ 1,100,000	\$ 1,650,000	\$ —
Other Incentive/Bonus (2)	320,000	320,000	—
Health and Welfare Benefits (3)	45,418	68,126	—
Stock Options (4)	—	—	—
Restricted Shares (4)	700,824	700,824	700,824
Death Benefit (5)	—	—	200,000
<b>TOTAL</b>	<b>\$ 2,166,242</b>	<b>\$ 2,738,950</b>	<b>\$ 900,824</b>

	Resignation For Good Reason or Termination Without Cause	Termination in Connection with Change in Control	Death
Salary and Annual Performance Award (1)	\$ —	\$ 860,000	\$ —
Stock Options (4)	—	—	—
Restricted Shares (4)	—	173,170	173,170
Death Benefit (5)	—	—	200,000
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ 1,033,170</b>	<b>\$ 373,170</b>

	Resignation For Good Reason or Termination Without Cause	Termination in Connection with Change in Control	Death
Salary and Annual Performance Award (1)	\$ —	\$ 803,333	\$ —
Stock Options (4)	—	—	—
Restricted Shares (4)	—	213,933	213,933
Death Benefit (5)	—	—	200,000
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ 1,017,266</b>	<b>\$ 413,933</b>

- (1) Represents continuation of severance payments for the payout period provided under each named executive officer's applicable employment or change of control agreement. Severance payment calculation is based on base salary at the time of termination as well as the average of the executive's annual performance bonus (excluding the Company match of any deferred compensation) for the three fiscal years preceding the fiscal year of termination (2019, 2018, and 2017) as defined in the executive's employment or change of control agreement.
- (2) Represents the portion of the Annual Incentive Bonus for the fiscal year of the executive's termination that, would have been payable to the executive had he or she remained employed through the date of payment.
- (3) Represents payment of premiums for continued health and other welfare benefit insurance over the payout period provided under each named executive officer's applicable employment agreement.
- (4) Stock options and restricted shares also vest at the time Messrs. Sidhu, Ehst, Jastrem or Collins and Ms. Leibold elect to retire upon reaching age 65 or with the consent of the Compensation Committee.
- (5) In Mr. Sidhu's case, includes the proceeds of group term life insurance, the premiums for which are paid by us as well as an uninsured death benefit payable under his Supplemental Executive Retirement Plan. In the cases of Mr. Ehst, Ms. Leibold, Mr. Jastrem and Mr. Collins represents the proceeds of group term life insurance, the premiums for which are paid by us. In the case of Mr. Ehst includes \$1,315,789 under the Customers Bank Death Benefit Plan.

The excise tax gross-up provisions are included only in the contracts of the CEO and COO. The protection provided to these executive officers most responsible for creating shareholder value was a commitment made by the Company in its early stages of development when such measure helped recruit and subsequently retain the quality of management and leadership necessary to develop a \$250 million asset bank to an \$11.5 billion asset bank. The excise tax gross up calculation is very complex with many different components. To calculate the tax gross up management considered all sources of payments that may result from a change in control, including accelerated vesting of deferred compensation and that the excise tax gross up is also a payment made in connection with a change in control. The deferred compensation calculation considered whether the deferred compensation was time based or performance based, the remaining vesting period if the deferred compensation payment was only time based, whether the deferred compensation performance criteria had been met, and the remaining time period to vest if the performance criteria was met, and the federal tax related interest rate. Given Mr. Sidhu's and Mr. Ehst's level of compensation for 2019, the Company estimated that an excise payment would not be owed to Mr. Sidhu and Mr. Ehst, assuming a hypothetical change of control event occurred on December 31, 2019. Customers' Board of Directors Compensation Committee has directed that the excise tax gross ups not be included in any future employment contracts, that the provision be retained in the current contracts pursuant to the Company's previous commitments, and that the excise tax gross up "sunset" with the departure or retirement of the current CEO and COO.

## CEO Pay Ratio

As required by Item 402(u) of Regulation S-K, we are providing the following information:

For fiscal 2019, our last completed fiscal year:

- The median of the annual total compensation of all employees of our Company (other than Mr. Sidhu), was \$81,045.
- The annual total compensation of Mr. Sidhu, our Chairman & CEO, as reported, was \$3,051,306 for 2019.

Based on this information, the ratio for 2019 of the annual total compensation of our Chairman & CEO to the median of the annual total compensation of all employees is 37.6 x to 1.

We completed the following steps to identify the median of the annual total compensation of all our employees and to determine the annual total compensation of our median employee and CEO:

1. The rules require a company to identify its median employee once every three years unless there has been a change in the company's employee population or compensation arrangements that would reasonably result in a significant change in the pay ratio disclosure. Given an increase in our employee population, we identified a median employee for fiscal 2019.
2. As of December 31, 2019, our employee population consisted of approximately 873 individuals, including any full-time, part-time, temporary, or seasonal employees employed on that date.
3. To find the median of the annual total compensation of all our employees (other than our CEO), we used wages from our payroll records as reported to the Internal Revenue Service on Form W-2 for fiscal 2019. In making this determination, we annualized the compensation of full-time and part-time permanent employees who were employed on December 31, 2019, but did not work for us the entire year. No full-time equivalent adjustments were made for part time employees or former employees who terminated their employment during the year.
4. After identifying the median employee in 2019, we added together all of the elements of such employee's compensation for 2019 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of \$81,045.
5. With respect to the annual total compensation of our CEO, we used the amount reported in the Total column of our 2019 Summary Compensation Table.

### DIRECTOR COMPENSATION DIRECTOR COMPENSATION TABLE <sup>(1)(2)</sup>

We have compensated our non-employee Directors for their services and expect to continue this practice. Information relating to the compensation of our non-employee Directors during 2019 is set forth in the table below.

Name	Fees Earned or Paid in Cash (3)	Stock Awards (4)	Total
Andrea Allon	\$40,005	\$74,406	\$114,411
Bhanu Choudhrie	40,000	63,803	103,803
Daniel K. Rothermel	40,005	106,218	146,223
T. Lawrence Way	40,005	85,010	125,015
Steven Zuckerman	40,005	85,010	125,015
Rick Burkey	40,005	85,010	125,015

- (1) The following columns are intentionally omitted from this table: Option Awards, Non-Equity Incentive Plan Compensation, Change in Pension Value and Nonqualified Deferred Compensation Earnings, and All Other Compensation.
- (2) Jay S. Sidhu is not included in this table as he is an employee of the Company and the Bank and receives no compensation for his service as a director.
- (3) Includes cash and the grant date fair value of shares elected to be received in lieu of cash payments.
- (4) Represents the grant date fair value of stock awards other than those received in lieu of cash payments, calculated in accordance with FASB ASC Topic 718.

Compensation for non-employee Directors included a cash fee of \$40,000 per year, payable in installments at the end of each quarter, and 3,000 shares of our Voting Common Stock issued under the 2004 Plan. Furthermore, the Director serving as the Chairman of the Compliance Committee will receive an additional 1,100 shares, and each non-employee director made an annual election, prior to the beginning of 2018 and annually thereafter, to have none, 50%, or 100% of the cash fee paid in the form of Voting Common Stock.

Furthermore, Directors serving in certain positions received an additional award of stock as follows:

- 1,100 shares for the Chairman of each of the Audit Committee and the Compensation Committee;
- 2,200 shares for the Chairman of the Nominating and Corporate Governance Committee, who was also the Lead Independent Director; and
- 550 shares for the Audit Committee Financial Expert.

Customers does not provide any additional director benefits, a director retirement plan, or fee deferral programs.

### **DELINQUENT SECTION 16(a) REPORTS**

Section 16(a) of the Securities Exchange Act of 1934 requires our Directors and certain officers, and persons who own more than ten percent of any class of the Company's registered securities, to file, in their personal capacities, reports of ownership and changes in ownership on Forms 3, 4, and 5 with the Securities and Exchange Commission. Based solely on a review of Forms 3, 4 and 5, and amendments thereto, filed during or with respect to 2019, and written representations from the applicable reporting persons, we believe that all of our officers and Directors complied with all their applicable filing requirements during the fiscal year ended December 31, 2019, except that: (a) On February 20, 2019, Mr. Issa filed one late Form 4 reporting one late transaction; (b) On February 20 2019, Mr. Hedde filed one late Form 4 reporting one late transaction; (c) On February 20, 2019, Ms. Leibold filed one late Form 4 reporting one late transaction; (d) On February 20, 2019, Mr. Ehst filed one late Form 4 reporting one late transaction; (e) On February 20, 2019, Mr. Jay Sidhu filed one late Form 4 reporting one late transaction; (f) On March 22, 2019, Ms. Leibold filed one late Form 4 reporting one late transaction; (g) On March 28, 2019, Mr. Hedde filed one late Form 4 reporting one late transaction; (h) On May 31, 2019, Mr. Collins filed one late Form 3 reporting one late transaction; (i) On July 12, 2019, Mr. Jay Sidhu filed one late Form 4 reporting one late transaction; (j) On July 12, 2019, Mr. Ehst filed one late Form 4 reporting one late transaction; and (k) On October 21, 2019, Mr. Collins filed one late Form 4 reporting one late transaction.

### **TRANSACTIONS WITH RELATED PARTIES**

#### **Loans to Executives and Directors**

Customers Bank makes loans to executive officers and Directors of the Company and the Bank in the ordinary course of its business. These loans are currently made on substantially the same terms, including interest rates and collateral, as those prevailing at the time the transaction is originated for comparable transactions with non-affiliated persons, and do not involve more than the normal risk of collectibility or present any other unfavorable features. Federal regulations prohibit Customers Bank from making loans to executive officers and Directors at terms more favorable than could be obtained by persons not affiliated with Customers Bank. Our policy towards loans to executive officers and Directors currently complies with this limitation.

There were no extensions of credit under Regulation O during 2019 requiring approval of the Board of Directors.

#### **Code of Ethics and Business Conduct**

We have a Code of Ethics and Business Conduct applicable to our Directors, officers and Team Members, including our Chief Executive Officer, Chief Financial Officer and other executives pursuant to which all Directors, officers and Team Members must promptly disclose to us, any material transactions, activities or relationships that reasonably could be expected to give rise to an actual or apparent conflict of interest with the Company, including Customers Bank. In approving or rejecting the proposed arrangement, the Board of Directors must consider the relevant facts and circumstances available and deemed relevant, including, but not limited to the risks, costs and benefits to us, the terms of the transaction, the availability of other sources for comparable services or products, and, if applicable, the impact on a director's independence. The Board of Directors

may only approve those activities or relationships that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as the Board of Directors determines in the good faith exercise of its discretion. The Code of Conduct prohibits transactions involving Directors and executive officers with the Company, including Customers Bank, other than routine banking services.

### **Affiliate and Related Party Transaction Policy**

The Company's Board of Directors has also adopted the Affiliate and Related Party Transaction Policy (the "**Transaction Policy**"). The Transaction Policy is a written policy and set of procedures for the review and approval or ratification of transactions involving Affiliates and Related Parties (as such terms are defined in the Transaction Policy).

Related Parties are defined in the Transaction Policy as owners of more than 5% of any class of voting securities of the Company, Directors or executive officers of the Company, or nominees to become Directors, since the beginning of the last fiscal year, and "related persons" and others as provided in Item 404 of Regulation S-K under the Securities Act of 1933, as amended, immediate family members if involved in Company transactions and organizations, including charitable, where the foregoing have a material relationship or interest to such organization. Affiliates are defined in the Transaction Policy as "affiliates" as provided in Sections 23A and 23B of the Federal Reserve Act and Regulation W issued by the Board of Governors of the Federal Reserve System, and can include anyone that controls, that is under common control with, or that is controlled by the Company, investment funds where an affiliate is a fund investment advisor, and "executive officers", "Directors", "principal shareholders", "related interests" of a person, "insider", "immediate family" and "Subsidiary" as defined in Regulation O issued by the Board of Governors of the Federal Reserve System.

The Transaction Policy is administered through the Company's Audit Committee, with appropriate involvement and input from the Company's Audit and Legal Departments. The Audit Committee (i) has the responsibility to interpret and enforce the Transaction Policy, (ii) may amend the Transaction Policy from time to time and (iii) may delegate administrative responsibilities within the Company or to third parties as the Audit Committee deems appropriate to accomplish the objectives of the Transaction Policy. All transactions covered by the Transaction Policy are prohibited unless approved or ratified by the Audit Committee and, when determined necessary by the Audit Committee pursuant to the Related Transaction Policy, the Company's Board of Directors.

Transactions involving Affiliates that are subject to the Transaction Policy include extensions of credit, purchase or sale of loans, referrals or brokerage of loans, indebtedness to another "member bank" or correspondent bank, purchases of or investments in securities, purchase or sale of services, goods and other assets, issuance of guarantees, acceptances or letters of credit and third party transactions where an Affiliate benefits from transaction proceeds.

Transactions involving Related Parties that are subject to the Transaction Policy include transactions where there is a direct or indirect interest by the Related Party and the amount involved is over \$120,000.

Transactions covered by the Transaction Policy are required to be referred to the Audit Committee. The Legal Department is responsible for coordinating the performance of appropriate legal research and obtaining opinions regarding the disposition of the transaction, and communicating such information to the Audit Committee with recommendations, including if any regulatory application needs to be prepared to report or obtain authorization of the transaction. The Audit Committee will approve, ratify, recommend change to or deny the transaction, or schedule the referral for follow up reporting or presentations. Material transactions and transactions covered by Regulation O are required to be referred by the Audit Committee to the Company's Board of Directors for disposition.

Samvir Sidhu, son of the Company's and Bank's Chairman and CEO, earned \$103,807 which was paid in common equity during fiscal year 2019 for services performed as a Bank director; his compensation was on identical terms as other Bank Directors. Mr. Sam Sidhu was appointed Vice Chairman and Chief Operating Officer of Customers Bank in January 2020.

Luvleen Sidhu, daughter of the Company's and Bank's Chairman and CEO, served as President and Chief Strategy Officer of BankMobile, a division of Customers Bank, during 2019. Ms. Sidhu was promoted to CEO of BankMobile in early January 2020. Ms. Sidhu reports to Customers Bank's President and Chief Operating Officer Richard Ehst. During fiscal year 2019, Ms. Sidhu earned cash compensation of \$267,000 and was awarded 100,000 stock options with a grant date fair value of \$622,756 which vest annually in fifths as long as Ms. Sidhu remains employed by the Company. Ms. Sidhu did not receive any other compensation during 2019 except for the matching 401(k) contributions paid under the Company's 401(k) Retirement Savings and Profit Sharing Plan, which is available to Team Members generally. Her current base salary for 2020 is \$275,000 and she is eligible to receive an annual performance based bonus with terms and conditions the same as other non-executive officers of Customers. All elements of compensation for both Samvir Sidhu and Luvleen Sidhu were ratified by the Audit Committee.

BankMobile Technologies, Inc., a wholly owned subsidiary of Customers Bank, leases 1,684 square feet of office space at 535 Fifth Avenue, borough of Manhattan in New York City pursuant to an Office Space Conditions of Use Agreement dated September 26, 2018 (the "**Use Agreement**"). The Use Agreement is with Megalith Capital Management LLC ("Megalith

Capital”), a Delaware limited liability company for which Samvir Sidhu (a director of Customer Bank and son of the Company’s and Bank’s Chairman and CEO) was the founder and CEO. Pursuant to the terms of the Use Agreement, the Bank paid Megalith Capital an aggregate of \$103,200 (monthly license fee of \$8,000/month plus utilities and maintenance costs) in 2019. The Use Agreement expires on September 1, 2020 unless renewed or sooner terminated. Due to the personal interest of Samvir Sidhu, the Audit Committee commissioned an independent office lease evaluation in 2018 comparing and contrasting the square footage and license fee terms to other office space then currently available in New York City’s Midtown. The Audit Committee reached the conclusion that the proposed terms and conditions of the Use Agreement represent fair market terms and conditions for New York City’s Midtown.

## **SHAREHOLDER PROPOSALS**

### **Shareholder Proposals for Inclusion in the 2021 Proxy Statement**

The Company’s shareholders are entitled to submit proposals to be included in our proxy materials for the Annual Meeting of Shareholders in 2021, provided that these matters are appropriate for shareholder action and that the shareholder complies with all of the applicable rules and requirements set forth in the rules and regulations of the Securities and Exchange Commission, including Rule 14a-8 of the Securities Exchange Act of 1934, as amended. To be eligible for inclusion, shareholder proposals must be received by our Corporate Secretary at 1015 Penn Ave., Suite 103, Wyomissing, Pennsylvania 19610 no later than December 14, 2020.

### **Director Nominations and Other Shareholder Proposals for Presentation at the 2021 Annual Meeting**

Our Amended and Restated Bylaws require advanced notice of any proposal of business to be brought before an annual meeting by a shareholder that will not be included in our proxy materials, including any such proposal for the nomination for election of a director. Any such shareholder proposal must be a matter appropriate for shareholder action that complies with the procedural requirements of the Company’s Amended and Restated Bylaws and for which written notice is received by our Corporate Secretary at 1015 Penn Ave., Suite 103, Wyomissing, Pennsylvania 19610 not later than the 90th day and not earlier than the 120th day prior to the first anniversary of the preceding year’s annual meeting (unless the date of the next annual meeting has been changed by more than 30 days from the first anniversary date, in which case the Amended and Restated Bylaws provide alternative dates for timeliness). Accordingly, any shareholder who wishes to have a nomination or other business considered by shareholders at the 2021 Annual Meeting must deliver written notice to the Corporate Secretary (containing the information required by the Amended and Restated Bylaws) no earlier than January 27, 2021 and no later than February 26, 2021. Any proposal received outside of these dates will be considered untimely. For proposals that are timely filed, the Company retains discretion to vote proxies it receives provided (i) the Company includes in its Proxy Statement advice on the nature of the proposals and how it intends to exercise its voting discretion, and (ii) the proponent does not comply with the applicable provisions of the SEC’s rules.

## **OTHER BUSINESS**

The Board of Directors does not know of any other business to come before the meeting. However, if any additional matters are presented at the Annual Meeting, it is the intention of persons named in the accompanying proxy to vote the proxy in accordance with their judgment on those matters.

## INFORMATION REGARDING THE ANNUAL MEETING

At the meeting, you will be asked to consider and vote to elect two Class III Directors of Customers Bancorp, Inc. to serve a three-year term, to ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of Customers Bancorp, Inc. for the fiscal year ending December 31, 2020, and to approve a non-binding advisory vote on named executive officer compensation.

This year, due to the outbreak of the coronavirus (COVID-19), our 2020 Annual Meeting will be held as a virtual Annual Meeting, which will allow our shareholders to attend the Annual Meeting through a live webcast. Attending the meeting on a virtual basis has the same effect as if you were physically present at the Annual Meeting – you will be able to vote, ask questions and take any other action permitted under our governing documents, applicable law and the rules of the meeting.

The Annual Meeting will be held Wednesday, May 27, 2020 beginning at 9:00 a.m., EDT.

Shareholders attending the Annual Meeting through the live webcast should log into the meeting by visiting visit **[www.meetingcenter.io/259494770](http://www.meetingcenter.io/259494770)**. The password for the meeting is **CUBI2020**.

You are entitled to participate in the Annual Meeting only if you were a shareholder as of the close of business on April 2, 2020, the Record Date for the Annual Meeting, or if you hold a valid proxy for the Annual Meeting.

The Annual Meeting webcast will begin promptly at 9:00 a.m. Online access will begin at 8:45 a.m. We encourage you to complete the log in process and access the webcast prior to the start time.

### Attendance by Record Holders of Customers Shares

If you are shareholder of record (i.e., you held your shares in your own name as reflected in the records of our transfer agent, Computershare), you do not need to register to attend the virtual Annual Meeting. To attend and participate in the Annual Meeting, you can attend the meeting by accessing **[www.meetingcenter.io/259494770](http://www.meetingcenter.io/259494770)** and entering the 15-digit control number on the Proxy Card or Notice of Availability of Proxy Materials you previously received and the meeting password, **CUBI2020**.

### Attendance by “Street Name” Holders of Customers Shares

If you are a beneficial owner (or “street name” holder) holding your shares through an intermediary, such as a bank, broker or other nominee, you must register in advance to attend the virtual Annual Meeting. You will need to obtain a valid proxy (also known as a “legal proxy”) from your broker, bank or other nominee. Once you have received a valid proxy from your broker, bank or other nominee, you should submit the valid proxy reflecting your Company shareholdings along with your name and email address to Computershare. Requests for registration must be labeled as “Legal Proxy” and be received no later than 5:00 p.m., Eastern Time, on Friday, May 22, 2020.

If you complete the registration process properly, you will then receive a confirmation of your registration, with a control number, by email from Computershare. At the time of the meeting, go to **[www.meetingcenter.io/259494770](http://www.meetingcenter.io/259494770)** and enter your control number and the meeting password, **CUBI2020**.

You will receive a confirmation of your registration by email after we receive your registration materials.

Requests for registration should be directed to us at the following:

By email:

Forward the email from your broker, bank or other nominee or attach an image of your legal proxy, to **[legalproxy@computershare.com](mailto:legalproxy@computershare.com)**.

By mail:

Computershare  
Customers Bancorp, Inc. Legal Proxy  
P.O. Box 43001  
Providence, RI 02940-3001

## Voting and Submitting Questions During the Annual Meeting

During the virtual Annual Meeting webcast, you will be able to submit questions to the Board by clicking on the "messages" icon at the top of the meeting center website. Shareholders entitled to vote at the Annual Meeting also will be able to vote their shares electronically on the virtual meeting website if they have not yet voted their shares or wish to change a vote submitted previously either by returning the proxy card or online or by telephone. **NOTE THAT IF YOU HAVE PREVIOUSLY SUBMITTED A PROXY OR HAVE ALREADY VOTED ONLINE OR BY PHONE AND DO NOT WANT TO CHANGE YOUR VOTE, YOU DO NOT NEED TO VOTE ELECTRONICALLY DURING THE VIRTUAL ANNUAL MEETING.**

### IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 27, 2020

**This Proxy Statement and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 are available at <http://www.envisionreports.com/CUBI>.** This website also enables shareholders to vote their proxy. These documents are also available on the Company's website at [www.customersbank.com](http://www.customersbank.com), by selecting "Investor Relations," and then "SEC Filings."

Again this year, we are using the "Notice and Access" method of providing proxy materials to you via the internet instead of mailing printed copies. We believe that this process provides you with a convenient and quick way to access the proxy materials, including our Proxy Statement and 2019 Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and authorize a proxy to vote your shares, while allowing us to conserve natural resources and reduce the costs of printing and distributing the proxy materials.

Most shareholders will not receive paper copies of the proxy materials unless they request them. Instead, the Important Notice Regarding Availability of Proxy Materials, which we refer to as the Notice and Access card, which has been mailed to our shareholders, provides instructions regarding how you may access and review all of the proxy materials on the internet. The Notice and Access card also instructs you on how to submit your proxy vote via the internet or telephone. Before voting, ensure that you have located your control number, which can only be found in the shaded bar in the top right corner of your Notice and Access card. **This ID is unique to you and must be provided at the time of voting.**

If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials printed on the Notice and Access card or as set forth below. There is no charge to you for requesting copies. Please make your request for copies as instructed below on or before May 14, 2020 to facilitate timely delivery.

#### Here's how to order a copy of the proxy materials and select a future delivery preference:

- **Paper copies:** Current and future paper delivery requests can be submitted via the telephone, internet or email options below.
- **Email copies:** Current and future email delivery requests must be submitted via the internet following the instructions below. If you request an email copy of current materials you will receive an email with a link to the materials.

**PLEASE NOTE:** You must use your control number in the shaded bar of the Notice and Access card when requesting a set of paper copies of the proxy materials.



**Internet** – Go to [www.envisionreports.com/CUBI](http://www.envisionreports.com/CUBI). Click Cast Your Vote or Request Materials. Follow the instructions to log in and order a copy of the current materials and submit your preference for email or paper delivery of future meeting materials.



**Telephone** – Call free of charge at **1-866-641-4276** and follow the instructions to log in and order a paper copy of the materials by mail for the current meeting. You can also submit a preference to receive a paper copy for future meetings.



**Email** – Send email to [investorvote@computershare.com](mailto:investorvote@computershare.com) with "Proxy Materials Customers Bancorp, Inc." in the subject line. Include in the message your full name and address, plus the control number located in the shaded bar on the Notice and Access card, and state in the email that you want a paper copy of current meeting materials. You can also state your preference to receive a paper copy for future meetings.

If your shares are held by a brokerage house or other custodian, nominee or fiduciary in "street name," you will receive a Notice and Access card intended for their beneficial holders with instructions for providing to such intermediary voting instructions for your shares. You may also request paper copies of the proxy materials by following the instructions on the intermediary Notice and Access card. If you receive paper copies, many intermediaries provide instructions for their beneficial holders to provide voting instructions via the internet or by telephone.

If your shares are held in "street name" and you would like to vote your shares in person at the Annual Meeting, you must contact your broker, custodian, nominee or fiduciary to obtain a legal proxy form from the record holder of your shares and present it to the inspector of election with your ballot.

## QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

### Why am I receiving these proxy materials?

The Company has sent you a Notice and Access card regarding the availability of proxy materials for the shareholder meeting because the Board of Directors of the Company is soliciting your proxy to vote at the Annual Meeting. You are invited to attend the meeting to vote on the proposals described in this Proxy Statement. However, you do not need to attend the meeting to vote your shares. Instead, you may follow the instructions included in the Notice and Access card and vote using the internet or telephone, or you may request paper copies of the Proxy Statement, Annual Report, and proxy card and complete, sign, and return the proxy card or follow the instructions on the proxy card to vote using the internet or telephone. You may also vote during the meeting.

The Company has separately mailed the Notice and Access card and a proxy card to all shareholders of record of our Voting Common Stock entitled to vote at the meeting and is making the Proxy Statement and 2019 Annual Report for the fiscal year ended December 31, 2019 available to you electronically.

### When is the Annual Meeting?

The Annual Meeting will be held on Wednesday, May 27, 2010 at 9:00 a.m., Eastern Time.

### Where is the Annual Meeting?

This year's Annual Meeting will be held as a "virtual" meeting. Shareholders will be able to participate in the virtual Annual Meeting by visiting [www.meetingcenter.io/259494770](http://www.meetingcenter.io/259494770) and entering your control number and the meeting password, **CUBI2020**.

### Why is the Annual Meeting being held as a virtual meeting?

The Board decided to this Annual Meeting as a virtual meeting in order to address concerns regarding COVID-19. We are sensitive to the public health concerns resulting from COVID-19 and have taken into account protocols imposed or recommended by federal, state and local governments. We are also mindful of the desire of our shareholders to be able to participate in our Annual Meeting and to have us continue to hold our meeting at the time we had originally scheduled. We believe that by holding the Annual Meeting as a virtual meeting, we are able to protect the health and safety of our shareholders, employees and others who would be involved if we followed our regular practice of holding an in-person meeting, while providing a convenient way for our shareholders to meaningfully participate in the Annual Meeting.

### Who is entitled to vote at the meeting?

To be able to vote, you must have been a beneficial owner or a shareholder of record of the Company's Voting Common Stock on April 2, 2020, the **Record Date** set by the Board of Directors for shareholders to be entitled to notice of, and to vote at, the meeting.

*Shareholder of Record: Shares Registered in Your Name.* If, at the close of business on the Record Date, your shares of Voting Common Stock were registered directly in your name, then you are a shareholder of record. As a shareholder of record you may vote in person at the meeting or by proxy. Whether or not you plan to attend the virtual meeting, we urge you to vote using the Internet or telephone, or if you request a paper copy of the proxy materials, complete and return the accompanying proxy card to ensure your vote is counted.

*Beneficial Owner: Shares Registered in the Name of a Broker, Bank, or Other Agent.* If, at the close of business on the Record Date, your shares were not held directly in your name, but rather were held in an account at a brokerage firm, bank, or by another agent, you are the beneficial owner of shares held in "street name" and the notice of proxy materials is being forwarded to you by your broker, bank, or other agent. The broker, bank, or other agent holding your shares in that account is considered to be the shareholder of record for purposes of voting at the meeting.

As a beneficial owner, you have the right to direct your broker, bank, or other agent on how to vote the shares of Voting Common Stock in your account. If you would like to participate in the meeting and vote your shares during the meeting, you must complete the registration process described in "INFORMATION REGARDING THE ANNUAL MEETING – Attendance by "Street Name" Holders of Customers Shares."

### **What am I being asked to vote on?**

There are three matters scheduled for a vote at the meeting:

1. To elect two Class III Directors of the Company to serve a three-year term;
2. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2020; and
3. To approve a non-binding advisory resolution on named executive officer compensation.

The Company's Board of Directors recommends a vote "**FOR**" each of the nominees identified in this Proxy Statement, and "**FOR**" Proposals 2 and 3.

### **How many votes do I have?**

Each holder of the Company's Voting Common Stock is entitled to one vote per share held as of the Record Date.

### **What is a quorum?**

The presence, in person or by proxy, of holders of a majority of shares of the Company's Voting Common Stock will constitute a quorum for purposes of conducting business at the Annual Meeting. The shareholders present, in person or by proxy, at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Shares of the Company's Voting Common Stock represented by a properly executed and delivered proxy which casts a vote on any matter, other than a procedural matter, will be counted as present at the Annual Meeting for purposes of determining a quorum, without regard to whether the proxy is marked or designated as casting a vote or abstaining on a particular matter. Shares of the Company's Voting Common Stock represented by broker non-votes will be counted as present for purposes of determining a quorum if such shares have been voted on any matter other than a procedural matter. "Broker non-votes" are shares held in record name by brokers or other nominees on behalf of beneficial owners as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote; and (ii) the brokers or other nominees do not have discretionary voting power to vote such shares on a particular proposal.

If there is no quorum, a majority of all votes cast at the meeting may adjourn the meeting to another date.

### **What vote is required?**

For Proposal 1, if a quorum is present, a majority of the votes cast in person or by proxy for each Director position is required to elect the applicable nominee. "Majority of votes cast" means that the number of shares voted "**FOR**" a Director position exceeds 50% of the total number of votes cast with respect to that position, with votes "cast" including all votes "**FOR**" and "**AGAINST**". Cumulative voting is not permitted. "Withheld" votes and broker non-votes will not count as votes cast.

For Proposals 2 and 3, if a quorum is present, the affirmative vote of a majority of the shares of Voting Common Stock cast, in person or by proxy at the Annual Meeting, is required to approve such proposals. Abstentions and broker non-votes are not deemed to constitute "votes cast" and, therefore, do not count either for or against approval of those proposals.

For beneficial owners, the rules that guide how most brokers vote your stock have changed over the last several years. The rules provide that brokerage firms or other nominees may not vote your shares with respect to matters that are not "routine" under the rules. The rules now provide that the election of Directors is not a "routine" matter. The ratification of the appointment of our independent registered public accounting firm for 2020 is the only current proposal that is considered a "routine" matter under the rules and, therefore, brokerage firms and other nominees have the authority under the rules to vote your uninstructed shares only with respect to that matter if you have not furnished voting instructions within a specified period of time prior to the meeting.

### **How do I vote?**

For Proposals 1, the election of Directors, you may vote "**FOR**" or "**AGAINST**" the Director nominees or your authority may be "**WITHHELD**" for one or more of the nominees. For Proposals, 2 and 3, you may vote "**FOR**" or "**AGAINST**" or "**ABSTAIN**" from voting. The procedures for voting are as follows:

*Shareholder of Record: Shares Registered in Your Name.* If you are a shareholder of record, you may vote in person at the meeting. Alternatively, you may vote by proxy by following the instructions on the Notice and Access card sent to you using the Internet or telephone, or if you request paper copies of the Proxy Statement, Annual Report and proxy card, you may vote using the accompanying proxy card or by Internet or telephone. Whether or not you plan to attend the virtual meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the virtual meeting and vote during the meeting by following the instructions on the website.

To vote during the meeting, you should follow the instructions for voting provided on the virtual meeting website.

If you received a Notice and Access card, to vote by Internet or telephone, follow the instructions of the Notice and Access card. If you order paper copies of the Proxy Statement, Annual Report and proxy card, to vote by mail, simply complete, sign, and date the proxy card separately mailed to you and return it promptly in the envelope provided. To vote by Internet or telephone, follow the instructions on the proxy card for Internet or telephone voting.

If you return your signed proxy card to us before the meeting, or you vote by internet or telephone, we will vote your shares as you direct unless you revoke your proxy.

*Beneficial Owner: Shares Registered in the Name of Broker, Bank, or Other Agent.* If your shares of the Company's Voting Common Stock are held in "street name," that is, your shares are held in the name of a brokerage firm, bank, or other nominee, in lieu of a Notice and Access card you should receive a voting instruction form from that institution by mail. Complete and return the instruction card to ensure that your vote is counted.

If you would like to participate in the meeting and vote your shares during the meeting, you must complete the registration process described in "INFORMATION REGARDING THE ANNUAL MEETING – Attendance by "Street Name" Holders of Customers Shares." We recommend that you vote your shares in advance as described above so that your vote will be counted if you later decide not to attend the meeting.

#### **What if I return a proxy card but do not make specific choices?**

If you return a signed proxy card without marking any voting selections, your shares will be voted "**FOR**" Proposals 2 and 3, and "**FOR**" the nominees recommended by the Board of Directors. If any other matter is properly presented at the meeting, then one of the proxies named on the proxy card will vote your shares using his or her best judgment.

#### **What if I receive more than one proxy card or voting instruction form?**

If you receive more than one proxy card, Notice and Access card, or voting instruction card because your shares are held in multiple accounts or registered in different names or addresses, please be sure to complete, sign, date, and return each proxy card, or vote your shares online for each Notice and Access card received and return each voting instruction card to ensure that all of your shares will be voted. Only shares relating to proxy cards and voting instruction forms that have been signed, dated, and timely returned or shares that have been voted online relating to Notice and Access cards, will be counted in the quorum and voted.

#### **Who will count the votes and how will my votes be counted?**

Votes will be counted by the judge of election appointed by the Board of Directors for the Annual Meeting. The judge of election will count, "**FOR**," "**AGAINST**" or "**ABSTAIN**" votes, as applicable, for Proposals 1, 2 and 3.

#### **Can I change my vote after I have sent you my proxy?**

Yes. You can revoke your proxy at any time before the applicable vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy with a later date;
- You may send a written notice that you are revoking your proxy to our Corporate Secretary at our principal executive offices: 1015 Penn Ave. Suite 103, Wyomissing, Pennsylvania 19610; or
- You may attend the meeting and vote electronically (however, simply attending the meeting will not, by itself, revoke your proxy).

If your shares are held by a broker, bank, or other agent, you should follow the instructions provided by them.

#### **How may I communicate with the Board of Directors?**

Please address any communications to the Company's Board of Directors, or any individual director, in writing to the Company's Corporate Secretary at 1015 Penn Ave., Suite 103, Wyomissing, Pennsylvania 19610. The Corporate Secretary will relay all shareholder communications to the Board of Directors or any individual director to whom communications are directed. This is also the process by which any interested party may communicate with the Lead Independent Director and our non-employee Directors as a group.

**Who will bear the cost of soliciting proxies?**

The Company will bear the entire cost of the solicitation of proxies for the meeting, including the preparation, assembly, printing, and distribution of this Proxy Statement, the Notice and Access mailing, the proxy card and any additional solicitation materials furnished to shareholders. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries, and custodians holding shares in their names that are beneficially owned by others so that they may forward the solicitation materials to the beneficial owners. The Company may reimburse such persons for their reasonable expenses in forwarding solicitation materials to beneficial owners. The Company has engaged Georgeson, Inc. ("Georgeson"), a professional proxy solicitation firm, to assist in the solicitation of proxies for the 2020 Annual Meeting. Georgeson will be paid a fee of approximately five thousand five hundred dollars (\$5,500). The solicitation of proxies may be supplemented by solicitation by personal contact, telephone, facsimile, email, or any other means by the Company's Directors, officers, or employees. No additional compensation will be paid to those individuals for any such services.

**How can I find out the results of the voting at the meeting?**

The Company will provide the voting results in a Form 8-K to be filed with the SEC no later than the fourth business day after the Annual Meeting.

**What is the recommendation of the Board of Directors?**

The Company's Board of Directors recommends a vote:

**FOR** each of the nominees for election as Class III Directors of the Company to serve a three-year term named in Proposal 1;

**FOR** Proposal 2 to ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2020; and

**FOR** Proposal 3 to approve a non-binding advisory resolution on executive officer compensation.

With respect to any other matter that properly comes before the meeting, the proxies will vote in accordance with their best judgment. The judge of election for the meeting will be a representative of our transfer agent, Computershare, Inc., or, in his or her absence, one or more other individuals to be appointed in accordance with the Company's bylaws.

If you vote pursuant to the Notice and Access cards, or using the proxy card, and you do not specify how you want to vote, the persons named as proxies will vote in accordance with the recommendations of the Company's Board of Directors with respect to each proposal, and in their discretion with respect to any other matter properly brought before the Annual Meeting.

**Whom should I call if I have questions about the meeting?**

Prior to the date of the meeting, you should contact Michael A. De Tommaso, our Corporate Secretary, at (484) 334-4233 for questions about the meeting. If you have any trouble accessing the webcast or experience any technical difficulties during the Annual Meeting, including any issues regarding voting or submitting questions, please visit <https://support.vevent.com/>.

## ANNUAL REPORT

A Notice and Access card was mailed on or about April 14, 2020 to our shareholders of record as of the close of business on April 2, 2020 informing those shareholders that a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, containing, among other things, financial statements examined by our independent registered public accounting firm, as well as this Proxy Statement, was available electronically for their inspection and use at **[www.envisionreports.com/CUBI](http://www.envisionreports.com/CUBI)**.

Upon written request of any shareholder, a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, including the financial statements and schedules, required to be filed with the SEC may be obtained, without charge, from the Company's Corporate Secretary at 1015 Penn Ave., Suite 103, Wyomissing, Pennsylvania 19610. The Annual Report on Form 10-K can also be obtained by going to the Company's website at [www.customersbank.com](http://www.customersbank.com), and selecting "Investor Relations" and then "SEC Filings."

SHAREHOLDERS ARE URGED TO SIGN, DATE AND RETURN PROMPTLY THE PROXY CARD THAT WAS SEPARATELY MAILED TO ALL SHAREHOLDERS OR FOLLOW THE INSTRUCTIONS FOR INTERNET OR TELEPHONE VOTING THAT WERE PROVIDED AS PART OF THE NOTICE AND ACCESS CARD.

**By Order of the Board of Directors**

A handwritten signature in blue ink, appearing to read "Michael De Tommaso", is centered on the page.

Michael De Tommaso, Corporate Secretary

## CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

### APPENDIX A: RECONCILIATION OF GAAP TO NON-GAAP MEASURES

(Dollars in thousands)

Customers believes that the non-GAAP measurements disclosed within this document are useful for investors, regulators, management and others to evaluate our results of operations and financial condition relative to other financial institutions. Presentation of these non-GAAP financial measures is consistent with how Customers evaluates its performance internally and 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 financial results, which we believe enhance an overall understanding of our performance. Investors should consider our performance and financial condition as reported under GAAP and all other relevant information when assessing our performance or financial condition. Although non-GAAP financial measures are frequently used in the evaluation of a company, they have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results of operations or financial condition as reported under GAAP.

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

#### Core Earnings - Customers Bancorp

(dollars in thousands except per share data)

	Twelve Months Ended December 31, 2019		Twelve Months Ended December 31, 2018	
	USD	Per share	USD	Per share
GAAP net income to common shareholders	\$ 64,868	\$ 2.05	\$ 57,236	\$ 1.78
Reconciling items (after tax):				
Severance expense	373	0.01	1,421	0.04
Loss upon acquisition of interest-only GNMA securities	5,682	0.18	—	—
Merger and acquisition related expenses	76	—	3,312	0.10
Losses on sale of multi-family loans	—	—	868	0.03
Legal reserves	1,520	0.05	—	—
(Gains) losses on investment securities	(1,912)	(0.06)	15,646	0.49
Losses on sale of non-QM residential mortgage loans	595	0.02	—	—
Core earnings	<u>\$ 71,202</u>	<u>\$ 2.25</u>	<u>\$ 78,483</u>	<u>\$ 2.43</u>

#### Net Interest Margin, Tax Equivalent - Customers Bancorp

(dollars in thousands except per share data)

	Twelve Months Ended December 31,						
	2019	2018	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
GAAP net interest income	\$ 277,310	\$ 257,877	\$ 77,593	\$ 75,735	\$ 64,679	\$ 59,304	\$ 61,524
Tax-equivalent adjustment	735	685	187	184	183	181	171
Net interest income tax equivalent	<u>\$ 278,045</u>	<u>\$ 258,562</u>	<u>\$ 77,780</u>	<u>\$ 75,919</u>	<u>\$ 64,862</u>	<u>\$ 59,485</u>	<u>\$ 61,695</u>
Average total interest earning assets	\$10,123,708	\$10,011,799	\$10,676,730	\$10,667,198	\$ 9,851,150	\$ 9,278,413	\$ 9,518,120
Net interest margin, tax equivalent	2.75 %	2.58 %	2.89 %	2.83 %	2.64 %	2.59 %	2.57 %