



Statement of Condition

September 30, 2010



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Member FDIC

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Chairman's Letter

To the shareholders in Customers Bank:

Customers Bank posted Net Income of \$28.4 million in third quarter 2010 versus Net Income of \$0.4 million in the second quarter of 2010 and a Net Loss of \$1.4 million in the third quarter of 2009.

Highlights of the Third Quarter of 2010:

- Acquired two banks in FDIC assisted transactions (USA Bank and ISN Bank)
- Announced the acquisition of Berkshire Bancorp, Inc.
- Opened four new branch offices
- Experienced strong organic deposit growth
- Increased book value per share by 34% to \$4.31 per share

Total revenue, excluding the Bargain Purchase Gains, increased to \$7.7 million for the third quarter versus \$5.1 million in the previous quarter and \$2.2 million in the third quarter of 2009.

On July 9, 2010 and September 17, 2010, Customers Bank acquired USA Bank in Port Chester, New York and ISN Bank in Cherry Hill, New Jersey, respectively, from the FDIC in two transactions that resulted in Bargain Purchase Gains of approximately \$25.0 million, net of taxes. The acquisition of these two bank franchises expanded the Customers Bank footprint into New York and New Jersey.

Total deposits increased to \$904.3 million, a \$351.3 million increase from the previous quarter and a \$590.8 million increase from December 31, 2009. During the third quarter, the Bank opened four new branches generating over \$90.8 million in deposits. The Bank also grew existing branch deposits by \$36.8 million bringing the five existing offices to \$433.3 million in deposits. The strong growth came primarily from the organic growth in money market and certificate of deposit accounts. Demand deposit account growth continues to be strong at \$68.5 million for September 30, 2010 from \$18.5 million at December 31, 2009 and will continue to be an emphasis going forward. The two acquired bank branches contributed \$223.7 million to total deposits, including \$8.7 million of demand deposit accounts at September 30, 2010.

During the quarter, the Bank entered the Berks County market with the opening of a regional headquarters and a new branch in Wyomissing, Pennsylvania, the hiring of four commercial lenders and the announcement of entering into a definitive agreement to acquire Berkshire Bancorp, Inc. which is headquartered in Berks County and is expected to be completed at the end of the first quarter of 2011. The Bank's goal is to create a \$500 million Berks County Bank division over the next three to five years.

The Bank's loan portfolio grew \$341.3 million during the third quarter primarily due to growth in mortgage loans of \$81.8 million and the purchase of a seasoned manufactured housing loan portfolio of \$104.5 million in August 2010. The Bank's loan portfolio grew \$577.4 million since December 31, 2009 primarily due to a \$312.5 million increase in the mortgage loan portfolio. The two acquired banks held loans totaling \$165.3 million at September 30, 2010.

During the third quarter, the net interest margin expanded by 11 basis points to 2.87% from 2.76% in the second quarter. This increase was primarily due to a 56 basis point increase in the loan yield primarily related to the Bank's purchased manufactured housing loans with a yield of approximately 8.00%. Net interest income during the third quarter grew by 72% from \$3.6 million in second quarter 2010 to \$6.2 million while average earning assets grew 48% to \$873.3 million at September 30, 2010.

Other Customer Bank Team Contacts

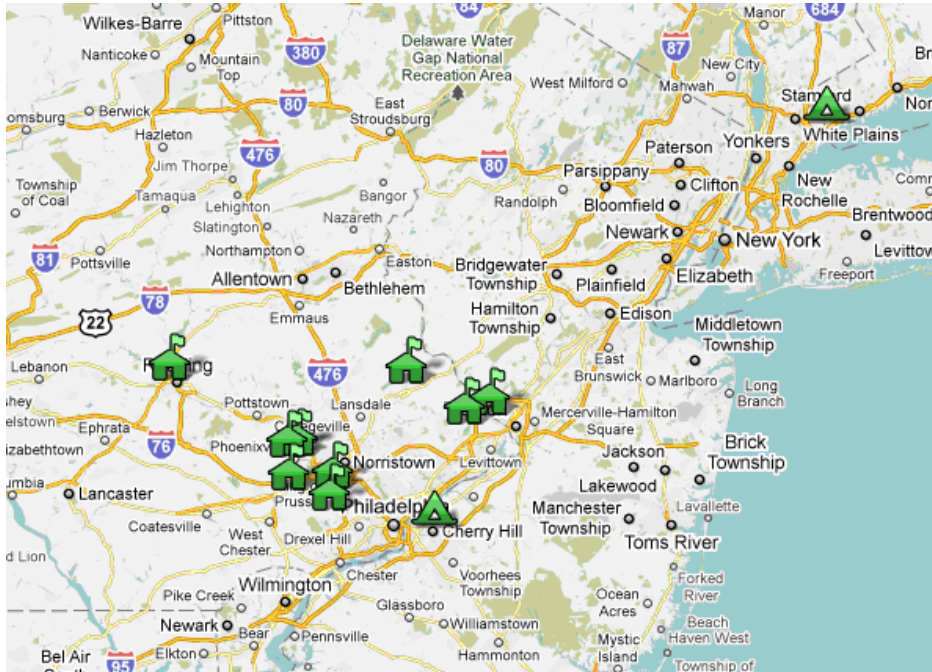
Richard Ehst	◆ President, Chief Operating Officer ◆	610-917-3263
Tom Brugger	◆ EVP, Chief Financial Officer ◆	484-359-7113
Warren Taylor	◆ President, Community Banking ◆	267-390-4080
Jim Collins	◆ EVP, Chief Administrative Officer ◆	267-327-4942
Jim Hogan	◆ EVP, Enterprise Risk Management ◆	610-812-7110
Glenn Hedde	◆ EVP, Specialty Lending ◆	609-249-8877
Tom Jastrem	◆ EVP, Chief Credit Officer ◆	484-923-8814
Bob White	◆ EVP, President Special Assets ◆	484-359-7143
Trudy Hackney	◆ SVP, General Counsel ◆	484-359-7135
Mary Lou Scalese	◆ SVP, Chief Auditor ◆	484-359-7133

Branch Location & Contacts

Doylestown 73 Old Dublin Pike Doylestown, PA 18901 <i>Dominick Paciolla, Branch Manager</i> 267-327-4939	Kimberton 513 Kimberton Road Phoenixville, PA 19560 <i>Terry Grassley, Branch Manager</i> 610-415-9090	Phoenixville 99 Bridge Street Phoenixville, PA 19460 <i>Terry Grassley, Branch Manager</i> 610-933-7195
Malvern/Frazer Lincoln Court Shopping Center 215 Lancaster Avenue Malvern, PA 19355 <i>Sheryl Shindel, Branch Manager</i> 610-251-7000	Newtown/Langhorne 12 Summit Square Center Rte. 413 & Doublewoods Road Langhorne, PA 19047 <i>Kevin Beauparlant, Branch Manager</i> 267-352-3012	Newtown Square Branch St. Albans Shopping Center 3557 West Chester Pike Newtown Square, PA 10973 <i>Philip Moss, Branch Manager</i> 484-356-4000
Wayne 153 East Lancaster Avenue Wayne, PA 19087 <i>David Rebmann, Branch Manager</i> 610-995-0040	Wyomissing 1001 Penn Avenue Wyomissing, PA 19610 <i>Angie Lattanzio, Branch Manager</i> 484-334-4224	Yardley 1 South Main Street Yardley, PA 1067 <i>Todd Milligan, Branch Manager</i> 215-493-1872
ISN Bank Liberty View Bldg., Suite 100 457 Haddonfield Road Cherry Hill, NJ 08002 856-675-6161	USA Bank 601 North Main Street Port Chester, PA 10573 <i>Christian Sanchez, Branch Manager</i> 914-417-3200	Opening January 2011 Hamilton 2419 Nottingham Way Hamilton, NJ 08619 <i>Deb Runyon, Branch Manager</i> 609.284.2755

Commercial Banking Team

Tim Romig	◆	EVP, Chief Lending Officer	◆	484-923-2176
Ed Gallagher	◆	SVP, Chester/Delaware Counties	◆	484-917-3267
Rob Fischer	◆	SVP, Commercial Lending	◆	484-923-2176
Keith Phillips	◆	SVP, Commercial Lending	◆	484-923-2178
Chad Johnson	◆	VP, Commercial Lending	◆	484-923-2177
Joe Swarr	◆	VP, Loan Administration	◆	484-359-7119
Rose Radcliff	◆	Portfolio Manager	◆	484-359-7131



Source: Google Maps

www.customersbank.com

Non-interest income increased \$0.6 million to \$1.4 million in the third quarter compared to \$0.7 million in the second quarter when excluding the Bargain Purchase Gains on the acquisitions of USA and ISN Banks and gains on sales of investment securities. This increase is primarily related to fees on the Bank's mortgage lending business and loan fees of approximately \$0.4 million.

Non-interest expense increased \$7.9 million from the second quarter as the Bank added management, occupancy, equipment and systems to support the additional branches and to continue its future growth. In addition, several compensation plans had provisions that vested upon the acquisition of USA Bank in July 2010 constituting approximately \$4.8 million of this increase. In addition, merger costs related to USA and ISN Banks were approximately \$0.7 million, impairment adjustments for two other real estate owned properties were \$0.2 million and expenses related to other real estate owned and workout of the loan portfolio were approximately \$0.3 million. The \$0.2 million increase in loan workout expenses primarily relate to one-time costs for appraisals, legal and other expenses to determine the fair value of the acquired loans.

During the third quarter, the Bank removed the valuation allowance on the net deferred tax asset offsetting income tax expense resulting in income tax expense of approximately \$2.1 million for the third quarter.

Asset Quality

The Bank added \$4.1 million to its Allowance for Loan Loss during the 3rd quarter. A \$3.0 million increase from \$1.1 million in the second quarter of 2010 and \$1.0 million in the second quarter of 2009.

During the quarter, the Bank also purchased a \$104.5 million portfolio of seasoned manufactured housing loans with a 10% cash reserve to cover delinquent interest and subsequent credit losses. This credit reserve of \$10.5 million is maintained in a non-interest bearing DDA account at the Bank.

The Bank also entered into loss sharing agreements with the FDIC that collectively cover unpaid loan principal balances of approximately \$193.9 million which include single family residential mortgage loans, commercial real estate loans and other commercial loans and approximately \$5.1 million of other real estate owned (collectively, the Covered Assets). The FDIC will reimburse the Bank for 80% of losses with respect to the Covered Assets in accordance with the loss sharing agreements. The loss sharing agreements applicable to single family residential mortgage loans provide for FDIC loss sharing for ten years. The loss sharing agreement applicable to commercial loans and OREO provides for FDIC loss sharing for five years.

Non-performing assets consisting of non-accrual loans, loans that are past due 90 days or more and accruing and other real estate owned not covered under FDIC loss sharing agreements have increased incrementally from \$21.9 million at June 30, 2010 to \$24.3 million for September 30, 2010. Non-performing assets have decreased to 2.83% of total not covered assets in the third quarter of 2010 from 3.45% in the second quarter 2010 and 4.46% at December 31, 2009.

Thank you for your support and continued interest in Customers Bank.

Sincerely,

Jay S. Sidhu, Chairman and CEO, 610-935-8693

Statement of Condition

	Sept. 30, 2010	Dec. 31, 2009	Sept. 30, 2009
(unaudited, dollars in thousands)			
Interest Bearing Cash and Fed Funds Sold	\$ 142,100	\$ 64,636	\$ 17,148
Investment Securities	11,261	44,588	39,003
Loans Receivable			
Mortgage	328,943	16,435	-
Commercial	185,650	178,186	183,476
Consumer and Residential	32,033	35,677	33,446
Manufactured Housing	104,476	-	-
Allowance for loan losses	(14,621)	(10,032)	(8,545)
Loans receivable not covered under FDIC loss sharing agreements, net	636,481	220,266	208,377
Loans receivable covered under FDIC loss sharing agreements	161,208	-	-
Total loans receivable, net	797,689	220,266	208,377
FDIC indemnification asset	36,531	-	-
Other assets	36,983	20,270	15,727
Total Assets	\$ 1,024,564	\$ 349,760	\$ 280,255
Demand deposit accounts	\$ 68,435	\$ 18,502	\$ 17,077
Interest checking, savings and money market accounts	493,223	94,033	51,597
Certificates of deposits	289,061	171,294	143,064
Certificates of deposits - Brokered	53,626	30,098	30,084
Total Deposits	904,345	313,927	241,822
Borrowings	13,000	13,000	13,000
Other Liabilities	11,288	1,330	1,539
Total Liabilities	928,633	328,257	256,361
Stockholders' Equity	95,931	21,503	23,894
Total Liabilities and Stockholders' Equity	\$ 1,024,564	\$ 349,760	\$ 280,255

Income Statement

	Three Months Ended	
	Sept. 30, 2010	Sept. 30, 2009
(unaudited, dollars in thousands except for per share data)		
Interest Income	\$ 9,466	\$ 3,490
Interest Expense	3,220	1,469
Net Interest Income	6,246	2,021
Provision for loan losses	4,075	1,000
Net Interest income after provision for loan losses	2,171	1,021
Non-Interest Income		
Deposit, loan and mortgage fees	1,046	21
Bargain purchase gain on bank acquisitions	38,517	-
Gains on sales of investment securities	35	54
Other	325	97
Total non-interest income	39,923	172
Non-Interest Expense		
Salaries and benefits	7,552	1,244
Occupancy and equipment	601	317
Loan workout and other real estate owned	531	251
Other	2,858	784
Total non-interest expense	11,542	2,596
Net income (loss) before income tax expense	30,552	(1,403)
Income tax expense	2,138	-
Net Income (loss)	\$ 28,414	\$ (1,403)
Earnings(loss) per share – Basic	\$ 1.31	\$ (0.29)
Weighted average shares – Basic	21,645,397	4,848,610
Earnings(loss) per share – Diluted	\$ 1.30	\$ (0.29)
Weighted average shares – Diluted	21,928,771	4,848,610

Executive Offices

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