UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2025

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____.

001-35542
(Commission File Number)



(Exact name of registrant as specified in its charter)
Customers Bancorp, Inc.

Pennsylvania	**27-2290659**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

701 Reading Avenue
West Reading, PA 19611
(Address of principal executive offices)
(610) 933-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbols	Name of Each Exchange on which Registered
Voting Common Stock, par value $1.00 per share	CUBI	New York Stock Exchange
5.375% Subordinated Notes due 2034	CUBB	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of common stock held by non-affiliates of the registrant was approximately $1,714,105,685 as of June 30, 2025, based upon the closing price quoted on the New York Stock Exchange for such date. Shares of common stock held by each executive officer and director have been excluded because such persons may under certain circumstances be deemed to be affiliates. This determination of executive officer or affiliate status is not necessarily a conclusive determination for other purposes.

On February 24, 2026, 34,212,174 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be delivered to shareholders in connection with the 2026 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report.

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FORWARD-LOOKING STATEMENTS

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

In addition to the risks described in the "Risk Factors" section of this Annual Report on Form 10-K and the other reports we file with the SEC, important factors to consider and evaluate with respect to such forward-looking statements include:

- a prolonged downturn in the economy, particularly in the geographic areas in which we do business, or an unexpected decline in real estate values within our market areas;
- the impact of forbearances or deferrals we are required to provide or that we agree to as a result of borrower requests and/or government actions, including, but not limited to our potential inability to fully recover deferred payments from the borrower or the collateral;
- inflation, interest rate, securities market and monetary fluctuations;
- continued volatility in the credit and equity markets and its effect on the general economy;
- our ability to attract and retain deposits and other sources of liquidity;
- public health crises and pandemics and their effects on the economic and business environments in which we operate;
- geopolitical conditions, including acts or threats of terrorism, actions taken by the United States or other governments in response to acts or threats of terrorism and military conflicts, including the war between Russia and Ukraine and ongoing conflict in the Middle East, which could impact economic conditions in the United States;
- the effects of actions by the federal government, including the Board of Governors of the Federal Reserve System and other government agencies, that affect market interest rates and the money supply; actions that we and our customers take in response to these developments and the effects such actions have on our operations, products, services and customer relationships;
- the impact that changes in the economy have on the performance of our loan and lease portfolio, the market value of our investment securities, the demand for our products and services and the availability of sources of funding;
- higher inflation and its impacts;
- our ability to raise additional funding in the capital markets, if necessary, to fund our operations and business plan;
- the effects of changes in U.S. trade policies, including the imposition of tariffs and retaliatory tariffs on its trading partners;
- changes in the financial performance and/or condition of our borrowers or depositors;
- changes in the level of non-performing and classified assets and charge-offs, which may require us to increase our allowance for credit losses, charge off loans and leases and incur elevated collection and carrying costs related to such non-performing assets;
- changes in estimates of our future loss reserve requirements under CECL based upon our periodic review thereof under relevant regulatory and accounting requirements;
- potential claims, damages, penalties, fines and reputational damage arising from litigation and regulatory and government actions relating to our participation in and execution of government programs related to the COVID-19 pandemic or as a result of our action in response to, or failure to implement or effectively implement, applicable federal, state and local laws, rules or executive orders requiring that we grant forbearances or not act to collect amounts due under our loans;
- the effects of changes in accounting policies and practices, as may be adopted by the regulatory agencies, Financial Accounting Standards Board and other accounting standard setters;

- changes in external competitive market factors that might impact our results of operations;
- changes in laws and regulations, including, without limitation, changes in capital requirements under Basel III;
- the extensive federal and state regulation, supervision and examination governing almost every aspect of our operations and potential expenses associated with complying with such regulations;
- the effects of heightened regulatory requirements applicable to banks with assets in excess of $10 billion;
- changes in our business strategy or an inability to execute our strategy due to the occurrence of unanticipated events;
- local, regional and national economic conditions and events and the impact they may have on us and our borrowers and depositors;
- costs and effects of legal and regulatory oversight and legal developments, including the results of regulatory examinations and the outcome of regulatory or other governmental inquiries and proceedings, such as fines, restrictions on our business activities or reputational damage;
- any failure of ours to comply with anti-money laundering and anti-terrorism financing laws;
- our ability to identify borrowers and make loans at terms that are favorable to us;
- our ability to attract and retain qualified personnel;
- timely development and acceptance of new banking products and services and perceived overall value of these products and services by users;
- our ability to execute our digital distribution strategy;
- technological changes, including acceptance and success of our proprietary B2B instant payments platform, cubiX, which is subject to a variety of factors that are difficult to evaluate;
- changes in consumer spending, borrowing and saving habits;
- our ability to successfully implement our growth strategy, control expenses and maintain liquidity;
- our ability to engage third-party service providers and the ability of our third-party service providers to adequately perform their services;
- costs and effects of system failures or cybersecurity incidents or other breaches of our network security and the network security of our third-party service providers and our borrowers and depositors;
- the businesses of Customers Bank and any acquisition targets or merger partners and subsidiaries not being integrated successfully or such integration being more difficult, time-consuming or costly than expected;
- material differences in the actual financial results of merger and acquisition activities compared with our expectations, such as with respect to the full realization of anticipated cost savings and revenue enhancements within the expected time frame;
- regulatory limits on our ability to receive dividends from our subsidiaries and pay dividends to our shareholders;
- our ability to manage the risks of change in our deposit and loan mix;
- our ability to manage the risks inherent in our consumer loan and mortgage portfolios;
- shareholder and analyst ratings and sentiment, and the effects they may have on the price at which our securities trade;
- our ability to identify potential candidates for, and consummate, acquisition or investment transactions;
- constraints on our ability to consummate an attractive acquisition or investment transaction because of significant competition for those opportunities;
- our ability to manage servicing, processing forgiveness, and guarantee submissions of PPP loans; and
- any reputation, credit, interest rate, market, operational, litigation, legal, liquidity, regulatory and compliance risk resulting from developments related to any of the risks discussed above.

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

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

The following list of abbreviations and acronyms may be used throughout this Report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements.

2004 Plan	2012 Amendment and Restatement of the Customers Bancorp, Inc. Amended and Restated 2004 Incentive Equity and Deferred Compensation Plan
2010 Plan	2010 Stock Option Plan
2019 Plan	2019 Stock Incentive Plan
2024 Share Repurchase Program	Share repurchase program authorized by the Board of Directors of Customers Bancorp in 2024
2026 Share Repurchase Program	Share repurchase program authorized by the Board of Directors of Customers Bancorp in 2026
ACL	Allowance for Credit Losses
AFS	Available for sale
AI	Artificial Intelligence
AOCI	Accumulated Other Comprehensive Income (Loss)
API	Application Programming Interface
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	Automated Teller Machine
B2B	Business-to-business
Bancorp	Customers Bancorp, Inc.
Bank	Customers Bank
BBB spread	BBB rated corporate bond spreads to U.S. Treasury securities
BHC Act	Bank Holding Company Act of 1956, as Amended
BMT	BankMobile Technologies, Inc.
BM Technologies	BM Technologies, Inc.
BOLI	Bank-Owned Life Insurance
BTFP	Bank Term Funding Program
CARES Act	Coronavirus Aid, Relief and Economic Security Act
CBCA	Change in Bank Control Act
CBIT™	Customers Bank Instant Token
CCF	Customers Commercial Finance, LLC
CECL	Current Expected Credit Losses
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFPB	Consumer Financial Protection Bureau
CISO	Chief Information Security Officer
CMO	Collateralized Mortgage Obligation
Code	U.S. Internal Revenue Code of 1986, as Amended
CODM	Chief Operating Decision Maker
Commission	United States Securities and Exchange Commission
Company	Customers Bancorp, Inc. and subsidiaries
COSO	Committee of Sponsoring Organizations of the Treadway Commission
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CRA	Community Reinvestment Act

CSR	Corporate Social Responsibility
CUBI	Symbol for Customers Bancorp, Inc. common stock traded on the NYSE
CubiX	Customers Bank's proprietary B2B instant payments platform
Customers	Customers Bancorp, Inc. and Customers Bank, collectively
Customers Bancorp	Customers Bancorp, Inc.
DCF	Discounted cash flow
Department	Pennsylvania Department of Banking and Securities
DIF	Deposit Insurance Fund
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DOJ	United States Department of Justice
ECOA	Equal Credit Opportunity Act
EGRRCPA	The Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018
ERISA	Employee Retirement Income Security Act of 1974, as Amended
ESPP	Employee Stock Purchase Plan
EVE	Economic Value of Equity
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
Fed Funds	Federal Reserve Board's Effective Federal Funds Rate
Federal Reserve, Federal Reserve Board	Board of Governors of the Federal Reserve System
FFIEC	Federal Financial Institutions Examination Council
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank
FICO	Fair Isaac Corporation
Fintech	Third-Party Financial Technology
FRB	Federal Reserve Bank of Philadelphia
FTC Act	Federal Trade Commission Act
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation in the European Union
GENIUS Act	Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025
GLBA	Gramm-Leach-Bliley Act of 1999
Higher One	Higher One Holdings, Inc.
HMDA	Home Mortgage Disclosure Act
HTM	Held to maturity
HUD	U.S. Department of Housing and Urban Development
Insiders	Directors, Officers, Employees and 10%-or-Greater Shareholders
Interstate Act	Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994
Interstate MOU	Memorandum of Understanding between Banking Regulators in the States of New Jersey, New York and Pennsylvania
IRS	Internal Revenue Service
ISO	International Organization for Standardization
LIBOR	London Interbank Offered Rate
LPO	Limited Purpose Office
Malware	Unauthorized Software
MMDA	Money Market Deposit Accounts
MMLF	Money Market Mutual Fund Liquidity Facility

MOU	Memorandum of Understanding
NIST	National Institute of Standards & Technology
NIM	Net interest margin, tax equivalent
NM	Not Meaningful
NPA	Non-Performing Asset
NPI	Non-Public Personal Information
NPL	Non-Performing Loan
NYSE	New York Stock Exchange
OBBBA	One Big Beautiful Bill Act
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income (Loss)
OFAC	Office of Foreign Assets Control
OREO	Other Real Estate Owned
PCAOB	Public Company Accounting Oversight Board (United States)
PCD	Purchased Credit-Deteriorated
PPP	Paycheck Protection Program
PPPLF	FRB Paycheck Protection Program Liquidity Facility
Rate Shocks	Interest rates rising or falling immediately
RESPA	Real Estate Settlement Procedures Act
ROU	Right-Of-Use
SAB	SEC Staff Accounting Bulletin
SAG	Special Assets Group
SBA	U.S. Small Business Administration
SBA loans	Loans originated pursuant to the rules and regulations of the SBA
SEC	United States Securities and Exchange Commission
Securities Act	Securities Act of 1933, as Amended
Series C Preferred Stock	Fixed-to-floating rate non-cumulative perpetual preferred stock, Series C
Series D Preferred Stock	Fixed-to-floating rate non-cumulative perpetual preferred stock, Series D
Series E Preferred Stock	Fixed-to-floating rate non-cumulative perpetual preferred stock, Series E
Series F Preferred Stock	Fixed-to-floating rate non-cumulative perpetual preferred stock, Series F
SERP	Supplemental Executive Retirement Plan
Share Repurchase Program	Share repurchase program authorized by the Board of Directors of Customers Bancorp in 2021
SOFR	Secured Overnight Financing Rate
Tax Act	2017 Tax Cuts and Jobs Act
TDR	Troubled Debt Restructuring
TILA	Truth in Lending Act
UDAAP	Unfair, Deceptive or Abusive Acts and Practices
UDAP	Unfair or Deceptive Act or Practice
USA PATRIOT Act	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001
U.S. GAAP	Accounting Principles Generally Accepted in the United States of America
VA	United States Department of Veterans Affairs
VIE	Variable Interest Entity
VOE	Voting Interest Entity

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

PART I

Item 1. Business

Customers Bancorp is a bank holding company engaged in banking activities through its wholly owned subsidiary, Customers Bank, collectively referred to as "Customers" herein. Customers is a forward-thinking bank with strong risk management that provides commercial and consumer customers the stability and trust inherent in working with an established and regulated financial institution. The Bank has diversified lending activities that build overall franchise value and a high-tech, high-touch, branch-light strategy that serves its customers through a single-point-of-contact private banking strategy. The Bank serves commercial businesses, through community, SBA, and private client groups. The Bank also serves corporate businesses nationwide, including healthcare, real estate specialty finance, fund finance, technology and venture capital banking, financial institutions group, mortgage finance and commercial equipment financing, as well as commercial real estate companies in the Bank's geographic markets and provides payments and treasury services. The Bank serves consumers through its branch network, provides residential mortgages, and personal loan and deposit products including through relationships with fintech companies and Banking-as-a-Service to fintech companies.

Business Summary

Customers Bancorp and its wholly owned subsidiary, Customers Bank, provide banking products, primarily loans and deposits, to businesses and consumers through its branches, limited production offices and administrative offices in Berks County and Southeastern Pennsylvania (Bucks, Chester and Philadelphia Counties); New York (Westchester and Suffolk Counties, and Manhattan); Hamilton, New Jersey; Boston, Massachusetts; Providence, Rhode Island; Portsmouth, New Hampshire; California (Southern California and the Bay Area); Nevada (Las Vegas and Reno); and other locations. The Bank has a diversified lending business consisting of geographically in-market commercial banking offerings such as commercial and industrial loans, commercial real estate loans, multifamily loans and consumer banking products such as residential mortgage loans. In addition, on a national level, the Bank provides financing to corporate businesses such as specialized lending, mortgage finance loans, commercial equipment financing and SBA lending. The Bank also offers digital banking to commercial and consumer businesses nationwide, including payments and treasury services to businesses, consumer loans through relationships with fintech companies and Banking-as-a-Service to fintech companies. The Bank's specialized lending includes fund finance, real estate specialty finance, technology and venture, healthcare and financial institutions group and municipal finance. At December 31, 2025, Customers had total assets of $24.9 billion, including total loans and leases, net of the ACL of $16.6 billion, total deposits of $20.8 billion and shareholders' equity of $2.1 billion.

Customers differentiates itself through its superior technology capabilities combined with a unique single-point-of-contact business strategy executed by very experienced management teams. Customers' strategic plan is to become a leading regional bank holding company through organic core loan and deposit growth, team recruitment and opportunistic value-added acquisitions. Customers identifies itself as a forward-thinking bank with strong risk management and differentiates itself from its competitors through its focus on state-of-the-art technology and exceptional customer service. Customers' corporate social responsibility, or CSR practices, emphasize its unwavering commitment to its team members, customers, shareholders, and communities in which we live and work. The primary customers of the Bank are privately held businesses, business customers, large corporate clients, not-for-profit organizations and consumers.

The Bank's lending activities are primarily funded by deposits from its branch-light business model, which seeks higher deposit levels per branch than a typical bank, combined with lower branch operating expenses, without sacrificing exceptional customer service, and its digital bank deposit offerings. Customers may create franchise value through a disciplined approach to acquisitions, both in terms of identifying opportunities and structuring transactions. Enterprise risk management is at the core of the strategies Customers employs.

The management team of Customers consists of experienced banking executives led by its Executive Chairman, Jay Sidhu, who joined Customers in June 2009 and Samvir ("Sam") Sidhu was named as the President and Chief Executive Officer of Customers Bank and the President of Customers Bancorp in July 2021, and was subsequently appointed to the additional position of CEO of Customers Bancorp in January 2026. Mr. Jay Sidhu brings over 40 years of banking experience, including 20 years as the CEO and Chairman of Sovereign Bancorp. Mr. Sam Sidhu joined Customers in 2020 as the Vice Chair and Chief Operating Officer of Customers Bank and the Head of Corporate Development of Customers Bancorp. Mr. Sam Sidhu, son of Mr. Jay Sidhu, was the founder and chief executive of Megalith Capital Management and the chief executive of Megalith Financial Acquisition Corp., a NYSE-listed financial technology-based special purpose acquisition company. Prior to launching Megalith Capital Management, Mr. Sam Sidhu worked at Providence Equity Partners and at Goldman Sachs. Many other management team members have significant experience helping build and lead other banking organizations. Combined, the Customers management team has significant experience in building a banking organization, completing and integrating mergers and acquisitions and developing valuable community and business relationships in its core markets.

Background and History

Customers Bancorp was incorporated in Pennsylvania in April 2010 to facilitate a reorganization into a bank holding company structure pursuant to which the Bank became a wholly owned subsidiary of Customers Bancorp (the "Reorganization") on September 17, 2011. Customers Bancorp's corporate headquarters are located at 701 Reading Avenue, West Reading, PA 19611. The main telephone number is (610) 933-2000.

The deposits of the Bank are insured by the FDIC. The Bank's home office is located at 40 General Warren Boulevard, Malvern, PA 19355. The main telephone number is (610) 933-2000.

Executive Summary

Customers' Markets

Market Criteria

Customers looks to grow organically as well as through selective acquisitions opportunistically in its current and prospective markets. Customers believes that there is significant opportunity to both enhance its presence in its current markets and enter new complementary markets that meet its objectives. Customers focuses on markets and industries that it believes are characterized by some or all of the following:

- Attractive deposit bases;
- Population density;
- Concentration of business activity;
- Significant market share held by large banks;
- Advantageous competitive landscape that provides opportunity to achieve meaningful market presence;
- Lack of consolidation in the banking sector and corresponding opportunities for add-on transactions;
- Potential for economic growth over time;
- Management experience in the applicable markets; and
- Advanced technology needs.

Current Markets

Customers serve businesses and residents in Berks County and Southeastern Pennsylvania (Bucks, Chester and Philadelphia Counties); New York (Westchester and Suffolk Counties, and Manhattan); Hamilton, New Jersey; Boston, Massachusetts; Providence, Rhode Island; Portsmouth, New Hampshire; California (Southern California and the Bay Area); Nevada (Las Vegas and Reno); and nationally for certain loan and deposit products. The Bank has seven branches mostly in Berks County and Southeastern Pennsylvania. The Bank also administratively supports loan and other financial products, including equipment finance leases, to customers through its LPOs. Customers has executive and administrative offices and LPOs serving businesses throughout the United States. The Bank also serves specialized businesses nationwide, including its mortgage finance loans, commercial equipment financing, SBA lending, specialized lending and consumer loans through relationships with fintech companies.

Customers' target market has been broadly defined in the past as extending from Washington, D.C. to Boston, Massachusetts roughly following Interstate 95. While our geographic-focused loan and deposit activities remained largely based in the Northeast and Mid-Atlantic regions, the Bank expanded significantly in our national specialized lending and deposit verticals through opportunistic acquisitions and team lift-outs in recent years. In 2023, Customers acquired a venture banking loan portfolio, and Customers recruited team members that originated the venture banking loan portfolio to service the industries and companies where growth needs are typically provided by venture capital. This team gives clients access to the capital to grow from innovation to maturity and leverage a customized tech platform to support their growth. The team has long-standing relationships with these clients offering them premier end-to-end financial services meeting their needs. The addition of these team members created venture banking client coverage in Austin, the Bay Area, Boston, Southern California, Chicago, Denver, Raleigh/Durham, and Washington, D.C.

In 2024, Customers onboarded ten experienced commercial and business banking teams in New York, California and Nevada to accelerate the Bank's deposit growth potential. These teams are enhancing the Bank's presence in New York City, where it has successfully operated for over seven years; reinforcing its dedication to Los Angeles; adding representation in Orange County, California; and bringing client coverage to the communities of Reno and Las Vegas, Nevada. All onboarded bankers are highly respected in the commercial deposits space and augment existing expertise in private banking, treasury management, and commercial and industrial lending. They are enhancing the growth of the Bank's low-cost, relationship-focused deposit portfolio, and their addition strengthens the Bank's commitment to its single point of contact relationship-oriented service approach.

In 2025, Customers onboarded seven new banking teams. These included geographic commercial and business banking teams in, or adjacent to, Customers existing markets as well as national teams including sports and entertainment, title solutions and municipal finance.

Customers believes its expanded target markets and verticals have highly attractive demographic, economic and competitive dynamics that are consistent with its objectives and favorable to executing its organic core loan and deposit growth and opportunistic acquisition strategies. Customers believes that digital delivery without geographic limitations is the future of banking.

Prospective Markets

The organic core loan and deposit growth strategy of Customers focuses on expanding market share in its existing and contiguous markets by generating deposits, loan and fee-based services through its high-tech/high-touch single-point-of-contact personalized service supported by state-of-the-art technology for its commercial, consumer, not-for-profit and specialized lending markets. While Customers has not acquired any banks since 2011, its bank acquisition strategy is focused on opportunistic acquisitions and team lift-outs that further Customers' objectives and meet its critical success factors. As Customers evaluates potential acquisition and asset purchase opportunities and team lift-outs, it believes that there are banking institutions that continue to face credit challenges, capital constraints and liquidity issues and that lack the scale, technology capabilities, and management expertise to successfully compete.

Competitive Strengths

- *Experienced and respected management team.* An integral element of Customers' business strategy is to capitalize on and leverage the prior experience of its executive management team. The management team includes Executive Chairman, Jay Sidhu, who is the former CEO and Chairman of Sovereign Bancorp. During his tenure at Sovereign, Mr. Sidhu established a track record of producing strong financial results, integrating acquisitions, managing risk, working with regulators and achieving organic growth and expense control. Mr. Sam Sidhu is President and Chief Executive Officer of Customers Bancorp, Inc. and Customers Bank. Since joining Customers Bank's Board in 2012, Sidhu has held key leadership roles, including Chief Operating Officer beginning in 2020, and President and CEO of Customers Bank since 2021. Under his leadership, Customers Bank has doubled its assets, transformed its deposit franchise, and significantly expanded its technology, product offerings, and market reach. They are supported by an additional six members of the Executive Committee and 19 members on the Management Board which collectively bring decades of banking and financial services industry experience. This team has significant experience in successfully building a banking organization as well as building valuable community and business relationships in our core markets. Customers continues to hire new talent and promote from within the organization to lead its various product offering initiatives.
- *Unique asset and deposit generation strategies.* Customers focuses on local market lending combined with relatively low-risk specialized lending verticals. Local market asset generation provides various types of business lending products (i.e., commercial and industrial loans) and consumer lending products, such as mortgage loans and home equity loans. Customers has also established a multifamily and commercial real estate product line that has been primarily focused on the Mid-Atlantic region, particularly New York City. The strategy is to focus on obtaining deposits and refinancing existing loans with other banks, recruiting and retaining strong teams, conservative underwriting standards and minimizing costs. Customers also maintains specialized lending businesses, mortgage finance loans and installment loans originated directly or with third-party fintech companies. Customers has significantly expanded its lending and deposit gathering activities through its specialized lending verticals including fund finance (capital call lines and lender finance), real estate specialty finance, technology and venture, healthcare and financial institutions group. Customers' mortgage finance group is a national business where Customers provides liquidity to non-depository mortgage companies to fund their mortgage pipelines and meet other business needs. Customers' installment loan business is a national business in which Customers originates directly or purchases installment loans through arrangements with third-party fintech companies. Customers also has digital, online savings banking products that generate core deposits nationally.

- *Attractive low-credit risk profile.* Customers has sought to maintain high asset quality and moderate credit risk by using conservative underwriting standards, maintaining a diversified loan portfolio, and participating in lending verticals where historical loss rates are extremely low. Customers is selective with its held for investment consumer installment loan portfolios by focusing on prime borrowers (defined as borrowers with a FICO score of 660 or above at origination) combined with a risk-adjusted pricing model and early identification of potential problem assets. Customers has Special Assets Group ("SAG") to manage classified and NPAs. As of December 31, 2025, only $43.7 million, or 0.33%, of the Bank's total loan portfolio was non-performing.
- Advanced payments capabilities. Customers advanced payments capabilities are a key competitive differentiator, anchored in its proprietary, in-house developed cubiX platform. Customers delivers API-based payments functionality to institutional clients including through its 24/7/365 B2B instant payments platform. The payments capabilities serve to attract low-cost deposits and enables diversified fee income opportunities through payment processing and value-added services as institutional and commercial clients increasingly leverage these capabilities.
- *Superior client experience model.* Customers expects to drive organic core loan and deposit growth by employing its single-point-of-contact strategy, which provide specific relationship managers or private bankers for customers, delivering an appointment banking approach. This allows Customers to provide services in a personalized, convenient and expeditious manner. This approach, coupled with superior technology, including remote account opening, remote deposit capture and mobile banking, results in a competitive advantage over larger institutions, which management believes contributes to the profitability of its franchise and allows the Bank to generate core deposits. The "high-tech, high-touch," model requires less staff and smaller branch locations to operate, thereby significantly reducing operating costs.
- *Acquisition expertise.* The depth of Customers' management team and their experience successfully completing acquisitions provides unique insight in identifying and analyzing potential markets and acquisition targets. The experience of Customers' team, which includes the acquisition and integration of over 30 institutions, as well as numerous asset and branch acquisitions, provides a substantial advantage in pursuing and consummating future acquisitions. Over the last several years, Customers' inorganic growth strategy has been primarily focused on hiring highly experienced and seasoned bankers, generally from larger financial institutions, to lead the built-out of lending and deposit gather verticals aligned with their specific expertise. This strategy was most recently employed through the onboarding of a venture banking team that had previously originated and serviced loans acquired in 2024 and the onboarding of ten experienced commercial and business banking teams in New York, California and Nevada to accelerate the Bank's deposit growth potential and in 2025 of seven banking teams including geographic commercial and business banking teams and national teams including sports and entertainment, title solutions and municipal finance. Customers will continue to pursue these team lift-out strategies as well as considered more traditional forms of bank acquisitions when the opportunities present themselves.

Customers believes its ability to operate efficiently is enhanced by its centralized risk-management structure, its access to attractive labor and real estate costs in its markets, and an infrastructure that is unencumbered by legacy systems. Furthermore, Customers anticipates additional expense synergies from the integration of its acquisitions, which it believes will enhance its financial performance.

Segments

Customers operates as a single reportable segment. Refer to "NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION" and "NOTE 23 – BUSINESS SEGMENTS" to Customers' audited consolidated financial statements.

Products

Customers offers a broad range of traditional loan and deposit banking products and financial services, and non-traditional products and services to its commercial and consumer customers. Customers offers an array of lending products to cater to its customers' needs, including specialized loans, mortgage finance loans, multifamily and commercial real estate loans, business banking, small business loans, commercial equipment financing, residential mortgage loans and installment loans. Customers also offers traditional deposit products, including commercial and consumer checking accounts, non-interest-bearing and interest-bearing demand accounts, MMDA, savings accounts, time deposit accounts, cash management services and in-house developed B2B instant payments platform, cubiX.

Lending Activities

Customers focuses its lending efforts on the following lending areas:

- Commercial Lending – Customers' primary focus is on business banking (i.e., commercial and industrial lending), including small and middle market business banking (including SBA loans), specialized lending, mortgage finance, multifamily and commercial real estate lending and commercial equipment financing, and

- Consumer Lending – local-market mortgage and home equity lending and the origination and purchase of installment loans through arrangements with third-party fintech companies.

Commercial Lending

Customers' commercial lending activities are broadly divided into the following groups: small and middle market business banking; specialized banking; multifamily and commercial real estate lending; mortgage finance; and SBA lending. This diversity is designed to allow for greater resource deployment, higher standards of risk management, stronger asset quality, lower interest-rate risk and higher productivity levels.

The commercial lending group, including commercial and industrial loans, owner occupied commercial real estate loans and specialized lending, focus on building business relationships that provide a complete offering of financial services customized to the present and future needs of each business customer.

The small and middle market business banking platform originates loans, including SBA loans, through the branch network sales force and a team of dedicated relationship managers. The support administration of this platform is centralized, including technology, risk management, product management, marketing, performance tracking and overall strategy. Credit and sales training has been established for Customers' sales force, ensuring that it has small business experts in place providing appropriate financial solutions to the small business owners in its communities.

Customers' specialized banking includes commercial equipment finance, healthcare, real estate specialty finance, fund finance, technology and venture capital banking and financial institutions group. Customers' lender finance vertical within fund finance provides variable rate loans secured by diverse collateral pools to private debt funds. Customers' capital call lines vertical within fund finance provides variable rate loans secured by collateral pools and limited partnership commitments from institutional investors in private equity funds and cash management services to the alternative investment industry. Customers' technology and venture capital banking group services the venture-backed growth industry from seed-stage through late-stage.

In 2023, Customers acquired a venture banking loan portfolio. Customers also recruited team members that originated these loans to service the industries and companies where growth needs are typically provided by venture capital. This team gives clients access to the capital to grow from innovation to maturity and leverage a customized tech platform to support their growth. The team has long-standing relationships with these clients offering them premier end-to-end financial services meeting their needs. The addition of these team members created venture banking client coverage in Austin, the Bay Area, Boston, Southern California, Chicago, Denver, Raleigh/Durham, and Washington, D.C. The technology and life sciences portfolio was combined with Customers' existing technology and venture capital banking vertical. The portfolio of capital call loans to venture capital firms was combined with Customers' existing capital call lines vertical within fund finance.

The goal of mortgage finance loans to mortgage banking businesses is to provide liquidity to mortgage companies. The loans are predominately short-term facilities used by mortgage companies to fund their pipelines from closing of individual mortgage loans until their sale into the secondary market. Most of the individual mortgage loans that collateralize our mortgage finance loans to mortgage companies are insured or guaranteed by the U.S. Government through one of its programs, such as FHA, VA, or they are conventional loans eligible for sale to Fannie Mae and Freddie Mac. During the years ended December 31, 2025 and 2024, Customers Bank funded $26.9 billion and $22.1 billion of mortgage loans, respectively, to mortgage originators via warehouse facilities. The mortgage finance loans are reported as loans receivable, mortgage finance, at fair value on the consolidated balance sheet.

Customers' commercial equipment financing group goes to market through the following origination platforms: vendors, intermediaries, direct and capital markets. The commercial equipment financing group is primarily focused on serving the following industries: transportation, construction (including crane and utility), marine, franchise, general manufacturing (including machine tool), helicopter/fixed wing, solar, packaging, plastics and food processing. As of December 31, 2025 and 2024, Customers had $813.7 million and $675.4 million, respectively, of equipment finance loans outstanding. As of December 31, 2025 and 2024, Customers had $306.5 million and $262.7 million, respectively, of equipment finance leases outstanding. As of December 31, 2025 and 2024, Customers had $303.4 million and $214.9 million, respectively, of operating leases entered into under this program, net of accumulated depreciation of $105.7 million and $95.1 million, respectively.

The goal of Customers' multifamily and commercial real estate lending group is to manage a portfolio of high-quality multifamily and commercial real estate loans within Customers' covered markets while cross-selling other products and services. These lending activities primarily target the refinancing of loans with other banks using conservative underwriting standards and provide purchase money for new acquisitions by borrowers. The primary collateral for these loans is a first-lien mortgage on the commercial real estate or multifamily property, plus an assignment of all leases related to such property. Customers had $2.5 billion and $2.3 billion of multifamily loans outstanding as of December 31, 2025 and 2024, respectively.

As of December 31, 2025 and 2024, Customers Bank had $15.4 billion and $13.2 billion, respectively, in commercial loans outstanding, composing approximately 91.5% and 90.1%, respectively, of its total loan portfolio, which includes loans held for sale, loans receivable, mortgage finance, at fair value, loans receivable, installment, at fair value and PPP loans. During the years ended December 31, 2025 and 2024, the Bank originated $5.0 billion and $4.0 billion, respectively, of commercial and industrial loans and leases, exclusive of commercial equipment finance loans and leases, multifamily and non-owner occupied commercial real estate loan originations and loans to mortgage originators via warehouse facilities.

Consumer Lending

Customers originates and purchases installment loans to be held for investment or to be held for sale through arrangements with third-party fintech companies. Customers performs extensive due-diligence procedures on existing and potential fintech partners and only originates and purchases loans that meet its defined credit parameters, which includes but is not limited to minimum FICO scores and debt to income ratios. As part of its due-diligence process, Customers reviews loan level data, historical performance of the asset and distribution of credit and loss information. Customers does not originate or purchase installment loans to be held for investment that are considered sub-prime at the time of origination, which Customers considers to be those with FICO scores below 660.

Customers had a lending arrangement with a fintech company, which was acquired by a bank in 2025, whereby Customers originated consumer installment loans and held these loans prior to sale. These consumer installment loans were designated as loans held for sale and reported at fair value based on an election made to account for the loans at fair value. The lending arrangement with this fintech company expired during the year ended December 31, 2025. Customers transferred these consumer installment loans from held for sale to held for investment during the year ended December 31, 2025, and continue to be reported at fair value based on an election made to account for the loans at fair value.

In 2024, Customers sold $202.5 million of personal and other installment loans that were classified as held for sale, inclusive of installment loans transferred from held for investment to held for sale, accrued interest and unamortized deferred loan origination costs to two third-party sponsored VIEs. Customers provided financing to the purchasers for a portion of the sales price in the form of $160.0 million of asset-backed securities while $40.2 million of the remaining sales proceeds were paid in cash.

As of December 31, 2025 and 2024, Customers had $1.4 billion, respectively, in consumer loans outstanding (including consumer loans held for investment and held for sale), comprising 8.5% and 9.9%, respectively, of Customers' total loan portfolio. During the years ended December 31, 2025 and 2024, Customers purchased $347.2 million and $189.4 million of consumer loans held for investment, respectively. Customers did not purchase any consumer loans held for sale during the years ended December 31, 2025 and 2024.

Customers also provides home equity and residential mortgage loans to customers. Underwriting standards for home equity lending are conservative, and lending is offered to solidify customer relationships and grow relationship revenues in the long term. These areas also support Customers' commitment to lower-and-moderate-income families in its market area.

Customers Bank has a community outreach program in Philadelphia to finance homeownership in urban communities. As part of this program, Customers is offering an "Affordable Mortgage Product." This community outreach program is penetrating the underserved population, especially in low-and moderate income neighborhoods. The program includes homebuyer seminars that prepare potential homebuyers for homeownership by teaching money management and budgeting skills, including the financial responsibilities that come with having a mortgage and owning a home. The "Affordable Mortgage Product" is offered throughout Customers' assessment areas. Customers Bank also offers, FHA, VA, Pennsylvania Housing Finance Agency Finance and Fannie Mae's HomeReady residential mortgages. In conjunction with community partners, eligible homebuyers may receive various grants for down payment and closing cost assistance.

Private Banking

Customers has a Private Banking model for its commercial clients in the major markets within its geographic footprint. This unique model provides unparalleled service to customers through an in-market team of experienced private bankers. Acting as a single-point-of-contact for all the banking needs of Customers' commercial clients, these private bankers deliver the whole bank – not only to its clients, but to their families, their management teams and their employees, as well. With a world-class suite of sophisticated cash management products, these private bankers deliver on Customers' "high-tech, high-touch" strategy and provide real value to its mid-market commercial clients.

Deposit Products and Other Funding Sources

Customers offers a variety of deposit products to its customers, including checking accounts, savings accounts, MMDA and other deposit accounts, including fixed-rate, fixed-maturity retail time deposits ranging in terms from 30 days to five years, individual retirement accounts, and non-retail time deposits consisting of jumbo certificates greater than or equal to $100,000. Customers also focuses on specialized businesses as a source of lower-cost core deposits, including property management and mortgage banking businesses, title and escrow funds, health savings accounts, and Section 1031 of the IRS exchange deposits. Using its "high-tech, high-touch" model, Customers has experienced strong growth in core deposits. Customers also utilizes wholesale deposit products, money market accounts and certificates of deposits obtained through listing services and borrowings from the FRB and FHLB as a source of funding.

In 2024, Customers onboarded ten experienced commercial and business banking teams in New York, California and Nevada to accelerate the Bank's deposit growth potential. These teams are enhancing the Bank's presence in New York City, where it has successfully operated for over seven years; reinforcing its dedication to Los Angeles; adding representation in Orange County, California; and bringing client coverage to the communities of Reno and Las Vegas, Nevada. All onboarded bankers are highly respected in the commercial deposits space and augment existing expertise in private banking, treasury management, and commercial and industrial lending. They are enhancing the growth of the Bank's low-cost, relationship-focused deposit portfolio, and their addition strengthens the Bank's commitment to its single point of contact relationship-oriented service approach. In 2025, Customers onboarded seven banking teams including geographic commercial and business banking teams and national teams including sports and entertainment, title solutions and municipal finance.

In 2024, Customers launched a new B2B instant payments platform, cubiX, which was developed in-house, is not based on blockchain and offers more extensive products and services compared to CBIT™ on the TassatPay™ blockchain-based instant B2B payments platform. The deposits from customers who participated in CBIT and transitioned to cubiX are are included in the deposit liability on the consolidated balance sheet.

Financial Products and Services

In addition to traditional banking activities, Customers provides other financial services to its customers, including: mobile phone banking, internet banking, wire transfers, electronic bill payment, lock box services, remote deposit capture services, courier services, merchant processing services, cash vault, controlled disbursements, positive pay and cash management services (including account reconciliation, collections and sweep accounts).

Competition

Customers competes with other financial institutions for deposit and loan business. Competitors include other commercial banks, savings banks, savings and loan associations, insurance companies, securities brokerage firms, credit unions, finance companies, private credit funds, fintech companies, mutual funds, money market funds and certain government agencies. Financial institutions compete principally on the quality of the services rendered, interest rates offered on deposit products, interest rates charged on loans, fees and service charges, the convenience of banking office locations and hours of operation and, in the consideration of larger commercial borrowers, lending limits.

Many competitors are significantly larger than Customers and have significantly greater financial resources, personnel and locations from which to conduct business. In addition, Customers is subject to regulation, while certain of its competitors are not. Non-regulated companies face relatively few barriers to entry into the financial services industry. Customers' larger competitors enjoy greater name recognition and greater resources to finance wide ranging advertising campaigns. Customers competes for business principally on the basis of high-quality, personal service to customers, customer access to Customers' decision makers and competitive interest and fee structure. Customers also strives to provide maximum convenience of access to services by employing innovative delivery vehicles such as internet and digital banking, B2B instant real time payments and the convenience of our single-point-of-contact business model.

Customers' current market is primarily served by large national and regional banks, with a few larger institutions capturing a significant portion of deposit market share. Customers' large competitors primarily utilize expensive, branch-based models to sell products to consumers and small businesses, which requires Customers' larger competitors to price their products with wider margins and charge more fees to justify their higher expense base. While maintaining physical branch locations remains an important component of Customers' strategy, Customers utilizes an operating model with fewer and less expensive locations, thereby lowering overhead costs and allowing for greater pricing flexibility.

Corporate Social Responsibility

CSR considerations are integrated across our business and incorporated into the policies and principles that govern how we operate. We continuously seek to address some of the practical challenges in balancing short-term and long-term business trade-offs to ensure that our stakeholders and shareholders prosper together. Our approach to CSR management includes promoting sound corporate governance, effective risk management and controls, investing in our team members and cultivating a high performing workforce, supporting and strengthening the communities in which we live, work and serve. Giving back and leading with dignity are the cornerstones of our culture and identity. Our CSR program is managed by a dedicated management CSR committee, which reports to and is subject to the oversight of the CSR Committee of our Board of Directors.

Human Capital

Customers Bank's success is fundamentally driven by our ability to consistently attract, develop, and retain a highly skilled, diverse, and engaged workforce aligned with our corporate strategy and culture. Consistent with leading practices across the banking industry, we focus on strengthening our talent pipeline, deepening leadership capability, and fostering an environment grounded in integrity, engagement and team member wellbeing.

We are committed to maintaining a supportive and safe workplace that enables professional growth, encourages innovation, and drives long-term organizational performance. We place continued emphasis on competitive and equitable compensation, leadership development, and enterprise-aligned culture initiatives.

Team Member Profile

The following table summarizes the composition of the Customers Bank workforce as of December 31, 2025 and 2024:

	December 31,	
Team Members	2025	2024
Full-time Team Members	863	787
Part-time Team Members	6	6
Total Team Members	869	793
Women	47 %	49 %
BIPOC (Black, Indigenous and People of Color)	27 %	24 %

Our voluntary turnover rate in 2025 was 11%.

Talent Acquisition

In 2025, we executed several high-impact hiring initiatives to strengthen our talent pipeline and accelerate progress against our strategic priorities. These efforts supported both our revenue-generating and revenue-enabling business lines, with a particular emphasis on deposit generation and enhancing capabilities across our key support functions. During the year, we welcomed 191 new team members whose expertise and perspectives enhance our ability to operate effectively in a dynamic and increasingly complex marketplace. We remain committed to refining and modernizing our approach to attracting and securing top-tier talent. Ongoing investments in recruiting technology, data analytics, employer brand development, and proactive talent pipeline cultivation will enhance our ability to meet future workforce needs and ensure Customers Bank is well positioned for long-term success.

Learning and Professional Development

Customers Bank is committed to cultivating a high performance, growth-oriented culture by investing in continuous learning, skills development, and career advancement opportunities for all team members. The Bank provides a multichannel learning ecosystem designed to support professional growth, strengthen critical competencies, and prepare team members for increased responsibility.

Learning Initiatives

- **Learning & Development Programs** – Team members are encouraged to participate in development opportunities aligned with their professional goals, through a blend of in-house training, a digital learning platform, podcasts, curated readings and industry insights, and live learning events (virtual, onsite and offsite). These offerings empower team members to upskill, reskill, and broaden their capabilities. The Bank also offers tuition assistance to support continuing education and professional certifications.

- **Digital Learning Platform** – The Bank provides a comprehensive digital learning platform that includes access to an online course library and targeted learning pathways designed to strengthen technical proficiency (IQ), emotional intelligence (EQ), adaptability and agility (AQ), and cultural competency.
- **Artificial Intelligence Proficiency and Enablement** – The Bank has embedded AI capability-building into its core learning and operational strategy to ensure team members are equipped with future-ready skills aligned to the Bank's innovation agenda. In 2025, the Bank launched enterprise-wide training covering foundational AI concepts, responsible-use protocols, and real-world applications tailored to business needs. These initiatives have already generated measurable efficiencies and continue to accelerate the integration of AI into core processes across business lines.

Team Member Engagement

Customers Bank remains focused on fostering a workplace where team members feel connected, supported and valued. The following highlights select engagement and wellness initiatives available to all team members.

- **Wellness Program** – The Bank offers a robust program that includes wellness challenges, workshops, webinars, health coaching opportunities, and an enhanced digital wellness platform with on-demand activities.
- **Corporate Trainer** – To support team members' physical wellbeing, the Bank continues to provide personal training and recovery-focused programs — offered both in-person and virtual — including relaxation, muscle recovery, light pain-management, and strengthening sessions.
- **Day of Learning** – Team members may take up to eight hours of paid time off annually.
- **Matching Gift Program** – Matching financial contributions to eligible nonprofit organizations, up to $500 annually.
- **Community Service Day** – Up to eight hours of paid time off to participate in qualified community service activities.
- **United Way Partnership** – Team members are encouraged to support local United Way chapters, with Customers Bank matching contributions dollar-for-dollar. Team members who contribute at designated levels may receive additional paid time off.

Benefits

Customers Bank provides a comprehensive suite of health, life, disability, and voluntary insurance programs designed to protect team members and their families. The Bank periodically evaluates its benefits offerings to ensure they continue to meet team members' needs.

Customers Bank supports continued learning and career advancement through tuition reimbursement for approved educational programs and the Freedom Scholarship Program, which provides financial assistance to eligible team members and their dependents pursuing higher education. The Bank also offers a comprehensive 401(k) retirement plan with employer matching. To further strengthen financial literacy and long-term financial wellbeing, team members have access to financial wellness workshops covering investment basics, savings strategies, and money management, as well as retirement readiness sessions tailored for those approaching retirement.

Workplace Culture

At Customers Bank, we are committed to fostering a workplace culture grounded in our vision, mission and values. Our company values — **Customer Success**, **Personal Integrity**, **Entrepreneurial Mindset**, **Teamwork** and **On-the-job Excellence** — guide how we work and interact. We strive to create an environment where all team members can thrive and contribute their unique perspectives and talents

Management and Succession Planning

Customers Bank's strategic succession management integrates position-based planning to support cohesive, strategic and role-based decision-making. This approach identifies key strengths, development areas, and potential leadership gaps, ensuring a strong pipeline of internal talent prepared for senior, executive, and other critical roles.

By partnering closely with leadership, the Bank continuously assesses high-potential team members with the leadership, functional, and technical capabilities to advance. These efforts strengthen the leadership bench and support continuity in achieving the Bank's long-term strategic objectives.

Available Information

Customers Bancorp's internet website address is www.customersbank.com. Information on Customers Bancorp's website is not part of this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC. Investors can obtain copies of Customers Bancorp's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished by us pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, on Customers Bancorp's website (accessible under "Investors" – "SEC filings") as soon as reasonably practicable after Customers Bancorp has electronically filed such materials with, or furnished them to, the SEC. Customers Bancorp will also furnish a paper copy of such filings free of charge upon request. Customers Bancorp's filings can also be accessed at the SEC's internet website: www.sec.gov. Customers Bancorp's Corporate Governance Guidelines and the charters of the committees of the Board are posted on our website at www.customersbank.com/investor-relations/governance-documents. Customers Bancorp also has adopted a Code of Ethics and Business Conduct that applies to its directors and officers (including its principal executive officer, principal financial officer and principal accounting officer), which is available at www.customersbank.com/investor-relations/governance-documents. We intend to satisfy the disclosure requirement of Item 5.05 of Form 8-K and any similar NYSE requirement regarding amendments to, or waivers from, a provision of the Code of Ethics and Business Conduct by posting such information at this internet address. The website addresses listed in this paragraph are provided for the information of the reader and are not intended to be active links.

SUPERVISION AND REGULATION

GENERAL

Customers Bancorp is subject to extensive regulation, examination and supervision by the Pennsylvania Department of Banking and Securities and, as a member of the Federal Reserve System, by the Federal Reserve Board. Federal and state banking laws and regulations govern, among other things, the scope of a bank's business, the investments a bank may make, the reserves against deposits a bank must maintain, terms of deposit accounts, loans a bank makes, the interest rates it charges and collateral it takes, the activities of a bank with respect to mergers and consolidations and the establishment of branches. The following discussion summarizes certain laws, regulations and policies to which Customers Bancorp and the Bank are subject. It does not address all applicable laws, regulations and policies that affect us currently or might affect us in the future. This discussion is qualified in its entirety by reference to the full texts of the laws, regulations and policies described.

Customers Bank has assets in excess of $10 billion, and accordingly, is subject to the supervision, examination and enforcement jurisdiction of the CFPB and is subject to higher FDIC premium assessments applicable to institutions with assets exceeding $10 billion. As a public company, we also file reports with the SEC and are subject to its regulatory authority, as well as the disclosure and regulatory requirements of the Securities Act, as amended, and the Exchange Act, as amended, with respect to our securities, financial reporting and certain governance matters. Because our securities are listed on the NYSE, we are subject to NYSE's rules for listed companies, including rules relating to corporate governance.

FEDERAL BANKING LAWS

Interstate Branching. The Interstate Act, among other things, permits bank holding companies to acquire banks in any state. A bank may also merge with a bank in another state. Interstate acquisitions and mergers are subject, in general, to certain concentration limits and state entry rules relating to the age of the bank. Under the Interstate Act, the responsible federal regulatory agency is permitted to approve the acquisition of less than all of the branches of an insured bank by an out-of-state bank or bank holding company without the acquisition of an entire bank, only if the law of the state in which the branch is located permits. Under the Interstate Act, branches of state-chartered banks that operate in other states are covered by the laws of the chartering state, rather than the host state. The Dodd-Frank Act created a more permissive interstate branching regime by permitting banks to establish de novo branches in any state if a bank chartered by such state would have been permitted to establish the branch. For more information on interstate branching under Pennsylvania law, see "Pennsylvania Banking Laws – Interstate Branching" below.

Prompt Corrective Action. Federal banking law mandates certain "prompt corrective actions," which Federal banking agencies are required to take, and certain actions which they have discretion to take, based upon the capital category into which a Federally regulated depository institution falls. Regulations have been adopted by the Federal bank regulatory agencies setting forth detailed procedures and criteria for implementing prompt corrective action in the case of any institution that is not adequately capitalized. Under the rules, an institution will be deemed to be "adequately capitalized" or better if it exceeds the minimum Federal regulatory capital requirements. However, it will be deemed "undercapitalized" if it fails to meet the minimum capital requirements, "significantly undercapitalized" if it has a common equity tier 1 risk-based capital ratio that is less than 3.0%, or has a total risk-based capital ratio that is less than 6.0%, a Tier 1 risk-based capital ratio that is less than 4.0%, or a leverage ratio that is less than 3.0%, and "critically undercapitalized" if the institution has a ratio of tangible equity to total assets that is equal to or less than 2.0%. The rules require an undercapitalized institution to file a written capital restoration plan, along with a performance guaranty by its holding company or a third party. In addition, an undercapitalized institution becomes subject to certain restrictions including a prohibition on the payment of dividends, a limitation on asset growth and expansion, and in certain cases, a limitation on the payment of bonuses or raises to senior executive officers and a prohibition on the payment of certain "management fees" to any "controlling person." Institutions that are classified as undercapitalized are also subject to certain additional supervisory actions, including increased reporting burdens and regulatory monitoring, a limitation on the institution's ability to make acquisitions, open new branch offices, or engage in new lines of business, obligations to raise additional capital, restrictions on transactions with affiliates and restrictions on interest rates paid by the institution on deposits. In certain cases, bank regulatory agencies may require replacement of senior executive officers or directors or sale of the institution to a willing purchaser. If an institution is deemed to be "critically undercapitalized" and continues in that category for four quarters, the statute requires, with certain narrowly limited exceptions, that the institution be placed in receivership.

Safety and Soundness; Regulation of Bank Management. The Federal Reserve Board possesses the power to prohibit a bank from engaging in any activity that would be an unsafe and unsound banking practice and in violation of the law. Moreover, Federal law enactments have expanded the circumstances under which officers or directors of a bank may be removed by the institution's Federal supervisory agency; restricted and further regulated lending by a bank to its executive officers, directors, principal shareholders or related interests thereof; restricted management personnel of a bank from serving as directors or in other management positions with certain depository institutions whose assets exceed a specified amount or which have an office within a specified geographic area; and restricted management personnel from borrowing from another institution that has a correspondent relationship with the bank for which they work.

Capital Rules. Federal banking agencies have issued certain "risk-based capital" guidelines, which supplemented existing capital requirements. In addition, the Federal Reserve Board imposes certain "leverage" requirements on member banks. Banking regulators have authority to require higher minimum capital ratios for an individual bank or bank holding company in view of its circumstances.

The risk-based capital guidelines require all banks and bank holding companies to maintain capital levels in compliance with "risk-based capital" ratios. In these ratios, the on-balance-sheet assets and off-balance sheet exposures are assigned a risk-weight based upon the perceived and historical risk of incurring a loss of principal from that exposure. The risk-based capital rules are designed to make regulatory capital requirements more sensitive to differences in risk profiles among banks and bank holding companies and to minimize disincentives for holding liquid assets.

The risk-based capital rules also may consider interest-rate risk. Institutions with interest-rate risk exposure above a normal level would be required to hold extra capital in proportion to that risk. Customers currently monitors and manages its assets and liabilities for interest-rate risk, and management believes that the interest-rate risk rules which have been implemented and proposed will not materially adversely affect its operations.

The Federal Reserve Board's "leverage" ratio rules require member banks which are rated the highest in the composite areas of capital, asset quality, management, earnings and liquidity to maintain a ratio of "Tier 1" capital to "adjusted total assets" of not less than 3.0%. For banks which are not the most highly rated, the minimum "leverage" ratio will range from 4.0% to 5.0%, or higher at the discretion of the Federal Reserve Board, and is required to be at a level commensurate with the nature of the level of risk of the bank's condition and activities.

For purposes of the capital requirements, "Tier 1," or "core," capital is defined to include common shareholders' equity and certain noncumulative perpetual preferred stock and related surplus. "Tier 2," or "qualifying supplementary," capital is defined to include a bank's ACL up to 1.25% of risk-weighted assets, plus certain types of preferred stock and related surplus, certain "hybrid capital instruments" and certain term subordinated debt instruments.

Customers Bancorp and the Bank are each required to comply with applicable capital adequacy standards adopted by the Federal Reserve Board (the "Basel III Capital Rules") and codified in 12 C.F.R. Part 217. The Basel III Capital Rules define qualifying capital instruments and specify minimum amounts of capital as a percentage of assets that banking organizations are required to maintain. Under the Basel III Capital Rules, risk-based capital ratios are calculated by dividing common equity Tier 1 capital, Tier 1 capital and total capital, respectively, by risk-weighted assets. Assets and off-balance sheet credit equivalents are assigned a risk weight based primarily on supervisory assessments of relative credit risk. Pursuant to the Basel III Capital Rules, the minimum capital level requirements applicable to the Bancorp and Customers Bank under the final rules are:

(i) a common equity Tier 1 risk-based capital ratio of 4.5%;

(ii) a Tier 1 risk-based capital ratio of 6%;

(iii) a total risk-based capital ratio of 8% and

(iv) a Tier 1 leverage ratio of 4% for all institutions.

The Basel III Capital Rules also established a "capital conservation buffer" above the regulatory minimum capital requirements of 2.500% for 2019 and thereafter.

Effective January 1, 2019, the minimum capital level requirements (including the capital conservation buffer) applicable to the Bancorp and Customers Bank under the Basel III Capital Rules are:

(i) a common equity Tier 1 capital ratio of 7.0%;

(ii) a Tier 1 risk-based capital ratio of 8.5%; and

(iii) a total risk-based capital ratio of 10.5%.

Under the Basel III Capital Rules, institutions are subject to limitations on paying dividends, engaging in share repurchases and paying discretionary bonuses if their capital levels fall below the minimum capital level plus capital conservation buffer amount. These limitations establish a maximum percentage of eligible retained income that could be utilized for such actions.

The Basel III Capital Rules also implement revisions and clarifications consistent with Basel III regarding the various components of Tier 1 capital, including common equity, unrealized gains and losses, as well as certain instruments that will no longer qualify as Tier 1 capital, some of which will be phased out over time. However, the final rules provide that small depository institution holding companies with less than $15 billion in total assets as of December 31, 2009, (which includes the Bancorp) are able to permanently include non-qualifying instruments that were issued and included in Tier 1 or Tier 2 capital prior to May 19, 2010, as additional Tier 1 or Tier 2 capital until they redeem such instruments or until the instruments mature.

In addition, the final rules provided for smaller banking institutions (less than $250 billion in consolidated assets) an opportunity to make a one-time election to opt out of including most elements of accumulated other comprehensive income (loss) in regulatory capital. Importantly, the opt-out excludes from regulatory capital not only unrealized gains and losses on available for sale debt securities, but also accumulated net gains and losses on cash-flow hedges and amounts attributable to defined benefit postretirement plans. The Bank selected the opt-out election in its March 31, 2015 Call Report.

The final rules also set forth the prompt corrective action framework, which is designed to place restrictions on insured depository institutions, including the Bank, if their capital levels begin to show signs of weakness. Under the prompt corrective action requirements, which are designed to complement the capital conservation buffer, insured depository institutions are required to meet the following increased capital level requirements in order to qualify as "well capitalized:"

(i) a common equity Tier 1 capital ratio of 6.5%;

(ii) a Tier 1 risk-based capital ratio of 8%;

(iii) a total risk-based capital ratio of 10%; and

(iv) a Tier 1 leverage ratio of 5%.

The final rules set forth certain provisions relating to the calculation of risk-weighted assets. The standardized approach final rule utilizes an increased number of credit-risk exposure categories and risk weights and also addressed:

(i) an alternative standard of creditworthiness consistent with Section 939A of the Dodd-Frank Act;

(ii) revisions to recognition of credit-risk mitigation;

(iii) rules for risk weighting of equity exposures and past-due loans;

(iv) revised capital treatment for derivatives and repo-style transactions;

(v) the option to use a formula-based approach referred to as the simplified supervisory formula approach to determine the risk weight of various securitization tranches in addition to the previous "gross-up" method (replacing the credit ratings approach for certain securitization); and

(vi) disclosure requirements for top-tier banking organizations with $50 billion or more in total assets that are not subject to the "advanced approach rules" that apply to banks with greater than $250 billion in consolidated assets.

In addition, in December 2018, the U.S. federal banking agencies finalized rules that permit bank holding companies and banks to phase-in, for regulatory capital purposes, the day-one impact of the new CECL accounting rule on retained earnings over a period of three years, with 25% of the day-one impact recognized on the adoption date (January 1, 2020 for Customers) and an additional 25% recognized annually on January 1 for the next three years.

In first quarter 2020, as part of its response to the impact of COVID-19, the U.S. federal banking regulatory agencies issued an interim final rule that provided the option to temporarily delay certain effects of CECL on regulatory capital for two years, followed by a three-year transition period. The interim final rule allows banking organizations to delay for two years 100% of the day-one impact of adopting CECL and 25% of the cumulative change in the reported allowance for credit losses since adopting CECL. Customers has elected to adopt the interim final rule. The cumulative CECL capital transition impact as of December 31, 2021 which amounted to $61.6 million will be phased in at 25% per year beginning on January 1, 2022 through December 31, 2024. As of December 31, 2025, our regulatory capital ratios reflected the full impact of the CECL transition provisions.

In April 2020, the U.S. federal banking regulatory agencies issued an interim final rule that permits banks to exclude the impact of participating in the SBA PPP program in their regulatory capital ratios. Specifically, PPP loans are zero percent risk weighted and a bank can exclude all PPP loans pledged as collateral to the PPPLF from its average total consolidated assets for purposes of calculating the Tier 1 capital to average assets ratio (i.e. leverage ratio). Customers applied this regulatory guidance in the calculation of its regulatory capital ratios.

As of December 31, 2025 and 2024, Customers Bank and the Bancorp met all capital adequacy requirements to which they were subject. For additional information on Customers' regulatory capital ratios, refer to "NOTE 18 – REGULATORY CAPITAL" to Customers' audited consolidated financial statements.

Dodd-Frank Act. The Dodd-Frank Act was enacted by Congress on July 15, 2010, and was signed into law on July 21, 2010. Among many other provisions, the legislation:

- established the Financial Stability Oversight Council, a federal agency acting as the financial system's systemic risk regulator with the authority to review the activities of significant bank holding companies and non-bank financial firms, to make recommendations and impose standards regarding capital, leverage, conflicts and other requirements for financial firms and to impose regulatory standards on certain financial firms deemed to pose a systemic threat to the financial health of the U.S. economy;
- created a new CFPB within the U.S. Federal Reserve, which has substantive rule-making authority over a wide variety of consumer financial services and products, including the power to regulate unfair, deceptive or abusive acts or practices;
- permitted state attorney generals and other state enforcement authorities broader power to enforce consumer protection laws against banks;
- required that the amount of any interchange fee charged by a debit card issuer with respect to a debit card transaction must be reasonable and proportional to the cost incurred by the issuer. On June 29, 2011, for banks with assets of $10 billion or greater, such as the Bank, the Federal Reserve Board set the interchange rate cap at $0.21 per transaction and 5 basis points multiplied by the value of the transaction;
- gave the FDIC substantial new authority and flexibility in assessing deposit insurance premiums, which may result in increased deposit insurance premiums for Customers in the future;
- increased the deposit insurance coverage limit for insurable deposits to $250,000 generally, and removes the limit entirely for transaction accounts;
- permitted banks to pay interest on business demand deposit accounts; and
- prohibited banks subject to enforcement action such as a MOU from changing their charter without the approval of both their existing charter regulator and their proposed new charter regulator.

In July 2018, the Federal Reserve stated that it would no longer require bank holding companies with less than $100 billion in total consolidated assets to comply with the modified version of the liquidity coverage ratio. In addition, in October 2018, the federal bank regulators proposed to revise their liquidity requirements so that banking organizations that are not global systemically important banks and have less than $250 billion in total consolidated assets and less than $75 billion in each of off-balance-sheet exposure, non-bank assets, cross-jurisdictional activity and short-term wholesale funding would not be subject to any liquid coverage ratio or net stable funding ratio requirements.

In February 2014, the Federal Reserve adopted rules to implement certain of these enhanced prudential standards, which rules were amended in 2019. The rules require bank holding companies with $50 billion or more in total consolidated assets to comply with enhanced liquidity and overall risk management standards. Since it was required to do so under the original 2014 rules, Customers has established and maintains a risk committee. In August 2025, the U.S. District Court for the District of North Dakota ruled to vacate the Federal Reserve's current interchange rules but simultaneously stayed its own vacatur pending appeal to the circuit court. The outcome of this litigation could significantly and adversely affect the fees banks can charge on debit card transactions.

In October 2023, the Federal Reserve issued a proposal under which the maximum permissible interchange fee for an electronic debit transaction would be the sum of 14.4 cents per transaction and 4 basis points multiplied by the value of the transaction. Furthermore, the fraud-prevention adjustment would increase from a maximum of 1 cent to 1.3 cents. The proposal would adopt an approach for future adjustments to the interchange fee cap, which would occur every other year based on issuer cost data gathered by the Federal Reserve from large debit card issuers.

Many of these provisions are subject to further rule making and to the discretion of regulatory bodies, including Customers Bank's primary federal banking regulator, the Federal Reserve.

Regulatory Reform and Legislation. From time to time, various legislative and regulatory initiatives are introduced in Congress and state legislatures, as well as by regulatory agencies. Such initiatives may include proposals to expand or contract the powers of bank holding companies and depository institutions or proposals to substantially change the financial institution regulatory system. Such legislation could change banking statutes and the operating environment of Customers in substantial and unpredictable ways. If enacted, such legislation could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance among banks, savings associations, credit unions and other financial institutions. Customers cannot predict whether any such legislation will be enacted, and, if enacted, the effect that it, or any implementing regulations, would have on its financial condition or results of operations. A change in statutes, regulations or regulatory policies applicable to Customers or our subsidiaries could have a material effect on our business, financial condition and results of operations.

Deposit Insurance Assessments. Customers Bank's deposits are insured by the FDIC up to the limits set forth under applicable law and are subject to deposit insurance premium assessments. The FDIC imposes a risk-based deposit premium assessment system, which was amended pursuant to the Federal Deposit Insurance Reform Act of 2005. Under this system, the amount of FDIC assessments paid by an individual insured depository institution, like Customers Bank, is based on the level of perceived risk incurred in its activities. The FDIC places a depository institution in one of four risk categories determined by reference to its capital levels and supervisory ratings. In addition, in the case of those institutions in the lowest risk category, the FDIC further determines its assessment rates based on certain specified financial ratios.

On June 22, 2020, the FDIC issued a final rule that mitigates the deposit insurance assessment effects of participating in the PPP, the PPPLF and MMLF. Pursuant to the final rule, the FDIC generally removed the effect of PPP lending in calculating an institution's deposit insurance assessment. The final rule also provides an offset to an institution's total assessment amount for the increase in its assessment base attributable to participation in the PPP and MMLF.

In October 2022, the FDIC adopted a final rule to increase the initial base deposit insurance assessment rate schedules uniformly by two basis points beginning with the first quarterly assessment period of 2023. The increased assessment rate schedules would remain in effect unless and until the reserve ratio of the DIF meets or exceeds two percent. As a result of the new rule, the FDIC insurance costs of Customers Bank increased.

In November 2023, the FDIC issued a final rule to implement a special assessment to recover the loss to the DIF associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank, at a quarterly rate of 3.36 basis points of an institution's uninsured deposits in excess of $5 billion as of December 31, 2022, to be paid over eight quarterly assessment periods beginning in the first quarter of 2024. Customers recorded $0.7 million and $3.7 million of FDIC special assessment in the consolidated statements of income for the years ended December 31, 2024 and 2023, respectively. Under the final rule, the estimated loss pursuant to the systemic risk determination will be periodically adjusted, and the FDIC has retained the ability to cease collection early, extend the special assessment collection period and impose a final shortfall assessment on a one time basis. In December 2025, based upon the first six quarterly collections of the special assessment and anticipated collections for the seventh quarterly special assessment, the FDIC issued an interim final rule to amend the collection of the special assessment to reduce the eighth quarterly assessment rate from 3.36 basis points to 2.97 basis points. Because the cumulative amount collected through the initial eight quarter special assessment period is projected to equal the FDIC's loss estimate, the additional two quarter extend assessment period was removed. The interim final rule also requires the FDIC to provide an offset to regular quarterly deposit insurance assessments for institutions subject to the special assessment if the aggregate amount collected exceeds estimated losses following the resolution of pending litigation, and again following the termination of the receiverships. As provided for in the special assessment rule, if losses at the termination of the receiverships exceed the amount collected, the FDIC will implement a one-time final shortfall special assessment to ensure the full amount of actual losses is recovered as required by law. The extent to which any such future offsets or a future one-time shortfall special assessment will impact our future deposit insurance expense is currently uncertain.

Community Reinvestment Act. Under the Community Reinvestment Act of 1977, the record of a bank holding company and its subsidiary banks must be considered by the appropriate Federal banking agencies, including the Federal Reserve Board, in reviewing and approving or disapproving a variety of regulatory applications including approval of a branch or other deposit facility, office relocation, a merger and certain acquisitions. Federal banking agencies have demonstrated an increased readiness to deny applications based on unsatisfactory CRA performance. The Federal Reserve Board is required to assess Customers' record to determine if it is meeting the credit needs of the community, including the low-and-moderate-income neighborhoods that it serves. The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 amended the CRA to require, among other things, that the Federal Reserve Board make publicly available an evaluation of the bank's record of meeting the credit needs of its entire community, including low-and-moderate-income neighborhoods. This evaluation includes a descriptive rating (outstanding, satisfactory, needs to improve or substantial noncompliance) and a statement describing the basis for the rating.

Incentive Compensation. In June 2010, the Federal Reserve Board, OCC and FDIC issued comprehensive final guidance on incentive compensation policies intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk-taking. The guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon the key principles that a banking organization's incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage risks, (ii) be compatible with effective internal controls and risk management and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors.

The Federal Reserve Board will review, as part of the regular, risk-focused examination process, the incentive compensation arrangements of banking organizations, such as Customers, that are not "large, complex banking organizations." These reviews will be tailored to each organization based on the scope and complexity of the organization's activities and the prevalence of incentive compensation arrangements. The findings of the supervisory initiatives will be included in reports of examination. Deficiencies will be incorporated into the organization's supervisory ratings, which can affect the organization's ability to make acquisitions and take other actions. Enforcement actions may be taken against a banking organization if its incentive compensation arrangements, or related risk-management control or governance processes, pose a risk to the organization's safety and soundness, and the organization is not taking prompt and effective measures to correct the deficiencies.

In addition, Section 956 of the Dodd-Frank Act required certain regulators (including the FDIC, SEC and Federal Reserve Board) to adopt requirements or guidelines prohibiting excessive compensation. In October 2022, the SEC adopted a final rule directing national securities exchanges and associations, including the NYSE, to implement listing standards that require listed companies to adopt policies mandating the recovery or "clawback" of excess incentive-based compensation earned by a current or former executive officer during the three fiscal years preceding the date the listed company is required to prepare an accounting restatement, including to correct an error that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. The final rule required Customers to adopt a clawback policy within 60 days after such listing standard becomes effective, which Customers did on November 15, 2023.

Consumer Financial Protection Laws and Enforcement. The CFPB and the federal banking agencies continue to focus attention on consumer protection laws and regulations. The CFPB is responsible for promoting fairness and transparency for mortgages, credit cards, deposit accounts and installment financial products and services and for interpreting and enforcing the federal consumer financial laws that govern the provision of such products and services. Federal consumer financial laws enforced by the CFPB include, but are not limited to, the ECOA, TILA, the Truth in Savings Act, HMDA, RESPA, the Fair Debt Collection Practices Act, and the Fair Credit Reporting Act. The CFPB is also authorized to prevent any institution under its authority from engaging in an unfair, deceptive, or abusive act or practice in connection with consumer financial products and services. Customers is subject to multiple federal consumer protection statutes and regulations, including, but not limited to, those referenced above.

In particular, fair lending laws prohibit discrimination in the provision of banking services, and the enforcement of these laws has been an increasing focus for the CFPB, the HUD, and other regulators. Fair lending laws include ECOA and the Fair Housing Act, which outlaw discrimination in credit and residential real estate transactions on the basis of prohibited factors including, among others, race, color, national origin, gender, and religion. A lender may be liable for policies that result in a disparate treatment of, or have a disparate impact on, a protected class of applicants or borrowers. If a pattern or practice of lending discrimination is alleged by a regulator, then that agency may refer the matter to the DOJ for investigation. Failure to comply with these and similar statutes and regulations can result in Customers Bancorp becoming subject to formal or informal enforcement actions, the imposition of civil money penalties and consumer litigation.

The CFPB has exclusive examination and primary enforcement authority with respect to compliance with federal consumer financial protection laws and regulations by institutions under its supervision and is authorized, individually or jointly with the federal bank regulatory agencies, to conduct investigations to determine whether any person is, or has, engaged in conduct that violates such laws or regulations. The CFPB may bring an administrative enforcement proceeding or civil action in federal district court. In addition, in accordance with a MOU entered into between the CFPB and the DOJ, the two agencies have agreed to coordinate efforts related to enforcing the fair lending laws, which includes information sharing and conducting joint investigations; however, as a result of recent leadership changes at the DOJ and CFPB, as well as changes in the enforcement policies and priorities of each agency, the extent to which such coordination will continue to occur in the near term is uncertain. As an independent bureau funded by the Federal Reserve Board, the CFPB may impose requirements that are more stringent than those of the other bank regulatory agencies.

In October 2024, the CFPB issued a new rule that would require a provider of payment accounts or products, such as a bank, to make data available to consumers upon request regarding the products or services they obtain from the provider. Any such data provider would also have to make such data available to third parties, with the consumer's express authorization and through an interface that satisfies formatting, performance and security standards, for the purpose of such third parties providing the consumer with financial products or services requested by the consumer. Data that would be required to be made available under the rule would include transaction information, account balance, account and routing numbers, terms and conditions, upcoming bill information, and certain account verification data. The rule is the subject of litigation, which is currently stayed while the CFPB considers revisions to the rule.

As an insured depository institution with total assets of more than $10 billion, the Bank is subject to the CFPB's supervisory and enforcement authorities. The Dodd-Frank Act also permits states to adopt stricter consumer protection laws and state attorneys general to enforce consumer protection rules issued by the CFPB. As a result, the Bank operates in a stringent consumer compliance environment and may incur additional costs related to consumer protection compliance, including but not limited to potential costs associated with CFPB examinations, regulatory and enforcement actions and consumer-oriented litigation. The CFPB, other financial regulatory agencies, including the Federal Reserve, as well as the DOJ, have, over the past several years, pursued a number of enforcement actions against depository institutions with respect to compliance with fair lending laws.

During 2025, the CFPB reduced its staff by over 80%. The reduction in force is the subject of litigation, and the staffing cuts are currently stayed pending the federal circuit court's en banc rehearing of the case. The impact of these developments on banking organizations subject to CFPB regulation and supervision, including Customers Bancorp, is uncertain. States and state attorneys general may increase regulatory, investigative and enforcement activity with respect to consumer protection, in response to changes in regulation, supervision and enforcement of consumer protection laws by federal regulators.

UDAP and UDAAP. Banking regulatory agencies have increasingly used a general consumer protection statute to address "unethical" or otherwise "bad" business practices that may not necessarily fall directly under the purview of a specific banking or consumer finance law. The law of choice for enforcement against such business practices has been Section 5 of the FTC Act, which is the primary federal law that prohibits unfair or deceptive acts or practices, referred to as "UDAP," and unfair methods of competition in or affecting commerce. "Unjustified consumer injury" is the principal focus of the FTC Act. Prior to the Dodd-Frank Act, there was little formal guidance to provide insight to the parameters for compliance with UDAP laws and regulations. However, UDAP laws and regulations have been expanded under the Dodd-Frank Act to apply to "unfair, deceptive or abusive acts or practices," referred to as "UDAAP," which have been delegated to the CFPB for supervision. The CFPB has published its first Supervision and Examination Manual that addresses compliance with and the examination of UDAAP.

Privacy Protection and Cybersecurity. The Bank is subject to regulations implementing the privacy protection provisions of the GLBA. These regulations require the Bank to disclose its privacy policy, including identifying with whom it shares "nonpublic personal information," to customers at the time of establishing the customer relationship and annually thereafter. The regulations also require the Bank to provide its customers with initial and annual notices that accurately reflect its privacy policies and practices. In addition, to the extent its sharing of such information is not covered by an exception, the Bank is required to provide its customers with the ability to "opt-out" of having the Bank share their nonpublic personal information with unaffiliated third parties.

The Bank is subject to regulatory guidelines establishing standards for safeguarding customer information. These regulations implement certain provisions of the GLBA. The guidelines describe the federal bank regulatory agencies' expectations for the creation, implementation and maintenance of an information security program, which would include administrative, technical and physical safeguards appropriate to the size and complexity of the institution and the nature and scope of its activities. The standards set forth in the guidelines are intended to ensure the security and confidentiality of customer records and information, protect against any anticipated threats or hazards to the security or integrity of such records and protect against unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to any customer. These guidelines, along with related regulatory materials, increasingly focus on risk management and processes related to information technology and the use of third parties in the provision of financial services. In October 2016, the federal banking agencies issued an advance notice of proposed rulemaking on enhanced cybersecurity risk-management and resilience standards that would apply to large and interconnected banking organizations and to services provided by third parties to these firms. These enhanced standards would apply only to depository institutions and depository institution holding companies with total consolidated assets of $50 billion or more. The federal banking agencies have not yet taken further action on these proposed standards. The federal banking regulators regularly issue new guidance and standards, and update existing guidance and standards, regarding cybersecurity intended to enhance cyber risk management among financial institutions. Financial institutions are expected to comply with such guidance and standards and to accordingly develop appropriate security controls and risk management processes. If Customers fails to observe such regulatory guidance or standards, Customers could be subject to various regulatory sanctions, including financial penalties. Under a final rule adopted by federal banking agencies in November 2021, banking organizations are required to notify their primary banking regulator within 36 hours of determining that a "computer-security incident" has materially disrupted or degraded, or is reasonably likely to materially disrupt or degrade, the banking organization's ability to carry out banking operations or deliver banking products and services to a material portion of its customer base, its businesses and operations that would result in material loss, or its operations that would impact the stability of the United States. In February 2018, the SEC published interpretive guidance to assist public companies in preparing disclosures about cybersecurity risks and incidents. These SEC guidelines, and any other regulatory guidance, are in addition to notification and disclosure requirements under state and federal banking law and regulations. In addition, in December 2023, the SEC imposed rules that require disclosure of material cybersecurity incidents, as well as cybersecurity risk management, strategy and governance. Privacy and data security areas are expected to receive increased attention at the federal level. An increasing number of state laws and regulations have been enacted in recent years to implement privacy and cybersecurity standards and regulations, including data breach notification and data privacy requirements. Recently, several states have adopted regulations requiring certain financial institutions to implement cybersecurity programs that meet specified requirements. In addition, other jurisdictions in which our customers do business, such as the European Union, have adopted similar requirements. This trend of activity is expected to continue to expand, requiring continual monitoring of developments in the states and nations in which our customers are located and ongoing investments in our information systems and compliance capabilities.

Fair Access to Financial Services. In recent years, certain states have enacted, or have proposed to enact, statutes, regulations or policies that prohibit financial institutions from denying or canceling products or services to a person or business, or otherwise discriminating against a person or business in making available products or services, on the basis of certain social or political factors or other activities. In August 2025, President Trump signed Executive Order 14331, "Guaranteeing Fair Banking Access for All Americans," which states that it is the policy of the United States that no American should be denied access to financial services because of their constitutionally or statutorily protected beliefs, affiliations, or political views. The Executive Order directs the Treasury Secretary and federal banking regulators to address politicized or unlawful debanking activities.

BANK HOLDING COMPANY REGULATION

As a bank holding company, Customers Bancorp is also subject to additional regulation.

The BHC Act requires the Bancorp to secure the prior approval of the Federal Reserve Board before it owns or controls, directly or indirectly, more than five percent (5%) of the voting shares or substantially all of the assets of any bank. In addition, bank holding companies are required to act as a source of financial strength to each of their banking subsidiaries pursuant to which such holding company may be required to commit financial resources to support such subsidiaries in circumstances when, absent such requirements, they might not do so.

A bank holding company is prohibited from engaging in or acquiring direct or indirect control of more than five percent (5%) of the voting shares of any company engaged in non-banking activities unless the Federal Reserve Board, by order or regulation, has found such activities to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In making this determination, the Federal Reserve Board considers whether the performance of these activities by a bank holding company would offer benefits to the public that outweigh the possible adverse effects.

Control Acquisitions. The CBCA prohibits a person or group of persons from acquiring "control" of a bank holding company unless the Federal Reserve has been notified and has not objected to the transaction. Under a rebuttable presumption established by the Federal Reserve, the acquisition of 10% or more of a class of voting stock of a bank holding company with a class of securities registered under Section 12 of the Exchange Act, such as Customers Bancorp, would, under the circumstances set forth in the presumption, constitute acquisition of control of Customers Bancorp.

In addition, the CBCA prohibits any entity from acquiring 25% (the BHC Act has a lower limit for acquirers that are existing bank holding companies) or more of a bank holding company's or bank's voting securities, or otherwise obtaining control or a controlling influence over a bank holding company or bank without the approval of the Federal Reserve. On January 31, 2020, the Federal Reserve Board approved the issuance of a final rule (which became effective April 1, 2020) that clarifies and codifies the Federal Reserve's standards for determining whether one company has control over another. The final rule establishes four categories of tiered presumptions of non-control that are based on the percentage of voting shares held by the investor (less than 5%, 5-9.9%, 10-14.9% and 15-24.9%) and the presence of other indicia of control. As the percentage of ownership increases, fewer indicia of control are permitted without falling outside of the presumption of non-control. These indicia of control include nonvoting equity ownership, director representation, management interlocks, business relationship and restrictive contractual covenants. Under the final rule, investors can hold up to 24.9% of the voting securities and up to 33% of the total equity of a company without necessarily having a controlling influence.

Applications under the BHC Act and the CBCA are subject to review, based upon the record of compliance of the applicant with the CRA.

The Bancorp is required to file an annual report with the Federal Reserve Board and any additional information that the Federal Reserve Board may require pursuant to the BHC Act. Further, under Section 106 of the 1970 amendments to the BHC Act and the Federal Reserve Board's regulations, a bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with any extension of credit or provision of credit or provision of any property or services. The so-called "anti-tie-in" provisions state generally that a bank may not extend credit, lease, sell property or furnish any service to a customer on the condition that the customer obtains additional credit or service from the bank, or on the condition that the customer not obtain other credit or service from a competitor.

The Federal Reserve Board permits bank holding companies to engage in non-banking activities so closely related to banking or managing or controlling banks as to be a proper incident thereto. A number of activities are authorized by Federal Reserve Board regulation, while other activities require prior Federal Reserve Board approval. The types of permissible activities are subject to change by the Federal Reserve Board.

PENNSYLVANIA BANKING LAWS

Pennsylvania banks that are Federal Reserve members may establish new branch offices only after approval by the Pennsylvania Department of Banking and Securities and the Federal Reserve Board. Approval by these regulators can be subject to a variety of factors, including the convenience and needs of the community, whether the institution is sufficiently capitalized and well managed, issues of safety and soundness, the institution's record of meeting the credit needs of its community, whether there are significant supervisory concerns with respect to the institution or affiliated organizations, and whether any financial or other business arrangement, direct or indirect, involving bank insiders involves terms and conditions more favorable to the insiders than would be available in a comparable transaction with unrelated parties.

Under the Pennsylvania Banking Code, the Bank is permitted to branch throughout Pennsylvania. Pennsylvania law also provides Pennsylvania state-chartered banks elective parity with the power of national banks, federal thrifts, and state-chartered institutions in other states as authorized by the FDIC, subject to a required notice to the Department. The Pennsylvania Banking Code also imposes restrictions on payment of dividends, as well as minimum capital requirements.

In October 2012, Pennsylvania enacted three laws known as the "Banking Law Modernization Package," all of which became effective on December 24, 2012. The intended goal of the law, which applies to the Bank, is to modernize Pennsylvania's banking laws and to reduce regulatory burden at the state level where possible, given the increased regulatory demands at the federal level as described below.

The law also permits banks to disclose formal enforcement actions initiated by the Department, clarifies that the Department has examination and enforcement authority over subsidiaries as well as affiliates of regulated banks and bolsters the Department's enforcement authority over its regulated institutions by clarifying its ability to remove directors, officers and employees from institutions for violations of laws or orders or for any unsafe or unsound practice or breach of fiduciary duty. Changes to existing law also allow the Department to assess civil money penalties of up to $25,000 per violation.

The law also sets a new standard of care for bank officers and directors, applying the same standard that exists for non-banking corporations in Pennsylvania. The standard is one of performing duties in good faith, in a manner reasonably believed to be in the best interests of the institutions and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. Directors may rely in good faith on information, opinions and reports provided by officers, employees, attorneys, accountants or committees of the board, and an officer may not be held liable simply because he or she served as an officer of the institution.

Interstate Branching. Federal law allows the Federal Reserve and FDIC, and the Pennsylvania Banking Code allows the Department, to approve an application by a state banking institution to acquire interstate branches. For more information on federal law, see the discussion under "Federal Banking Laws – Interstate Branching" above.

Pennsylvania banking laws authorize banks in Pennsylvania to acquire existing branches or branch de novo in other states and also permit out-of-state banks to acquire existing branches or branch de novo in Pennsylvania.

In April 2008, Banking Regulators in the States of New Jersey, New York and Pennsylvania entered into the Interstate MOU to clarify their respective roles, as home and host state regulators, regarding interstate branching activity on a regional basis pursuant to the Riegle-Neal Amendments Act of 1997. The Interstate MOU establishes the regulatory responsibilities of the respective state banking regulators regarding bank regulatory examinations and is intended to reduce the regulatory burden on state-chartered banks branching within the region by eliminating duplicative host state compliance exams.

Under the Interstate MOU, the activities of branches Customers established in New Jersey or New York would be governed by Pennsylvania state law to the same extent that federal law governs the activities of the branch of an out-of-state national bank in such host states. Issues regarding whether a particular host state law is preempted are to be determined in the first instance by the Department. In the event that the Department and the applicable host state regulator disagree regarding whether a particular host state law is pre-empted, the Department and the applicable host state regulator would use their reasonable best efforts to consider all points of view and to resolve the disagreement.

Item 1A. Risk Factors

Summary of Risk Factors

Our business is subject to a number of risks and a summary of the significant risk factors is set forth below. These risks are discussed in more detail following this summary and should be read together with this summary and considered along with other information contained in this report before investing in our securities.

- **Risks related to the Bancorp's banking operations:**
  - Risks related to maintaining an appropriate level of ACL;
  - Risks related to changes in the composition of our loan portfolio including our current emphasis on commercial and industrial, including specialized lending, mortgage finance, commercial real estate, multifamily and consumer loans;
  - Risks related to the commercial real estate market;
  - Risks related to the impacts of changes in legislation or regulation on our New York state multifamily loan portfolio;
  - Risks associated with our investment securities portfolio including market and credit risks and the uncertainties surrounding macroeconomic conditions;
  - Risks associated with our lending activities and effective management of credit risks in our loan and lease portfolio;
  - Risks associated with maintaining sufficient liquidity including our ability to gather, grow and retain our lower cost deposits and our ability to maintain a favorable deposit composition;
  - Risks and uncertainties associated with the effectiveness of our business strategies, operations, and technology in managing growth and maintaining profitability;
  - Risks related to changes to estimates and assumptions made by management in preparing financial statements;
  - Risks related to changes in accounting standards and policies which can be difficult to predict and can materially impact how we record and report our financial results;
  - Risks related to our geographic concentration in the Northeast and Mid-Atlantic regions;
  - Risks related to our concentration in certain business lines or product types;
  - Risks related to our dependency on our executive officers and key personnel to implement our strategy and our ability to retain their services;
  - Risks related to significant competition from other financial institutions and financial services providers;
  - Risks related to inflation, interest rates, and securities market and monetary fluctuations;
  - Risks related to our proprietary B2B instant payments platform, cubiX;
  - Risks associated with our dependency on our information technology and telecommunications systems and third-party service providers including exposures to systems failures, interruptions or breaches of security;
  - Risks associated with the evolving regulatory frameworks around the development and use of artificial intelligence;
  - Risks associated with the loss of, or failure to adequately safeguard, confidential or proprietary information;
  - Risks associated with negative public opinion regarding us;
  - Risks related to increasing, complex and evolving regulatory, stakeholder, and other third party expectations on CSR matters;
  - Risks related to our system of internal controls, including internal controls over financial reporting;
  - Risks associated with the acquisitions of or investments in other businesses;
- **Risks related to macroeconomic conditions, climate change and geopolitical conflicts:**
  - Risks related to turmoil in the financial services industry, or our ability to adequately manage our liquidity, deposits, capital levels, interest rate risk or reputation risk, in light of recent bank failures;
  - Risks related to worsening general business and economic conditions which could materially and adversely affect us;

- Risks related to the SBA's PPP program and PPP loans remaining on our balance sheet;
- Risks related to climate change and related legislative and regulatory initiatives on our business;

- **Risks related to the regulation of our industry:**
  - Risks associated with the highly regulated environment in which we operate, including the effects of heightened regulatory and supervisory requirements, expectations and scrutiny in the U.S. leading to increased compliance, regulatory and other risks and costs and subject us to legal and regulatory examinations, investigations and enforcement actions;
  - Risks related to maintaining adequate regulatory capital to support our business strategies including the long-term impact of the new regulatory capital standards and the capital rules on U.S. banks;
  - Risks related to our use of third-party service providers and our other ongoing third-party business relationships, which are subject to increasing regulatory requirements and attention;
  - Risks related to litigation and regulatory actions, including enforcement actions, which could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities;
  - Risks related to the FDIC's restoration plan and related increased assessment rates;
  - Risks related to reviews performed by the IRS and state taxing authorities for the fiscal years that remain open for investigation and potential changes in U.S. federal, state or local tax laws;

- **Risks related to our securities:**
  - Risks related to our voting common stock;
  - Risks related to our senior notes and subordinated notes;

- **General risk factors**
  - Risks related to downgrades in U.S. government and federal agency securities; and
  - Risks related to our ability to maintain consistent earnings or profitability.

Risks Related to the Bancorp's Banking Operations

Our business is highly susceptible to credit risk. If our ACL is insufficient to absorb losses in our loan and lease portfolio, our earnings could decrease.

Lending money is a substantial part of our business, and each loan and lease carries a certain risk that it will not be repaid in accordance with its terms or that any underlying collateral will not be sufficient to assure repayment of the full amount owed. This risk is affected by, among other things:

- the financial condition and cash flows of the borrower and/or the project being financed;
- whether a loan or lease is collateralized and, if so, the changes and uncertainties as to the future value of the collateral;
- the discount on the loan at the time of its acquisition;
- the duration of the loan or lease;
- the credit history of a particular borrower; and
- changes in current and future economic and industry conditions.

Our credit standards, policies and procedures are designed to reduce the risk of credit losses but may not prevent us from incurring substantial credit losses.

Additionally, for certain borrowers, we restructure originated or acquired loans if we believe the borrowers are experiencing problems servicing the debt pursuant to current terms, and we believe the borrower is likely to fully repay their restructured obligations. We are subject to legal or regulatory requirements for restructured loans. With respect to restructured loans, we grant concessions to certain borrowers experiencing financial difficulties in order to facilitate repayment of the loan by a reduction of the stated interest rate for the remaining life of the loan to lower than the current market rate for new loans with similar risk or an extension of the maturity date.

Management makes various assumptions and judgments about the collectability of our loan and lease portfolio, including the creditworthiness of our borrowers and the probability of our borrowers making payments, as well as the value of real estate and other assets serving as collateral for the repayment of many of our loans and leases. Under the CECL model pursuant to ASC 326, *Measurement of Credit Losses on Financial Instruments* ("ASC 326"), we are required to present certain financial assets reported at amortized cost, such as loans held for investment and HTM debt securities, at the net amount expected to be collected. The measurement of expected credit losses is based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This measurement will take place at the time the financial asset is first added to the balance sheet and periodically thereafter. At December 31, 2025, Customers' ACL totaled $155.7 million, which represented 1.03% of total loans and leases held for investment.

In determining the amount of the ACL, significant factors considered include loss experience in particular loan portfolio, trends and absolute levels of classified and criticized loans and leases, trends and absolute levels in delinquent loans and leases, trends in risk ratings, trends in industry and Customers' charge-offs by particular loan portfolio and changes in current and future economic and business conditions affecting our lending areas and the national economy. We also rely on certain third-party models and other information in preparing our assumption. If our assumptions are incorrect, our ACL may not be sufficient to cover losses inherent in our loan and lease portfolio, which can result in our being required to make additions to the ACL or incurring credit losses.

Management reviews and re-estimates the ACL quarterly. Additions to our ACL as a result of management's reviews and re-estimates could materially decrease net income. Our regulators, as an integral part of their examination process, periodically review our ACL and may lead us to increase our ACL by recognizing additional provisions for credit losses on loans and leases charged to expense, or to decrease our ACL by recognizing charge-offs, net of recoveries. Any such additional provisions for credit losses on loans and leases or net charge-offs could have a material adverse effect on our financial condition and results of operations and possibly risk-based capital.

Changes in the composition of our loan portfolio may expose us to increased lending risks.

From time to time, we implement changes in the composition of our loan portfolio to emphasize and deemphasize certain types of loans, such as commercial and industrial loans, including specialized lending, mortgage finance, commercial real estate, multifamily and consumer loans. We may achieve these changes through originations or purchases or sales of loan portfolios from or to third party originators or fintech companies. Our focus will change, based on our evaluation of current and predicted market conditions and opportunities. Changes in the composition of our loan portfolio effects our overall credit profile, and these effects can be significantly adverse, and could result in a higher percentage of non-accrual loans, increased provision for loan losses, loss of future income on loans sold, sales of loans at a discount below book value and an increased level of net charge-offs, all of which could have a material and adverse effect on our financial condition and results of operations. Consumer loans are particularly affected by economic conditions, including interest rates, inflation, the rate of unemployment, housing prices, the level of consumer confidence, changes in consumer spending, and the number of personal bankruptcies. A weakening in business or economic conditions, including higher unemployment levels, higher inflation, increased interest rates or declines in home prices could adversely affect borrowers' ability to repay their loans, which could negatively impact our credit performance.

As of December 31, 2025, Customers had $1.4 billion in consumer loans outstanding, or 8.5% of the total loan and lease portfolio, which includes loans held for sale, loans receivable, mortgage finance, at fair value, and loans receivable, installment, at fair value, compared to $1.4 billion, or 9.9% of the total loan and lease portfolio, as of December 31, 2024.

Our emphasis on commercial, commercial real estate and mortgage finance may expose us to increased lending risks.

We intend to continue emphasizing the origination of commercial loans including our specialized lending verticals. Commercial loans, including commercial real estate loans, expose a lender to risk of non-payment and loss because repayment of the loans often depends on the successful operation of a business or property, which could be affected by factors outside of the borrower's control, and the borrower's cash flows. Such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one-to-four-family residential mortgage loans. We have in the past and will in the future experience non-payment of commercial loans. In addition, we may need to increase our allowance for credit losses in the future to account for an increase in expected credit losses associated with such loans. Also, we expect that many of our commercial borrowers will have more than one loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship can expose us to a significantly greater risk of loss compared to an adverse development with respect to a one-to-four-family residential mortgage loan.

We are also a lender to mortgage companies, where we provide financing to mortgage bankers by purchasing, subject to resale under a master repurchase agreement, the underlying residential mortgages on a short-term basis pending the ultimate sale of the mortgages to investors. We are subject to the risks associated with such lending, including, but not limited to, the risks of fraud, bankruptcy and possible default by the borrower, closing agents and the residential borrower on the underlying mortgage, any of which could result in credit losses. We have in the past experienced, and expect in the future to experience, fraud, bankruptcy and defaults by such parties in connection with our lending to mortgage companies. The risk of fraud associated with this type of lending includes, but is not limited to, settlement process risks, the risk of financing nonexistent loans or fictitious mortgage loan transactions, the risk that collateral delivered is fraudulent or non-existent, or the risk that the value of such collateral is artificially inflated, creating a risk of loss of the full amount financed on the underlying residential mortgage loan, or in the settlement processes. Fraudulent transactions could have a material adverse effect on our financial condition and results of operations.

This business is subject to seasonality of the mortgage lending business, and volumes are lower as a result of increased interest rates. A decline in the rate of growth, volume or profitability of this business unit, or a loss of its leadership could adversely affect our results of operations and financial condition.

As of December 31, 2025, we had $15.4 billion in commercial loans outstanding, approximately 91.5% of our total loan and lease portfolio, which includes loans held for sale, loans receivable, mortgage finance, at fair value, and loans receivable, installment, at fair value, as compared to $13.2 billion, or 90.1% of the total loan and lease portfolio, as of December 31, 2024.

We are subject to risks arising from conditions in the commercial real estate market.

Commercial real estate mortgage loans generally involve a greater degree of credit risk than residential real estate mortgage loans because they typically have larger balances and are more affected by adverse conditions in the economy. Because payments on loans secured by commercial real estate often depend upon the successful operation and management of the properties and the businesses which operate from within them, repayment of such loans may be affected by factors outside the borrower's control, such as adverse conditions in the real estate market or the economy, ability to raise rents and find tenants able to pay such rents, or changes in government regulations. The market value of real estate can fluctuate significantly in a relatively short period of time as a result of market conditions in the geographic area in which the real estate is located, in response to factors such as economic downturns, changes in the economic health of industries heavily concentrated in a particular area and in response to changes in market interest rates, which influence capitalization rates used to value revenue-generating commercial real estate. If the value of real estate serving as collateral for loans declines materially, a significant part of the loan portfolio could become under-collateralized and losses incurred upon borrower defaults would increase. Conditions in certain areas within the real estate industry may have an effect on the values of real estate pledged as collateral for loans. The inability of purchasers of real estate to obtain financing may weaken the financial condition of borrowers who are dependent on the sale or refinancing of property to repay their loans. Many real estate loans currently at or approaching maturity were originated during times of historically low interest rates. A borrower's ability to make payments upon a rate reset, or to sell or refinance a property upon a loan's maturity, may be adversely impacted if interest rates at the time of reset or maturity are significantly higher than at the time of the loan's origination and the borrower's cash flow is not sufficient to allow the borrower to make payments at the higher interest rate, which may increase the likelihood of borrower default. Changes in the economic health of certain industries can have a significant impact on other sectors or industries which are directly or indirectly associated with those industries and may impact the value of real estate in areas where such industries are concentrated. In recent years, commercial real estate markets have been particularly impacted by the economic disruption resulting from the COVID-19 pandemic. The COVID-19 pandemic has also been a catalyst for the evolution of various remote work options which could impact the long-term performance of some types of office properties within our commercial real estate portfolio. Although a number of businesses are implementing or have announced that they are considering reducing or eliminating remote work, the timing and effects of such changes are uncertain at this time. Banking regulatory agencies have expressed concerns about weaknesses in the current commercial real estate market. Failures in our risk management policies, procedures and controls could adversely affect our ability to manage this portfolio going forward and could result in an increased rate of delinquencies in, and increased losses from, this portfolio, which, accordingly, could have a material adverse effect on our business, results of operations and financial condition.

Our New York State multifamily loan portfolio could be adversely impacted by changes in legislation or regulation.

On June 14, 2019, the New York State legislature passed the Housing Stability and Tenant Protection Act of 2019, impacting about one million rent regulated apartment units. Among other things, the legislation: (i) curtailed rent increases from Material Capital Improvements and Individual Apartment Improvements; (ii) all but eliminated the ability for apartments to exit rent regulation; (iii) eliminated vacancy decontrol and high-income deregulation; and (iv) repealed the 20% vacancy bonus. In total, it generally limits a landlord's ability to increase rents on rent regulated apartments and makes it more difficult to convert rent regulated apartments to market rate apartments. In addition, the city council and the new mayor of New York City have proposed further restrictions on rent regulated apartments, including a complete freeze on rent increases. As a result, the value of the collateral located in New York State securing our multifamily loans or the future net operating income of such properties could potentially become impaired. As of December 31, 2025, our total multifamily exposure in New York State was approximately $1.2 billion, of which approximately $849.0 million, or 69% was provided for loans to properties with 50% or more rent-regulated units, primarily in New York City. In 2026, there are $54.7 million, or 6.4% of these loans that will mature or have an interest rate reset. Many multifamily loans currently at or approaching a rate reset or maturity were originated during times of historically low interest rates. Higher rates at the time of interest rate reset or maturity and, where applicable, increased restrictions on the ability of landlords to increase rents, may increase the likelihood of borrower default.

The fair value of our investment securities fluctuates due to market conditions. Adverse economic performance can lead to adverse security performance and potential impairment.

As of December 31, 2025, the fair value of our available for sale investment securities portfolio was $1.9 billion. Prior to 2020, we historically followed a conservative investment strategy, with concentrations in securities that were backed by government-sponsored enterprises. Since 2020, we sought to increase yields through more aggressive strategies, which has included a greater percentage of corporate securities, non-agency mortgage-backed securities and other structured credit products. Though in 2025, we began to increase the percentage of securities that were backed by government-sponsored enterprises, factors beyond our control significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. We have in the past sold securities at significant losses and may again in the future, depending on these factors. These factors include, but are not limited to, rating agency actions in respect of the securities, defaults by the issuer or with respect to the underlying securities, and changes in market interest rates and continued instability in the capital markets. Any of these factors, among others, such as a change in management's intent to sell the securities, have in the past and could in the future cause credit losses and realized and/or unrealized losses in future periods and declines in OCI, which could have a material adverse effect on us. The process for determining whether impairment of a security exists usually requires complex, subjective judgments about the future financial performance and liquidity of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security.

Changes to estimates and assumptions made by management in preparing financial statements could adversely affect our business, operating results, reported assets and liabilities, financial condition and capital levels.

Changes to estimates and assumptions made by management in connection with the preparation of our consolidated financial statements could adversely affect the reported amounts of assets and liabilities and the reported amounts of income and expenses. The preparation of our consolidated financial statements requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expense during the reporting periods. Changes to management's assumptions or estimates could materially and adversely affect our business, operating results, reported assets and liabilities, financial condition and capital levels.

Changes in accounting standards and policies can be difficult to predict and can materially impact how we record and report our financial results.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. From time to time, the FASB or the SEC changes the financial accounting and reporting standards or the policies that govern the preparation of our financial statements. These changes are at times difficult to predict and can materially impact how we record and report our financial condition and results of operations. We could be required to apply new or revised guidance retrospectively, which at times results in the revision of prior period financial statements by material amounts. The implementation of new or revised accounting guidance could have a material adverse effect on our financial results or net worth. Refer to "NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION" to Customers' audited consolidated financial statements.

Our geographic concentration in the Northeast and Mid-Atlantic regions makes our business susceptible to downturns in the local economies and depressed banking markets, which could materially and adversely affect us.

We have experienced exponential growth over the last five years as a result of significant expansion in our national specialized lending verticals as well as participating in the SBA's PPP. In the second quarter of 2024, Customers recruited several commercial lending teams in California and Nevada, as well as within our existing footprint in New York, building on expanded venture banking client coverage in Austin, the Bay Area, Boston, Southern California, Chicago, Denver, Raleigh/Durham, and Washington, D.C. in 2023. We intend to grow in these new markets and enter additional markets in the future. Nevertheless, as of December 31, 2025, our loan and deposit activities remained largely based in the Northeast and Mid-Atlantic regions. As a result, our financial performance depends in part upon economic conditions in these regions. These regions have experienced deteriorating local economic conditions in the past, and a downturn in the regional real estate market could harm our financial condition and results of operations because of the geographic concentration of loans within these regions, and because a large percentage of the loans are secured by real property. If there is a decline in real estate values, the collateral value for our loans will decrease, and our probability of incurring losses will increase as the ability to recover on defaulted loans by selling the underlying real estate will be lessened. We expect our loan and deposit activities to continue expanding beyond the Northeast and Mid-Atlantic regions to service customers across the nation.

Additionally, we have made a significant investment in commercial real estate loans. Often in a commercial real estate transaction, repayment of the loan is dependent on the property generating sufficient rental income to service the loan. Economic conditions may affect a tenant's ability to make rental payments on a timely basis, and cause some tenants not to renew their leases, each of which may impact the debtor's ability to make loan payments. Further, if expenses associated with commercial properties increase dramatically, a tenant's ability to repay, and therefore the debtor's ability to make timely loan payments, could be adversely affected. All of these factors could increase the amount of NPLs, increase our provision for loan losses and reduce our net income.

Our loan and deposit portfolios contain concentrations in certain business lines or product types that have unique risk characteristics and may expose us to increased risks.

Our loan and deposit portfolios consist primarily of commercial and industrial loans, including specialized lending activities, multifamily lending, commercial real estate loans, and mortgage finance loans, and related deposits, which contain material concentrations in certain business lines or product types. Additionally, many of our largest deposit relationships are concentrated in the digital asset industry. These loan and deposit concentrations present unique risks and involve specialized underwriting and management as they often involve large loan balances to or deposit balances from a single customer or group of related customers. Consequently, an adverse development with respect to one credit relationship, industry, business line or product type may adversely affect us. Additionally, the capabilities and sophistication of artificial intelligence is rapidly developing, and its effect on certain industries, such as software, legal, healthcare, finance or manufacturing, cannot be predicted. If any industry in which our borrowers operate is adversely affected by developments in artificial intelligence, we may experience an increased rate of delinquencies in, and increased losses from, borrowers that operate in, or depend on others that operate in, that industry, which, accordingly, could have a material adverse effect on our business, results of operations and financial condition.

Additionally, certain of our deposit relationships, primarily in the digital asset industry, operate as ecosystems of related depositors that interact with each other on our proprietary B2B instant payments platform, cubiX. The loss of one or more key relationships in any such ecosystem could have adverse effects on our relationships with the other members of that ecosystem, and materially and adversely affect our ability to retain the low cost deposits associated with the members of that ecosystem.

We depend on our executive officers and key personnel, and our ability to recruit key personnel, to implement our strategy and could be harmed by the loss of their services or our inability to recruit such persons.

We believe that the implementation of our strategy will depend in large part on the skills of our executive management team, and our ability to recruit, motivate and retain these and other key personnel. Accordingly, the loss of service of one or more of our executive officers or key personnel, or our inability to recruit and retain key personnel, could reduce our ability to successfully implement our growth strategy and materially and adversely affect us. We experience leadership changes in our management team from time to time, and if key or significant resignations occur, we may not be able to recruit additional qualified personnel, especially during periods of low unemployment. We believe our executive management team possesses valuable knowledge about the banking industry and that their knowledge and relationships would be very difficult to replicate. Although Executive Chairman and our President and CEO have entered into employment agreements with us, it is possible that they may not complete the term of their employment agreement or may choose not to renew it upon expiration.

Our customers also rely on us to deliver personalized financial services. Our strategic model is dependent upon relationship managers and private bankers who act as a customer's single point of contact with us. Many of our specialized lending verticals rely on our relationship managers' expertise and relationships in their respective industries. The loss of the service of these individuals could undermine the confidence of our customers in our ability to provide such personalized services. We need to continue to attract and retain these individuals and to recruit other qualified individuals to ensure continued growth. In addition, competitors may recruit these individuals in light of the value of the individuals' relationships with their customers and communities, and we may not be able to retain such relationships absent the individuals. In any case, if we are unable to attract and retain our relationship managers and private bankers and recruit individuals with appropriate skills and knowledge to support our business, our growth strategy, business, financial condition and results of operations may be adversely affected.

In addition, our ability to expand into new business lines or grow existing business lines, such as specialized lending, digital banking, including our proprietary B2B instant payments platform, cubiX, and Banking-as-a-Service offerings, are highly dependent upon our ability to identify, recruit and retain key personnel. We cannot ensure that our recruiting or retention efforts for these positions will be successful or that they will enhance our business, results of operations or financial condition. Our recruitment efforts, even if successful, may lead to operational disruption or additional costs and expenses, including from litigation, which can adversely affect our business, financial condition and results of operations.

Our success also depends on the experience of our branch managers and lending officers and on their relationships with the customers and communities they serve. The loss of these key personnel could negatively impact our banking operations.

We also face an increasingly complex regulatory environment. The loss of key senior personnel, or the inability to identify, recruit and retain qualified personnel in the future, such as those in our compliance, finance, risk and legal departments, could have a material adverse effect on us. Because many of our team members continue to work remotely on a "hybrid model", the ability of our key personnel and other management to motivate personnel and maintain corporate culture may be adversely affected.

We face significant competition from other financial institutions and financial services providers, which may materially and adversely affect us.

Commercial and consumer banking is highly competitive. Changes in market interest rates and pricing decisions by our loan and deposit competitors may adversely affect demand for our loan and deposit products and the revenue realized on the sale of loans, and ultimately reduce our net income. Our markets contain a large number of community and regional banks as well as a significant presence of the country's largest commercial banks. We compete with other state and national financial institutions, including savings and loan associations, savings banks and credit unions, for deposits and loans. In addition, we compete with financial intermediaries, such as consumer finance companies, private credit funds, mortgage banking companies, insurance companies, securities firms, mutual funds and several government agencies, as well as major retailers and fintech companies, in providing various types of loans and other financial services. We also face emerging competition for deposits from tokenized deposits and stablecoins. Some of these competitors may have a long history of successful operations in our markets, greater ties to local businesses and more expansive banking relationships, as well as better established depositor bases. Competitors may also have greater resources and access to capital and may possess other advantages such as operating more branches and ATMs and conducting extensive promotional and advertising campaigns or operating a more developed online presence. Competitors may also be subject to less restrictive regulation than we are, exhibit a greater tolerance for risk and behave more aggressively with respect to pricing in order to increase their market share.

We expect to drive organic growth by employing our single-point-of-contact strategy, which provides specific relationship managers or private bankers for all customers, and by focusing on our corporate and specialized banking verticals and our specialized product offerings, such as cubiX. Many of our competitors provide similar services, and others may replicate our model. Our competitors may have greater resources than we do and may be able to provide similar services more quickly, efficiently and extensively. To the extent others replicate our model, we could lose what we view as a competitive advantage, and our financial condition and results of operations may be adversely affected.

The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. Increased competition among financial services companies due to the ongoing consolidation of certain competing financial institutions and relaxing of regulatory burden may adversely affect our ability to effectively market our products and services. Technological advances have lowered barriers to entry and made it possible for banks to compete in our market without a retail footprint by offering competitive rates, as well as non-banks to offer products and services traditionally provided by banks. Our ability to compete successfully depends on a number of factors, including, among others:

- the ability to develop, maintain and build upon long-term customer relationships based on high quality, personal service, effective and efficient products and services, high ethical standards and safe and sound assets;
- the quality, scope, relevance and competitive pricing of products and services offered to meet customer needs and demands;
- the ability to provide customers with maximum convenience of access to services and availability of banking representatives;
- the ability to attract and retain highly qualified team members to operate our business;
- the ability to expand our market position in current and new markets;
- customer access to our decision makers and customer satisfaction with our level of service;
- the ability to effectively manage our regulatory, compliance, legal, reputation and enterprise risk; and
- the ability to operate our business effectively and efficiently.

Failure to perform in any of these areas could significantly weaken our competitive position, which could materially and adversely affect us.

In addition, the financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services including artificial intelligence, internet services, cryptocurrencies and payment systems. In addition to improving the ability to serve customers, the effective use of technology increases efficiency and enables financial institutions to reduce long-term costs. These technological advancements also have made it possible for non-financial institutions, such as the "fintech companies" and market place lenders, to offer products and services that have traditionally been offered by financial institutions. The process of "disintermediation," or removing banks from their traditional role as financial intermediaries, could result in loss of customer deposits and other sources of revenue, which could have a material adverse effect on our financial condition and results of operations. Further, in many cases fintech companies and similar non-bank financial service firms, unlike the Bank, are not subject to extensive regulation and supervision. The absence of significant oversight and regulatory compliance obligations may allow such companies to realize certain competitive advantages over us, which has resulted in increased competition for our customers' business. Federal and state banking agencies continue to deliberate over the regulatory treatment of fintech companies, including whether the agencies are authorized to grant charters or licenses to such companies and whether it would be appropriate to do so in consideration of several regulatory and economic factors. The increased demand for, and availability of, alternative payment systems and currencies not only increases competition for such services, but has created a more complex operating environment that, in certain cases, may require additional or different controls to manage fraud, operational, legal and compliance risks.

Like other financial services institutions, our asset and liability structures are monetary in nature. Such structures are affected by a variety of factors, including changes in interest rates, which can impact the value of financial instruments held by us.

Like other financial services institutions, we have asset and liability structures that are essentially monetary in nature and are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, inflation, currency values, market conditions, the availability and terms (including cost) of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties and the level and volatility of trading markets. Such factors can impact customers and counterparties of a financial services institution and may impact the value of financial instruments held by a financial services institution.

Our earnings and cash flows largely depend upon the level of our net interest income, which is the difference between the interest income we earn on loans, investments and other interest earning assets, and the interest we pay on interest bearing liabilities, such as deposits and borrowings. Because different types of assets and liabilities may react differently and at different times to market interest-rate changes, changes in interest rates can increase or decrease our net interest income. When interest-bearing liabilities mature or reprice more quickly than interest-earning assets in a period (i.e., liability sensitive), an increase in interest rates would reduce net interest income. Similarly, when interest-earning assets mature or reprice more quickly (i.e., asset sensitive), and because the magnitude of repricing of interest-earning assets is often greater than interest-bearing liabilities, falling interest rates would reduce net interest income. As of December 31, 2025, Customers' balance sheet was modestly asset sensitive from an earnings perspective.

Accordingly, changes in the level of market interest rates affect our net yield on interest-earning assets and liabilities, loan and investment securities portfolios and our overall financial results. Changes in interest rates may also have a significant impact on borrower behaviors and any future loan origination revenues. Changes in interest rates also have a significant impact on the carrying value of a significant percentage of the assets, both loans and investment securities, on our balance sheet. We have incurred debt and expect to incur additional debt in the future, and that debt may also be sensitive to interest rates and any increase in interest rates could materially and adversely affect us. Interest rates are highly sensitive to many factors beyond our control, including general economic conditions and policies of various governmental and regulatory agencies, particularly the Federal Reserve. Adverse changes in the Federal Reserve's interest-rate policies or other changes in monetary policies and economic conditions could materially and adversely affect us.

Acceptance and success of our proprietary B2B instant payments platform, cubiX, is subject to a variety of factors that are difficult to evaluate.

Customers Bank's proprietary B2B instant payments platform, cubiX, serves a growing array of B2B clients who wanted the benefit of instant payments, including key over-the-counter desks, exchanges, liquidity providers, market makers, funds, title companies and other B2B verticals.

Prior to December 31, 2024, we offered a blockchain-based instant payments product, CBIT, on the TassatPay platform. CubiX does not operate on a blockchain and does not utilize tokens or other digital assets and therefore there is no omnibus account maintained in connection with cubiX.

The customers using cubiX are primarily concentrated in the digital currency industry, which experienced significant disruptions and bankruptcies of FTX and other participants in the digital currency industry in 2022. Customers Bank's loans to customers in the digital currency industry are not significant. However, disruptions in the digital currency industry could have adverse effects on Customers' business, reputation, financial condition and results of operations.

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services including internet services, cryptocurrencies and payment systems. In addition to improving the ability to serve clients, the effective use of technology increases efficiency and enables financial institutions to reduce long-term costs. These technological advancements also have made it possible for non-financial institutions, such as "fintech companies" and market place lenders, to offer products and services that have traditionally been offered by financial institutions. Federal and state banking agencies continue to deliberate over the regulatory treatment of fintech companies, including whether the agencies are authorized to grant charters or licenses to such companies and whether it would be appropriate to do so in consideration of several regulatory and economic factors. The increased demand for, and availability of, alternative payment systems and currencies not only increases competition for such services, but has created a more complex operating environment that, in certain cases, may require additional or different controls to manage fraud, operational, legal and compliance risks.

New technologies could require us to spend more to modify or adapt our products to attract and retain clients or to match products and services offered by our competitors, including fintech companies. New technologies also expose us to additional operational, financial, and regulatory risks. Because many of our competitors have substantially greater resources to invest in technological improvements than we do, or, at present, operate in a less-burdensome regulatory environment, these institutions could pose a significant competitive threat to us.

As noted above, our commercial customers utilizing cubiX are currently concentrated in the digital currency industry. The digital currency industry includes a diverse set of businesses that use digital currencies for different purposes and provide services to others who use digital currencies, including the technologies underlying digital currencies, such as blockchain, and the services associated with digital currencies and blockchain. This is a new and rapidly evolving industry, and the viability and future growth of the industry and adoption of digital currencies and the underlying technology is subject to a high degree of uncertainty, including based upon the adoption of the technology, regulation of the industry, and price volatility, among other factors. Adverse events or publicity in the digital currency industry creates reputational risk for us. Because the sector is relatively new, additional risks may emerge which are not yet known or quantifiable.

In July 2025, President Trump signed into law the GENIUS Act, which establishes a regulatory framework for "payment stablecoins" and their issuers. Consumers and businesses may view payment stablecoins as a substitute for traditional bank deposits, resulting in deposit withdrawals. Depending on consumer and business interest in payment stablecoins, and the characteristics and utility of payment stablecoins, the passage of the GENIUS Act could result in increased competition with respect to our deposit products. However, the GENIUS Act requires the U.S. Treasury Department and federal and state regulators to issue regulations on numerous topics to interpret and implement the statute, so the effect of the GENIUS Act will depend on what those regulations provide.

Other factors affecting the industries in which users of cubiX include, but are not limited to:

- the adoption and use of digital currencies, including adoption and use as a substitute for fiat currency or for other uses, which may be adversely impacted by continued price volatility;
- the use of digital currencies, or the perception of such use, to facilitate illegal activity such as fraud, money laundering, tax evasion, funding of terrorism and other illicit activities and ransomware or other scams by our customers;
- heightened risks to digital currency businesses, such as digital currency exchanges, of fraud, hacking, malware attacks, and other cyber-security risks, which can lead to significant losses;
- developments in digital currency trading markets, including decreasing price volatility of digital currencies, resulting in narrowing spreads for digital currency trading and diminishing arbitrage opportunities across digital currency exchanges, or increased price volatility, which could negatively impact our customers and therefore our deposits, either of which in turn may reduce the benefits of cubiX, including our generation of fee income, and negatively impact our business; and
- the maintenance and development of the software protocol of the digital currency networks.

If any of these factors, or other factors, slows development of the digital currency industry, it could adversely affect cubiX and the businesses of the customers upon which it relies, and therefore have a material adverse effect on our business, financial condition and results of operations.

If conditions in digital currency markets change such that certain trading strategies currently employed by our institutional investor customers become less profitable, the benefits of cubiX may be diminished, resulting in a decrease in our deposit balances and fee income and adversely impacting our growth strategy. In addition, if a competitor or another third party were to launch an alternative to cubiX (such as Federal Reserve's FedNow Service, a virtual real time payment system for banks launched in 2023), we could lose non-interest bearing deposits and fee income and our business, financial condition, results of operations and growth strategy could be adversely impacted. Further, we may be unable to attract and retain experienced employees, which could adversely affect our growth. The further development and acceptance of digital currencies and blockchain technology are subject to a variety of factors that are difficult to evaluate, as discussed above. The slowing or stopping of the development or acceptance of digital currency networks and blockchain technology may adversely affect our ability to continue to grow and capitalize on our strategy to service the digital assets industry.

Our future growth may be adversely impacted if we are unable to retain and grow this strong, low-to-no cost deposit base. At times we face competitive pressures to pay higher interest rates on deposits to our digital currency customers, which could increase funding costs and compress net interest margins. Further, even if we are otherwise able to grow and maintain our non-interest bearing deposit base, our deposit balances may still decrease if our digital currency customers are offered more attractive returns from our competitors. If our digital currency customers withdraw deposits, we would lose a low-cost source of funds and fee income, which would likely increase our funding costs and reduce our net interest income and net interest margin. These factors could have material effect on our business, financial condition and results of operations.

Our computer systems and network infrastructure and those of our third-party service providers that support the functionality of cubiX could be vulnerable to hardware and cybersecurity issues. Our operations are dependent upon our and our third-party service providers' ability to protect computer equipment upon which these technologies operate against damage from fire, power loss, telecommunications failure or a similar catastrophic event. We could also experience a breach by intentional or negligent conduct on the part of our or a third-party service provider's team members or other internal sources. Any damage or failure that causes an interruption in our operations could have a material adverse effect on our financial condition and results of operations. We could also become the target of various cyberattacks as a result of our focus on the digital currency industry.

The technology underlying cubiX may not function properly, or the personnel operating cubiX may not operate it correctly, either of which may have a material impact on Customers' operations and financial condition. This same risk exists on our other technology and processing systems, and wire transfer and automated clearing house (ACH) operations that are outsourced to third-party service providers. The importance of cubiX means that any technological or operational problems in its functionality may have a material adverse effect on Customers' operations, business model and growth strategy.

Many of our competitors have substantially greater resources to invest in technological improvements. Third parties upon which we rely for the technology underlying and supporting cubiX may not be able to develop, on a cost-effective basis, systems that will enable us to keep pace with such developments. As a result, our competitors may be able to offer additional or superior products compared to those that we will be able to provide, which would put us at a competitive disadvantage. We may lose customers seeking new technology-driven products and services to the extent we are unable to provide such products and services. The ability to keep pace with technological change is important and the failure to do so could adversely affect our business, financial condition and results of operations.

We are dependent on our information technology and telecommunications systems and third-party service providers, and systems failures, interruptions or breaches of security, or the failure of our third-party service providers to adequately perform their services, could have a material adverse effect on us.

Our business is highly dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems and the effectiveness of our third-party service providers. We outsource many of our major technology and business process functions, such as data processing, loan servicing, deposit processing and money transfer systems to third-party service providers. If we do not effectively select, implement and monitor our outsourcing relationships, or if the third-party service providers do not adequately perform their services or are unable to continue to provide services to us as a result of their own operational or technological limitations or financial or other difficulties, our operations may be materially and adversely affected. While we intend to select third-party service providers carefully, we do not control their operations and at times they encounter difficulties, including disruptions in communications, failures to handle current or increased transaction volumes, cyberattacks, security breaches, regulatory or compliance failures, data corruption or similar events, during which our ability to operate effectively is adversely affected. Certain of our third-party service providers have experienced performance issues, financial difficulties (including bankruptcy) and staff shortages, and we expect that others will in the future. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. If significant, sustained or repeated, a system failure or service denial could compromise our ability to operate effectively, damage our reputation, result in a loss of customer business, and/or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on us. Certain of our agreements with third party service providers contain limitations of liability or other contractual provisions that adversely affect our ability to recover damages from the third party service provider, even in cases where the damages are caused by the third party service provider's breach of contract or other wrongful action, and insurance policies maintained by the third party service provider or us may not be sufficient to cover any such damages. In addition, the termination of third-party software licenses or service agreements on which any of our information technology and telecommunications systems are based, or other disruption in our relationships with third-party service providers, could adversely affect our operations, and securing replacement licenses and/or engaging alternative third-party service providers and integrating the related technology and services into our systems could result in increased costs and operational difficulties.

We continue to evaluate and implement upgrades and changes to our information technology systems, some of which are significant. Upgrades involve replacing existing systems with successor systems, making changes to existing systems or acquiring new systems with new functionality. We are aware of inherent risks associated with replacing these systems, including accurately capturing data and system disruptions, and attempt to mitigate these risks through testing, training, and staging implementation, as well as through commercial contracts in place with third-party service providers supplying or supporting our information technology initiatives. However, there can be no assurances that we will successfully launch these systems as planned or that they will be implemented without disruptions to our operations. Information technology system disruptions, if not anticipated and appropriately mitigated, or failure to successfully implement new or upgraded systems, could have a material adverse effect on our results of operations. Also, we may have to make a significant investment to repair or replace these systems and could suffer loss of critical data and interruptions or delays in our operations. These risks are heightened where upgrades and changes are made to information technology systems that are integrated with third party systems.

In addition, we provide our customers with the ability to bank remotely, including online, over the Internet, through apps and over the telephone, including through application programming interfaces (APIs). The secure transmission of confidential information over the Internet and other remote channels is a critical element of remote banking. Our network could be vulnerable to unauthorized access, computer viruses, phishing schemes and other security breaches. We spend significant capital and other resources to protect against the threat of security breaches and computer viruses or to alleviate problems caused by security breaches or viruses, and we expect these expenditures to continue in the future, but there can be no assurances that we will be successful in preventing such events. To the extent that our activities or the activities of our customers involve the storage and transmission of confidential information, security breaches and viruses could expose us to claims, regulatory scrutiny, litigation and other possible liabilities. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in our systems and could materially and adversely affect us.

Additionally, financial products and services have become increasingly technology-driven. Our ability to meet the needs of our customers competitively and in a cost-efficient manner is dependent on the ability to keep pace with technological advances, including recent developments in AI, and to invest in new technology as it becomes available. Certain competitors may have greater resources to invest in technology and may be better equipped to market new technology-driven products and services. The ability to keep pace with technological change is important, and the failure to do so could have a material adverse impact on our business and therefore on our financial condition and results of operations.

Any actual or perceived failure to comply with evolving regulatory frameworks around the development and use of artificial intelligence could adversely affect our business, results of operations, and financial condition.

Our business increasingly relies on AI, machine learning and automated decision making to improve our services and our customers' experience. The regulatory framework around the development and use of these emerging technologies is rapidly evolving, and many federal, state and foreign government bodies and agencies have introduced and/or are currently considering additional laws and regulations. As a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or perception of their requirements may have on our business.

Any of the foregoing, together with developing guidance and/or decisions in this area, may affect our use of AI and our ability to provide and improve our services, require additional compliance measures and changes to our operations and processes, and result in increased compliance costs and potential increases in civil claims against us. Any actual or perceived failure to comply with evolving regulatory frameworks around the development and use of AI, machine learning and automated decision making could adversely affect our business, results of operations, reputation and financial condition.

Loss of, or failure to adequately safeguard, confidential or proprietary information may adversely affect our operations, net income or reputation.

We regularly collect, process, transmit and store significant amounts of confidential information regarding our customers, team members, third party service providers and others. This information is necessary for the conduct of our business activities, including the ongoing maintenance of deposit, loan and other account relationships for our customers, and receiving instructions and affecting transactions for those customers and other users of our products and services. In addition to confidential information regarding our customers, team members, third party service providers and others, we compile, process, transmit and store proprietary, non-public information concerning our own business, operations, plans and strategies. In some cases, this confidential or proprietary information is collected, compiled, processed, transmitted or stored by third parties on our behalf.

Information security risks have increased in recent years because of the proliferation of new technologies and the increased sophistication and activities of perpetrators of cyber-attacks. A failure in or breach of our operational or information security systems or those of our third-party service providers, as a result of cyber-attacks or information security breaches or due to team member error, malfeasance or other disruptions, could adversely affect our business, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs and/or cause losses. As a result, cybersecurity and the continued development and enhancement of the controls and processes designed to protect our systems, computers, software, data and networks from attack, damage or unauthorized access remain an ongoing risk.

If this confidential or proprietary information were to be mishandled, misused or lost, we could be exposed to significant regulatory consequences, reputational damage, civil litigation and financial loss. Mishandling, misuse or loss of this confidential or proprietary information could occur, for example, if the confidential or proprietary information were intentionally or erroneously provided to parties who were not permitted to have the information, either by fault of the systems or our team members or the systems or employees of third parties which have collected, compiled, processed, transmitted or stored the information on our behalf, where the information is intercepted or otherwise inappropriately taken by third parties or where there is a failure or breach of the network, communications or information systems which are used to collect, compile, process, transmit or store the information.

Although we employ a variety of physical, procedural and technological safeguards to protect this confidential and proprietary information from mishandling, misuse or loss, these safeguards do not provide absolute assurance that mishandling, misuse or loss of the information will not occur, or that if mishandling, misuse or loss of the information did occur, those events would be promptly detected and addressed. Such disclosures have occurred and are likely to occur in the future. Any disclosures of confidential or proprietary information, whether intentional or unintentional, subject us to liability for damages, including expenses of credit monitoring for those effected, and reputational damage. Additionally, as information security risks and cyber threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and/or to investigate and remediate any information security vulnerabilities.

Breaches of security measures, computer viruses or malware, fraudulent activity and infrastructure failures could materially and adversely affect our reputation or harm our business, including the unauthorized access to or disclosure of data relating to third-party serviced deposit account holders.

The encryption software and the other technologies we use to provide security for storage, processing and transmission of confidential customer and other information are not always effective to protect against data-security breaches. The risk of unauthorized circumvention of our security measures has been heightened by advances in computer capabilities and the increasing sophistication of hackers including through the use of artificial intelligence. Companies that process and transmit cardholder information have been specifically and increasingly targeted by sophisticated criminal organizations in an effort to obtain the information and utilize it for fraudulent transactions. Similarly, companies that process payments on behalf of customers or other third parties are also being increasingly targeted for fraudulent transactions.

Unauthorized access to our computer systems or those of our third-party service providers, could result in the theft or publication of the information or the deletion or modification of sensitive records, and could cause interruptions in our operations. Any inability to prevent security breaches could damage our relationships with our customers, cause a decrease in transactions by customers, expose us to liability for unauthorized purchases, payments or other transactions and subject us to network fines. These claims also could result in protracted and costly litigation. If unsuccessful in defending that litigation, we might be forced to pay damages and/or change our business practices. Certain security incidents trigger regulatory notice requirements or other regulatory obligations, and failure to comply with such obligations could impose new and costly compliance obligations or otherwise have a material adverse effect on our reputation, business or operations. Any material increase in our costs resulting from litigation or additional regulatory burdens being imposed upon us or litigation could have a material adverse effect on our operating revenues and profitability.

In addition, our account holders disclose certain "personally identifiable" information, including contact information, identification numbers and the amount of credit balances, which they expect we will maintain in confidence. It is possible that hackers, fraudsters, customers or team members acting unlawfully or contrary to our policies or other individuals, could improperly access our or our third-party service providers' systems and obtain or disclose data about our customers. Further, because customer data may also be collected, stored or processed by third-party service providers, it is possible that these third-party service providers could intentionally, negligently or otherwise disclose data about our clients or customers.

We rely to a large extent upon sophisticated information technology systems, databases and infrastructure, and take steps to protect them. However, due to their size, complexity, content and integration with or reliance on third-party systems, they are vulnerable to breakdown, malicious intrusion, natural disaster and random attack, all of which pose a risk of exposure of sensitive data to unauthorized persons or to the public. The likelihood or severity of these events may increase as our use of automation, artificial intelligence or other technologies, including APIs, increases.

Our information systems have been, and will continue to be, subject to cybersecurity breaches, which lead to fraudulent activity that can result in identity theft, losses on the part of our banking customers, additional security costs, negative publicity and damage to our reputation and brand. In addition, our customers or team members are the targets of scams that result in the release of sufficient information concerning themselves or their accounts to allow others unauthorized access to their accounts or our systems (e.g., "phishing" and "smishing"). Claims for compensatory or other damages may be brought against us as a result of a breach of our systems or fraudulent activity. If we are unsuccessful in defending against any resulting claims against us, we may be forced to pay damages, which could materially and adversely affect our financial condition and results of operations. Because many of our team members continue to work remotely on a "hybrid model", the risk of cybersecurity breaches is increased.

Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

Further, computer viruses, ransomware or malware could infiltrate our systems, thus disrupting our delivery of services and making our applications unavailable. Although we utilize several preventative and detective security controls in our network, there can be no assurance that they will be effective in preventing computer viruses, ransomware or malware that could damage our relationships with our merchant customers, cause a decrease in transactions by customers, or cause us to be in non-compliance with applicable network rules and regulations.

In addition, our team members, systems and customers are regularly targets of fraudulent activity. A significant incident of fraud or an increase in fraud levels generally involving our products could result in reputational damage to us, which could reduce the use of our products and services. Additionally, significant fraudulent activity related to a specific product offering may lead us to limit or discontinue such product. Such incidents could also lead to a large financial loss as a result of the protection for unauthorized purchases we provide to certain customers for uncollectible account holder overdrafts and any other losses due to fraud or theft. Such incidents of fraud could also lead to regulatory or legislative complaints or intervention, which could increase our compliance costs. Compliance with the various complex laws and regulations is costly and time consuming, and failure to comply could have a material adverse effect on our business. Additionally, increased regulatory requirements on our services may increase our costs, which could materially and adversely affect our business, financial condition and results of operations. Accordingly, account data breaches and related fraudulent activity could have a material adverse effect on our future growth prospects, business, financial condition and results of operations.

A disruption to our systems or infrastructure could damage our reputation, expose us to legal liability, cause us to lose customers and revenue, result in the unintentional disclosure of confidential information or require us to expend significant efforts and resources or incur significant expense to eliminate these problems and address related data and security concerns. The harm to our business could be even greater if such an event occurs during a period of disproportionately heavy demand for our products or services or traffic on our systems or networks.

Negative public opinion regarding us could adversely affect our stock price, business, results of operations, and financial condition.

Reputational harm, including as a result of our actual or alleged conduct or public opinion of the financial services industry generally, could adversely affect our stock price, business, results of operations, and financial condition. Reputation risk, or the risk to our business, earnings, liquidity, capital, stability or viability from negative public opinion, is inherent in our business and is expected to increase as our size, profile and product offerings in the financial services industry grows. Negative publicity or reputational harm can result from actual or alleged conduct in a number of areas, including legal and regulatory compliance, lending practices, corporate governance, litigation, inadequate protection of customer data, illegal or unauthorized acts taken by third parties that supply products or services to us, the behavior of our team members, the customers with whom we have chosen to do business, the industries in which we operate, corporate initiatives (such as those related to diversity, equity and inclusion or CSR) and negative publicity for other financial institutions. Damage to our reputation could adversely impact our ability to attract new, or maintain existing, loan and deposit customers, team members and business relationships, and could result in the imposition of new regulatory requirements, operational restrictions, enhanced supervision and/or civil money penalties. Further, negative public opinion can expose us to litigation and regulatory action and delay and impede our efforts to raise capital or implement our growth strategy. The proliferation and increasing influence of social media websites, as well as the personal use of social media by our team members and others, also may increase the risk that negative, inappropriate or unauthorized information may be posted or released publicly that could harm our reputation, adversely affect our stock price or the public's perception of our stability or viability, or have other negative consequences. Although we have policies and procedures in place intended to detect and prevent conduct by team members and third-party service providers that could potentially harm customers or our reputation, there is no assurance that such policies and procedures will be fully effective in preventing such conduct. Any damage to our reputation could have a material adverse effect on our stock price, business, results of operations, and financial condition.

Increasing, complex and evolving regulatory, stakeholder, and other third party expectations on CSR matters could adversely affect our reputation, our access to capital and the market price of our securities.

Customers is subject to a variety of risks arising from CSR matters as governmental and regulatory bodies, investors, customers, team members and other stakeholders and third parties have been increasingly focused on CSR matters. CSR matters include, among other things, climate risk, hiring practices, the diversity of our work force, and racial and social justice issues involving our personnel, customers and third parties with whom we otherwise do business. Risks arising from CSR matters may adversely affect, among other things, our reputation and the market price of our securities.

Further, we may be exposed to negative publicity based on the identity and activities of those to whom we lend and with which we otherwise do business and the public's view of the approach and performance of our customers and business partners with respect to CSR or other matters. Any such negative publicity could arise from adverse news coverage in traditional media and could also spread through the use of social media platforms. Customers' relationships and reputation with its existing and prospective customers and third parties with which we do business could be damaged if we were to become the subject of any such negative publicity. This, in turn, could have an adverse effect on our ability to attract and retain customers and team members and could have a negative impact on the market price for our securities.

Investors have begun to consider the steps taken and resources allocated by financial institutions and other commercial organizations to address CSR matters when making investment and operational decisions. Certain investors are beginning to incorporate the business risks of climate change and the adequacy of companies' responses to the risks posed by climate change and other CSR matters into their investment theses. Additionally, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to CSR matters. Unfavorable ratings of Customers may adversely affect investor sentiment towards the Company or the market price of our securities.

Further, as we continue to evolve our CSR practices, and as investor and other stakeholder expectations, voluntary and regulatory CSR disclosure standards and policies continue to evolve, we have expanded over the past few years our public disclosures in these areas. Such disclosures may reflect aspirational goals, targets, and other expectations and assumptions, which are necessarily uncertain and may not be realized. Failure to realize (or timely achieve progress on) such aspirational goals and targets could adversely affect our third party CSR ratings, our reputation or otherwise adversely affect us.

Increased attention to CSR matters also has caused public officials, including certain state attorneys general, treasurers, and legislators, to take various actions to impact the extent to which CSR principles are considered by private investors. For instance, certain states have enacted laws or issued directives designed to penalize financial institutions that the state believes are boycotting certain industries such as the fossil fuel and firearms industries. Other investors and public figures may seek to penalize companies that pursue CSR-related initiatives. In the second half of 2025, certain federal regulators, including the SBA and the Federal Reserve, launched inquiries into whether financial institutions had engaged in "politicized or unlawful debanking" in response to Executive Order 14331, which sought to eliminate the use of reputation risk or equivalent concepts that could result in, and impose other measures to combat, politicized or unlawful debanking activities by financial regulators and financial institutions. These developments illustrate that CSR-based investing has become a divisive political issue. Shifts in investing priorities based on CSR principles may result in adverse effects on the market price of our securities to the extent that investors that give significant weight to such principles determine that the Company has not made sufficient progress on CSR matters. Conversely, the market price of our securities may be adversely affected if a government official or agency seeks to limit the Company's business with a certain government entity or initiates an investigation or enforcement action because of what is perceived to be the Company's unwarranted focus on CSR matters.

We may engage in acquisitions of other businesses from time to time. These acquisitions may not produce revenue or earnings enhancements or cost savings at levels, or within time frames, originally anticipated and may result in unforeseen integration difficulties.

Although we currently do not have any agreements or understandings with respect to business acquisitions, we regularly evaluate opportunities to strengthen our current market position by acquiring and investing in banks and in other complementary businesses, or opening new branches, and when appropriate opportunities arise, subject to regulatory approval, we plan to engage in acquisitions of other businesses and in opening new branches. Such transactions could, individually or in the aggregate, have a material effect on our operating results and financial condition, including short and long-term liquidity. Our acquisition activities could be material to our business. For example, we could issue additional shares of Voting Common Stock in a purchase transaction, which could dilute current shareholders' value or ownership interest. These activities could require us to use a substantial amount of cash or other liquid assets and/or incur debt. In addition, if goodwill recorded in connection with acquisitions were determined to be impaired, then we would be required to recognize a charge against our earnings, which could materially and adversely affect our results of operations during the period in which the impairment was recognized. Our acquisition activities could involve a number of additional risks, including the risks of:

- incurring time and expense associated with identifying and evaluating potential acquisitions and negotiating the terms of potential transactions, resulting in our attention being diverted from the operation of our existing business;
- using inaccurate estimates and judgments to evaluate credit, operations, management and market risks with respect to the target institution or assets;
- being potentially exposed to unknown or contingent liabilities of banks and businesses we acquire;
- being required to expend time and expense to integrate the operations and personnel of the combined businesses;
- experiencing higher operating expenses relative to operating income from the new operations;
- creating an adverse effect on our results of operations;
- losing key team members and customers as a result of an acquisition that is poorly received; and
- incurring significant problems relating to the conversion of the financial and customer data of the entity being acquired into our financial and customer product systems.

Additionally, in evaluating potential acquisition opportunities, we may seek to acquire failed banks or assets of failed banks through FDIC-assisted acquisitions. While the FDIC may, in such acquisitions, provide assistance to mitigate certain risks, such as sharing in exposure to loan losses and providing indemnification against certain liabilities, of the failed institution, we may not be able to accurately estimate our potential exposure to loan losses and other potential liabilities, or the difficulty of integration, in acquiring such institutions.

Depending on the condition of any institutions or assets that are acquired, any acquisition may, at least in the near term, materially adversely affect our capital and earnings and, if not successfully integrated following the acquisition, may continue to have such effects. We cannot assure you that we will be successful in overcoming these risks or any other problems encountered in connection with pending or potential acquisitions. Our inability to overcome these risks could have an adverse effect on levels of reported net income, return on equity and return on assets and the ability to achieve our business strategy and maintain market value.

Our acquisitions generally will require regulatory approvals, and failure to obtain them would restrict our growth.

Although we currently do not have any agreements or understandings with respect to business acquisitions, we may in the future seek to complement and expand our business by pursuing strategic acquisitions of community banking franchises and other businesses. Generally, any acquisition of target financial institutions, banking centers or other banking assets by us may require approval by, and cooperation from, a number of governmental regulatory agencies, possibly including the Federal Reserve Board, the OCC and the FDIC, as well as state banking regulators. In acting on applications, federal banking regulators consider, among other factors:

- the effect of the acquisition on competition;
- the financial condition, liquidity, results of operations, capital levels and future prospects of the applicant and the bank(s) involved;
- the quantity and complexity of previously consummated acquisitions;
- the managerial resources of the applicant and the bank(s) involved;
- the convenience and needs of the community, including the record of performance under CRA;
- the effectiveness of the applicant in combating money laundering activities; and
- the extent to which the acquisition would result in greater or more concentrated risks to the stability of the United States banking or financial system.

Such regulators could delay or deny our application based on the above criteria or other considerations, which could restrict our growth, or the regulatory approvals may not be granted on terms that are acceptable to us. For example, we could be required to sell banking centers as a condition to receiving regulatory approvals, and such a condition may not be acceptable to us or may reduce the benefit of any acquisition.

To the extent that we are unable to increase loans and deposits through organic growth, we may be unable to successfully implement our growth strategy, which could materially and adversely affect us.

We intend to grow our business through organic growth. While loan and deposit growth has historically been strong, and our loan and deposit balances increased in 2025, if we are unsuccessful in diversifying our loan and deposit originations, or if we do not grow the business lines, our results of operations and financial condition could be negatively impacted.

We may not be able to effectively manage our growth.

Our future operating results and financial condition depend to a large extent on our ability to successfully manage our growth. Our growth has placed, and it may continue to place, significant demands on our operations and management. Whether through additional acquisitions or organic growth, our current plan to expand our business is dependent upon our ability to:

- continue to implement and improve our operational, credit underwriting and administration, financial, accounting, legal, regulatory, compliance and enterprise risk management, internal and disclosure controls and procedures and our reporting systems and processes in order to manage a growing number of client relationships and increasingly complex product and service offerings;
- comply with changes in, and an increasing number of, laws, rules and regulations, including those of any national securities exchange on which any of our securities become listed;
- scale our technology and other systems' platforms;
- maintain and attract appropriate staffing;

- identify, implement and offer key products and services;
- successfully integrate newly-hired teams and key personnel;
- operate profitably or raise capital; and
- support our asset growth with adequate deposits, funding and liquidity while expanding our net interest margin and meeting our customers' and regulators' liquidity requirements.

We may not successfully implement improvements to, or integrate, our management information and control systems, credit underwriting and administration, new products and services, internal and disclosure controls, and procedures and processes in an efficient or timely manner and may discover deficiencies in existing systems and controls. In particular, our controls and procedures must be able to accommodate an increase in loan volume in various markets and the infrastructure that comes with new banking centers and banks. Our growth strategy may divert management from our existing business and may require us to incur additional expenditures to expand our administrative and operational infrastructure and, if we are unable to effectively manage and grow our banking franchise, including to the satisfaction of our regulators, we could be materially and adversely affected. We have experienced compliance, operational and regulatory problems and increased expenses as a result of past growth. In the future, if we are unable to manage our current and future expansion in our operations, we may experience similar issues and have to slow our pace of growth or even stop our market and product expansion, or have to incur additional expenditures beyond current projections to support such growth, any one of which could materially and adversely affect us. If we experience difficulties with the development of new business activities or the integration process of acquired businesses or newly hired teams, the anticipated benefits of any particular new activity may not be realized fully, or at all, or may take longer to realize than expected. Additionally, we may be unable to recognize synergies, operating efficiencies, cost projections and/or expected benefits within expected time frames, or at all. We also may not be able to preserve the goodwill of an acquired financial institution. Our growth has in the past and could in the future lead to increases in our legal, audit, administrative and financial compliance costs, which could materially and adversely affect us.

If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses.

In order to manage the significant risks inherent in our business, we must maintain effective policies, procedures and systems that enable us to identify, monitor and control our exposure to material risks, such as credit, interest rate, capital, liquidity, operational, compliance legal and reputational risks. Our risk management methods may prove to be ineffective due to their design, implementation or the degree to which we adhere to them, or as a result of the lack of adequate, accurate or timely information or otherwise. If our risk management efforts are ineffective, we could suffer losses that could have a material adverse effect on our business, financial condition or results of operations. In addition, we have in the past and could be in the future subject to litigation, particularly from our customers or shareholders, and sanctions, fines or other regulatory actions from regulators. Our techniques for managing the risks we face may not fully mitigate the risk exposure in all economic or market environments, including exposure to risks that we might fail to identify or anticipate.

We are dependent upon maintaining an effective system of internal controls to provide reasonable assurance that transactions and activities are conducted in accordance with established policies and procedures and are captured and reported in the financial statements. Failure to comply with the system of internal controls may result in events or losses which could adversely affect our operations, net income, financial condition, reputation and compliance with laws and regulations.

Our system of internal controls, including internal controls over financial reporting, is an important element of our risk management framework. Management regularly reviews and seeks to improve our internal controls, including annual reviews of key policies and procedures and annual reviews and testing of key internal controls over financial reporting. Any system of internal controls, however well designed and operated, is based in part on certain assumptions and expectations of employee conduct and can only provide reasonable, not absolute, assurance that the objectives of the internal control structure are met. Any failure or circumvention of our controls and procedures, or failure to comply with regulations related to controls and procedures, could have a material adverse effect on our operations, net income, financial condition, reputation, compliance with laws and regulations, or may result in untimely or inaccurate financial reporting.

As management continues to evaluate and work to enhance internal control over financial reporting, it at times determines that additional measures are required to address control deficiencies or strengthen internal control over financial reporting. If Customers' remediation efforts do not operate effectively or if it is unsuccessful in implementing or following its remediation efforts, this may result in untimely or inaccurate reporting of Customers' financial results.

We may not be able to meet the cash flow requirements of our loan funding obligations, deposit withdrawals, or other business needs and fund our asset growth unless we maintain sufficient liquidity.

We must maintain sufficient liquidity to fund our balance sheet growth in order to successfully grow our revenues, make loans, and repay deposit and other liabilities as these mature or are drawn, as well as to meet certain regulatory requirements or limits and targets set by our board of directors. This liquidity can be gathered in both wholesale and non-wholesale funding markets. Our asset growth over the past few years has been funded with various forms of deposits and wholesale funding, including brokered deposits, FHLB advances, FRB advances and Federal funds line borrowings. Total brokered deposits were 33% of total deposits at December 31, 2025. Our loan to deposit ratio was 81% at December 31, 2025. Wholesale funding can cost more than deposits generated from our traditional branch system and customer relationships and is subject to certain practical limits such as our liquidity policy limits, our available collateral for FHLB and FRB borrowing capacity and Federal funds line limits with our lenders. Additionally, regulators consider wholesale funding beyond certain points to be imprudent and might suggest or require that future asset growth be reduced or halted. Market participants may hold similar views. In the absence of appropriate levels and mix of funding, we might need to reduce interest-earning asset growth through the reduction of current production, sales of loans and/or the sale of participation interests in future and current loans. This might reduce our future growth and net income.

The amount of funds loaned to us is generally dependent on the value of the eligible collateral pledged and our financial condition. These lenders could reduce the percentages loaned against various collateral categories, eliminate certain types of collateral and otherwise modify or even terminate their loan programs, if further disruptions in the capital markets occur. Any change to or termination of our borrowings from the FHLB or correspondent banks could have an adverse effect on our profitability and financial condition, including liquidity.

We may not be able to develop and retain a strong core deposit base and other low-cost, stable funding sources.

We depend on checking, savings and money market deposit account balances and other forms of customer deposits as a primary source of funding for our lending activities. We expect that our future loan growth will largely depend on our ability to retain and grow a strong, low-cost deposit base. As of December 31, 2025, $1.7 billion, or 51.3%, of our total time deposits, are scheduled to mature through December 31, 2026. If interest rates increase, whether due to changes in inflation, monetary policy, competition or other factors, we would expect to pay higher interest rates on deposits, which would increase our funding costs and compress our net interest margin. We may not succeed in moving our deposits to lower-yielding savings and transactions products, which could materially and adversely affect us. In addition, customers, particularly those who may maintain deposits in excess of insured limits, continue to be concerned about the extent to which their deposits are insured by the FDIC. Our customers may withdraw deposits to ensure that their deposits with us are fully insured and may place excess amounts in other institutions or make investments that are perceived as being more secure and/or higher yielding. Further, even if we are able to maintain and grow our deposit base, deposit balances can decrease when customers perceive alternative investments, such as the stock market, will provide a better risk/return tradeoff. If customers move money out of bank deposits, we could lose a relatively low-cost source of funds, increasing our funding costs and reducing our net interest income and net income. As a commercial bank with relatively few branches, our depositors tend to place larger average deposits with us as compared to many of our competitors. Similarly, many of our lower cost deposits are concentrated in specific industries, such as digital asset customers. To the extent we have deposit concentration within a particular industry or a group of customers, the risk that we will be adversely affected by any customer deposit withdrawals is increased.

Certain deposit balances serviced by third parties can vary over the course of the year based on the timing of deposits made into those accounts and the interest rates being offered. Additionally, any such loss of funds could result in lower loan originations and growth, which could materially and adversely affect our results of operations and financial condition, including liquidity.

Competitors' technology-driven products and services and improvements to such products and services may adversely affect our ability to generate core deposits through mobile banking.

Our organic growth strategy focuses on, among other things, expanding market share through our "high-tech" model, which includes remote account opening, remote deposit capture, mobile and digital banking, instant payments and customers system integrations (including APIs). These technological advances are intended to allow us to generate additional core deposits at a lower cost than generating deposits through opening and operating branch locations. Some of our competitors may have greater resources to invest in technology, including AI, and may be better equipped to implement and market new technology-driven products and services. This may result in limiting, reducing or otherwise adversely affecting our growth strategy in this area and our access to deposits through mobile banking. In addition, to the extent we fail to keep pace with technological changes or incur respectively large expenses to implement technological changes, our business, financial condition and results of operations may be adversely affected.

We may incur losses due to minority investments in other financial institutions or related companies.

We make and will continue to consider making additional minority investments in other financial institutions or technology companies in the financial services business, or other unrelated businesses, including for strategic reasons or to gain access to technological improvements or advantages. If we do so, we may not be able to influence the activities of companies in which we invest and may suffer losses due to these activities.

Risks related to Macroeconomic Conditions, Pandemics, Climate Change and Geopolitical Conflicts

Adverse developments in the financial services industry, and responsive measures to manage it, could have an adverse effect on our stock price, financial position and results of operations. In addition, if we are unable to adequately manage our liquidity, deposits, capital levels, interest rate risk or reputation risk, it could have a material adverse effect on our stock price, financial condition and results of operations.

In March 2023, several financial services institutions failed or required outside liquidity support. As a result of these events, certain of our customers chose, and customers may choose in the future, to withdraw deposit amounts in favor of keeping deposits at larger financial institutions that may be perceived to be more stable, or seek to switch their existing deposits into other higher yielding alternatives, any of which could materially adversely affect our liquidity, loan funding capacity, net interest margin, capital and results of operations. Similar events in the future may also result in customers taking these actions.

These types of events may result in potentially adverse changes to laws or regulations governing banks and bank holding companies, increased oversight by regulatory authorities and/or the imposition of restrictions on certain business activities through supervisory or enforcement activities, including higher capital or liquidity requirements, which could have a material impact on our current and planned business.

These events also have led to a greater focus by regulators and investors on liquidity of existing assets and funding sources for financial institutions, the composition of deposits, including the amount of uninsured deposits, the amount of accumulated other comprehensive loss, capital levels and interest rate risk management. The increased influence of social media and other communication channels on the public perception of financial institutions and their operations can create reputation risk, which can adversely affect our stock price or the public's perception of our stability or viability, even where such concerns are unwarranted. Any material adverse change in our stock price can also increase the likelihood of shareholder litigation.If we are unable to adequately manage our liquidity, deposits, capital levels, interest rate risk or reputation risk, it could have a material adverse effect on our stock price, financial condition, results of operations or regulatory standing.

Adverse changes in general business and economic conditions could materially and adversely affect us.

Our business and operations are sensitive to general business and economic conditions in the United States. Weak economic conditions may be characterized by deflation or stagflation, instability in debt and equity capital markets, a lack of liquidity and/or depressed prices in the secondary market for mortgage loans, increased delinquencies on loans, residential and commercial real estate price declines and lower home sales and commercial activity and similar conditions or additional adverse changes could be detrimental to our business. Our business is also significantly affected by monetary and related policies of the U.S. federal government, its agencies and government-sponsored entities. Adverse changes in economic factors or U.S. government policies could have a negative effect on us.

In addition, over the last several years, there have been several instances where there has been uncertainty regarding the ability of Congress and the President collectively to reach agreement on federal budgetary and spending matters, and in certain instances, the failure to reach agreement has resulted in either a complete or partial government shutdown. Such shutdowns have resulted in disruptions to businesses and government functions essential to businesses and consumers, and such shutdowns, and any future shutdowns or the perception that a shutdown could occur, may have an adverse impact on the U.S. economy. Additionally, a prolonged government shutdown may inhibit our ability to evaluate borrower creditworthiness and originate and sell certain government-backed loans.

The ongoing military conflict between Russia and Ukraine, ongoing conflicts in the Middle East, uncertainty as to tariff policies and the threat of retaliatory tariffs and other restrictions on international trade have created and are expected to continue to create additional uncertainty for the U.S. and global economy and potential for market disruption. After the 2022 – 2023 period in which the Federal Reserve raised interest rates significantly to lower inflation, the subsequently lowered interest rates in response, in large part, to reductions in the inflation rate, only to then reduce its reductions or maintain existing interest rates in response to subsequent increases in inflation and concerns about unemployment. It is uncertain whether the Federal Reserve will maintain current rates or pursue one or more decreases in interest rates in 2026 or future periods. These factors, and other factors, such as real estate values, state and local municipal budget deficits, government spending and the U.S. national debt may, directly and indirectly, adversely affect the U.S. economy and our financial condition and results of operations.

We are a participating lender in SBA's PPP program and have originated a significant number of loans under this program, which may result in some amount of PPP loans remaining on our consolidated balance sheets at a very low yield for an extended period of time.

The PPP, originally established under the CARES Act authorized financial institutions to make federally-guaranteed loans to qualifying small businesses and non-profit organizations. These loans carry an interest rate of 1% per annum and a maturity of 2 years for loans originated prior to June 5, 2020 and 5 years for loans originated on or after June 5, 2020. The PPP provides that such loans may be forgiven if the borrowers meet certain requirements with respect to maintaining employee headcount and payroll and the use of the loan proceeds after the loan is originated. The initial phase of the PPP, after being extended multiple times by Congress, expired on August 8, 2020. However, on January 11, 2021, the SBA reopened the PPP for First Draw PPP loans to small business and non-profit organizations that did not receive a loan through the initial PPP phase. Further, on January 13, 2021, the SBA reopened the PPP for Second Draw loans to small businesses and non-profit organizations that did receive a loan through the initial PPP phase. At least $25 billion had been set aside for Second Draw PPP loans to eligible borrowers with a maximum of 10 employees or for loans of $250,000 or less to eligible borrowers in low or moderate income neighborhoods. Generally, businesses with more than 300 employees and/or less than a 25 percent reduction in gross receipts between comparable quarters in 2019 and 2020 were not eligible for Second Draw loans. Further, maximum loan amounts were increased for accommodation and food service businesses. On March 11, 2021, the American Rescue Plan Act of 2021 was enacted expanding eligibility for first and second round of PPP loans and revising the exclusions from payroll costs for purposes of loan forgiveness. The PPP ended on May 31, 2021.

As of December 31, 2025, we had PPP loans with outstanding balances of $4.7 million. Our PPP participation was very significant especially compared to the participation of similarly sized and larger competitor financial institutions. Considering our immediate response to originate PPP loans, certain of loans originated under this program present potential fraud or other risks, increasing the risk that loan forgiveness may not be obtained by the borrowers and that the guaranty may not be honored and may result in increased provision expense or charge-offs. In addition, there is risk that the borrowers may not qualify for the loan forgiveness feature due to the conduct of the borrower after the loan is originated. The SBA is entitled to reconsider its prior guaranty decisions, and if a loan is determined by the SBA to not qualify for guaranty, we may be required to repay to the SBA any amounts we previously received in respect of that guaranty. Further, although the SBA has streamlined the loan forgiveness process for loans $150,000 or less, these factors may result in us having to hold a significant amount of these low-yield loans on our books for a significant period of time. We will continue to face increased operational demands and pressures as we monitor and service our PPP loan portfolio, process applications for loan forgiveness and pursue recourse under the SBA guarantees. We have been subjected to regulatory audits and investigations related to our PPP program and could be subject to additional litigation and further investigation and scrutiny by our regulators, Congress, the SBA, the U.S. Treasury Department and other government agencies related to our PPP participation.

Climate change and related legislative and regulatory initiatives may result in operational changes and expenditures that could significantly impact our business.

The current and anticipated effects of climate change are creating an increasing level of concern for the state of the global environment. As a result, political and social attention to the issue of climate change has increased. In recent years, governments across the world have entered into international agreements to attempt to reduce global temperatures, in part by limiting greenhouse gas emissions. The U.S. Congress, state legislatures and federal and state regulatory agencies have continued to propose and advance numerous legislative and regulatory initiatives seeking to mitigate the effects of climate change. Such initiatives are expected to continue, including potentially increasing supervisory expectations with respect to banks' risk management practices, accounting for the effects of climate change in stress testing scenarios and systematic risk assessments, revising expectations for credit portfolio concentrations based on climate related factors, and encouraging investment by banks in climate-related initiatives and lending to communities disproportionately impacted by the effects of climate change. These agreements and measures may result in the imposition of taxes and fees, the required purchase of emission credits, and the implementation of significant operational changes and new reporting obligations, each of which may require Customers to expend significant capital and incur compliance, operating, maintenance and remediation costs. Given the lack of empirical data on the credit and other financial risks posed by climate change, it is impossible to predict how climate change may impact our financial condition and operations; however, as a banking organization, the physical effects of climate change may present certain unique risks to Customers. For example, weather disasters, shifts in local climates and other disruptions related to climate change may adversely affect the value of real properties securing our loans, which could diminish the value of our loan portfolio. Such events may also cause reductions in regional and local economic activity that may have an adverse effect on our customers, which could limit our ability to raise and invest capital in these areas and communities, each of which could have a material adverse effect on our financial condition and results of operations.

Severe weather, natural disasters, public health issues, acts of war or terrorism, and other external events could significantly impact our ability to conduct business.

Such events could affect the stability of our deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, adversely impact our team member base, cause significant property damage, result in loss of revenue, and cause us to incur additional expenses. For example, in 2021, one of our locations experienced flooding and incurred property damage as a result. Although management has established disaster recovery policies and procedures, the occurrence of any such event could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition and results of operations.

Risks Related to the Regulation of Our Industry

Our business, financial condition, results of operations and future prospects could be adversely affected by the highly regulated environment in which we operate.

As a bank holding company, we are subject to federal supervision and regulation. Federal regulation of the banking industry, along with tax and accounting laws, regulations, rules and standards, may limit our operations significantly and control the methods by which we conduct business, just as they limit those of other banking organizations. In addition, compliance with laws and regulations can be difficult and costly, and changes to laws and regulations can impose additional compliance costs. The Dodd-Frank Act, which imposes significant regulatory and compliance changes on financial institutions, is an example of this type of federal regulation. Many of these regulations are intended to protect depositors, customers, the public, the banking system as a whole, or the FDIC insurance funds, not shareholders. Regulatory requirements and discretion affect our lending practices, capital structure, investment practices, dividend policy and many other aspects of our business. There are laws and regulations which restrict transactions between us and our subsidiaries. These requirements may constrain our operations, and the adoption of new laws and changes to or repeal of existing laws may have a further impact on our business, financial condition, results of operations and future prospects. Also, the burden imposed by those federal and state regulations may place banks in general, including Customers Bank in particular, at a competitive disadvantage compared to their non-banking competitors. We are also subject to requirements with respect to the confidentiality of information obtained from clients concerning their identities, business and personal financial information, employment and other matters. Failure to comply with confidentiality requirements could result in material liability and adversely affect our business, financial condition, results of operations and future prospects.

Bank holding companies and financial institutions are extensively regulated and currently face an uncertain regulatory environment. Applicable laws, regulations, interpretations, enforcement policies and accounting principles have been subject to significant changes in recent years and may be subject to significant future changes. Turmoil in the banking industry during the 2023 period may increase the likelihood of additional regulation and heightened supervision. Future changes may have a material adverse effect on our business, financial condition and results of operations.

Federal and state regulatory agencies may adopt changes to their regulations or change the manner in which existing regulations are applied or interpreted. We face a variety of risks associated with uncertainties as to the policies and regulatory and legislative agendas that may be pursued by the current administration, Congress and newly-appointed regulators. We cannot predict the substance or effect of pending or future legislation or regulation or the application of laws and regulations on us. Compliance with current and potential regulation, as well as regulatory scrutiny have and could in the future significantly increase our costs, impede the efficiency of our internal business processes, require us to increase our regulatory capital and limit our ability to pursue business opportunities in an efficient manner by requiring us to expend significant time, effort and resources to ensure compliance and respond to any regulatory inquiries or investigations. In addition, press coverage and other public statements that assert some form of wrongdoing by financial services companies (including press coverage and public statements that do not involve us) have and may in the future result in regulatory inquiries or investigations, which, independent of the outcome, may be time-consuming and expensive and may divert time, effort and resources from our business. Alternatively, an easing of legislative and regulatory environment may result in heightened competition from banks and non-banks for our products and services. Evolving regulations and guidance concerning executive compensation may also impose limitations on us that affect our ability to compete successfully for executive and management talent.

In addition, given the current economic and financial environment, regulators may elect to alter standards or the interpretation of the standards used to measure regulatory compliance or to determine the adequacy of liquidity, certain risk management or other operational practices for financial services companies in a manner that impacts our ability to implement our strategy and could affect us in substantial and unpredictable ways and could have a material adverse effect on our business, financial condition and results of operations. Furthermore, the regulatory agencies have extremely broad direction in their interpretation of the regulations and laws and their interpretation of the quality of our loan portfolio, securities portfolio and other assets. If any regulatory agency's assessment of the quality of our assets, operations, compliance program, lending practices, investment practices, reporting practices, capital structure, deposits or other assets of our business differs from our assessment, we may be required to take additional charges or undertake or refrain from undertaking actions that would have the effect of materially reducing our earnings, capital ratios and share price.

Because our total assets exceed $10 billion, we and our bank subsidiary are subject to increased regulatory requirements. The Dodd-Frank Act and its implementing regulations impose various additional requirements on bank holding companies with $10 billion or more in total assets. In addition, banks with $10 billion or more in total assets are primarily examined by the CFPB with respect to various federal consumer financial protection laws and regulations. As an agency with evolving regulations and practices, there is some uncertainty as to how the CFPB's examination and regulatory authority might impact our business. Further, the possibility of future changes in the authority of the CFPB by Congress or the current administration is uncertain, and we cannot predict the impact, if any, changes to the CFPB may have on our business.

With respect to deposit-taking activities, banks with assets in excess of $10 billion are subject to two material rules. First, these institutions are subject to a deposit assessment based on a new scorecard issued by the FDIC. This scorecard considers, among other things, the bank's CAMELS rating, results of asset-related stress testing and funding-related stress, as well as our use of core deposits, among other things. Depending on the results of the bank's performance under that scorecard, the total base assessment rate is between 2.5 to 42 basis points, and subject to qualitative adjustment at regulators discretion. We rely on a variety of funding sources, including deposits that are subject to the FDIC's rules on brokered deposits, which have been the subject of evolving rules and interpretations in recent years. The classifications of certain of our deposits as "brokered" or "core" has changed in the past and may change in the future. Any change in the classification of our deposits has and may have adverse effects on our business, including an increase in our bank subsidiary's deposit insurance assessments. Any increase in our bank subsidiary's deposit insurance assessments may result in an increased expense related to our use of deposits as a funding source.

Our regulators may also consider our compliance with these regulatory requirements when examining our operations generally or considering any request for regulatory approval we may make, even requests for approvals on unrelated matters.

Significantly heightened regulatory and supervisory expectations and scrutiny in the U.S. have increased our compliance, regulatory and other risks and costs and subject us to legal and regulatory examinations, investigations and enforcement actions.

Although the current administration and banking regulators has signaled a desire to ease the regulatory burden on U.S banks, the regulatory and political environment has generally been challenging for U.S. financial institutions, which have been subject to increased regulatory scrutiny, including in the wake of the failures of several regional banks and other banking stresses in the first half of 2023. The general heightened scrutiny and expectations from regulators could lead to a more stringent regulatory posture by the regulators. Customers' regulators have broad powers and discretion under their supervisory authority. A failure to comply with regulators' expectations and requirements, even if inadvertent, or to resolve any identified deficiencies in a timely and sufficiently satisfactory manner to regulators, could result in increased regulatory oversight; material restrictions, including, among others, imposition of limitations on capital distributions or other business activities or operations; enforcement proceedings; penalties; and fines. As a result of these regulatory efforts and pressures, like many other financial institutions, from time to time, Customers is subject to public and non-public written agreements, cease and desist orders, consent orders, memoranda of understanding or other enforcement or supervisory actions by its regulators, which have and may in the future result in investigations and other inquiries, remediation requirements, civil litigation and substantial compliance, regulatory and other risks and costs. Responding to regulatory inquiries and proceedings and undertaking remediation efforts can be time consuming and costly and divert management attention from Customers' other business activities. See "***Other litigation and regulatory actions, including enforcement actions, could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities.***" below for further detail.

Our use of third-party service providers and our other ongoing third-party business relationships are subject to increasing regulatory requirements and attention.

We regularly use third-party service providers as part of our business and have other ongoing business relationships with other third parties. These types of third-party relationships are subject to increasingly demanding regulatory requirements and attention by federal banking regulators. Regulation requires us to perform enhanced due diligence, perform ongoing monitoring and control our third-party service providers and other ongoing third-party business relationships. In certain cases, we may be required to renegotiate our agreements with these third-party service providers to meet these enhanced requirements, which could increase our costs. We expect that our regulators will hold us responsible for deficiencies in our oversight and control of our third-party relationships and in the performance of the parties with which we have these relationships. As a result, if our regulators conclude that we have not exercised adequate oversight and control over our third-party service providers or other ongoing third-party business relationships or that such third parties have not performed appropriately, we could be subject to enforcement actions, including civil money penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation, any of which could have a material adverse effect on our business, reputation, financial condition or results of operations.

We are subject to numerous laws and governmental regulations and to regular examinations by our regulators of our business and compliance with laws and regulations, and our failure to comply with such laws and regulations or to adequately address any matters identified during our examinations could materially and adversely affect us.

Federal banking agencies regularly conduct comprehensive examinations of our business, including our compliance with applicable laws, regulations and policies. Examination reports and ratings (which often are not publicly available) and other aspects of this supervisory framework can materially impact the conduct, organic and acquisition growth and profitability of our business. Our regulators have extensive discretion in their supervisory and enforcement activities and have imposed and may in the future impose a variety of remedial actions if, as a result of an examination, they determined that our financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of any of our operations had become unsatisfactory, or that we or our management were in violation of any law, regulation or policy. Examples of those actions could include requiring affirmative actions to correct any conditions resulting from any asserted violation of law, issuing administrative orders that can be judicially enforced, enjoining "unsafe or unsound" practices, directing increases in our capital, assessing civil monetary penalties against our officers or directors, removing officers and directors and, if a conclusion was reached that the offending conditions cannot be corrected, or there is an imminent risk of loss to depositors, terminating our deposit insurance. Other actions, formal or informal, that may be imposed could restrict our growth, including regulatory denials to expand branches, relocate, add or restructure subsidiaries and affiliates, expand into new financial activities or merge with or purchase other financial institutions. The timing of these examinations, including the timing of the resolution of any issues identified by our regulators in the examinations and the final determination by them with respect to the imposition of any remedial actions, conditions or limitations on our business operations, is generally not within our control. We also could suffer reputational harm in the event of any perceived or actual noncompliance with certain laws and regulations. If we become subject to such regulatory actions, we could be materially and adversely affected.

Other litigation and regulatory actions, including enforcement actions, could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities.

Our business is subject to increased litigation and regulatory risks as a result of a number of factors, including the highly regulated nature of the financial services industry and the focus of state and federal prosecutors on banks and the financial services industry generally. We are regularly the subject of subpoenas, requests for information, reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our business. Legal or regulatory actions may subject us to substantial compensatory or punitive damages, significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, operational burdens, diminished income and damage to our reputation. Our involvement in any such matters, even if the matters are ultimately determined in our favor, could also cause significant harm to our reputation and divert management attention from the operation of our business. Further, any settlement, consent order or adverse judgment in connection with any formal or informal proceeding or investigation by government agencies may result in litigation, investigations or proceedings as other litigants and government agencies begin independent reviews of the same activities. As a result, the outcome of legal and regulatory actions could be material to our business, results of operations, financial condition and cash flows, depending on, among other factors, the level of our earnings for that period and could have a material adverse effect on our business, financial condition or results of operations.

On August 5, 2024, we (i) entered into a written agreement with the FRB ("Written Agreement") and (ii) agreed to the issuance of a consent order by the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Bank Supervision ("Consent Order"). The Written Agreement and Consent Order relate principally to aspects of compliance risk management, including risk management practices governing digital asset-related services; oversight by Customers Bancorp's and the Bank's boards of directors; compliance with anti-money laundering regulations under the Bank Secrecy Act; and compliance with OFAC regulations.

On December 2, 2024, a class action securities lawsuit has been filed against us in the United States District Court for the Eastern District of Pennsylvania that seeks to recover purported losses by shareholders allegedly occurring between March 1, 2024 and August 8, 2024. The lawsuit alleges that we were responsible for making materially false or misleading statements and/or failed to disclose certain matters concerning our business, operations, and prospects. The complaint alleges, among other things, that we did not properly disclose certain matters with regard to the departure of our former chief financial officer and matters relating to the Written Agreement and the Consent Order. On January 31, 2025, Chun Yao Chang filed the only application for appointment as lead plaintiff with The Rosen Law Firm, P.A. as counsel. On June 24, 2025, the court denied plaintiff's motion for appointment as lead counsel, finding that plaintiff had not made the required prima facie showing that he will be an adequate class representative. On October 28, 2025, the plaintiff filed a notice to voluntarily dismiss his case without prejudice against all defendants.

In addition, on or about June 17, 2025, the Company's Board of Directors received a letter demanding it to investigate and pursue causes of action, purportedly on behalf of the Company, against certain current and former directors and/or officers of the Company based on alleged deficiencies in the Company's disclosures concerning anti-money laundering and bank secrecy compliance (the "Demand Letter"). In response to the Demand Letter, on July 23, 2025, the Board approved the formation of a Special Litigation Committee comprised entirely of independent directors to investigate the allegations raised.

The FDIC's restoration plan and the related increased assessment rate could materially and adversely affect us.

The FDIC insures deposits at FDIC-insured depository institutions up to applicable limits. The amount of a particular institution's deposit insurance assessment is based on that institution's risk classification under an FDIC risk-based assessment system. An institution's risk classification is assigned based on its capital levels and the level of supervisory concern the institution poses to its regulators. In October 2022, FDIC issued a final rule to increase the initial base deposit insurance assessment rate by two basis points for all insured depository institutions beginning in 2023. In November 2023, FDIC issued a final rule to implement a special assessment to recover the loss to the DIF associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank, at a quarterly rate of 3.36 basis points of an institution's uninsured deposits in excess of $5 billion as of December 31, 2022, to be paid over eight quarterly assessment periods. Customers recorded $0.7 million and $3.7 million of FDIC special assessment in the consolidated statements of income for the years ended December 31, 2024 and 2023, respectively. In December 2025, based upon the first six quarterly collections of the special assessment and anticipated collections for the seventh quarterly special assessment, the FDIC issued an interim final rule to amend the collection of the special assessment to reduce the eighth quarterly assessment rate from 3.36 basis points to 2.97 basis points. Because the cumulative amount collected through the initial eight quarter special assessment period is projected to equal the FDIC's loss estimate, the additional two quarter extend assessment period was removed. The projected number of additional quarters and the estimated rate applicable to those quarters are subject to change depending on any future adjustments to estimated losses or amendments to uninsured deposits by the FDIC. We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. If there are additional bank or financial institution failures, or any special assessment is insufficient to cover a loss to the DIF, we may be required to pay even higher FDIC premiums than the recently increased levels. Any future additional assessments, increases or required prepayments in FDIC insurance premiums may materially and adversely affect us, including reducing our profitability or limiting our ability to pursue certain business opportunities.

The Federal Reserve may require us to commit capital resources to support our subsidiary bank.

As a matter of policy, the Federal Reserve, which examines us and our subsidiaries, expects a bank holding company to act as a source of financial and managerial strength to a subsidiary bank and to commit resources to support such subsidiary bank. Under the "source of strength" doctrine, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to such a subsidiary bank. In addition, the Dodd-Frank Act directs the federal bank regulators to require that all companies that directly or indirectly control an insured depository institution serve as a source of strength for the institution. Under this requirement, we could be required to provide financial assistance to Customers Bank or any other subsidiary banks we may own in the future should they experience financial distress.

A capital injection may be required at times when we do not have the resources to provide it, and therefore, we may be required to borrow the funds or raise additional equity capital from third parties. Any loans by a holding company to its subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of the subsidiary bank. In the event of a bank holding company's bankruptcy, the bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the holding company's general unsecured creditors, including the holders of its indebtedness. Any financing that must be done by the holding company in order to make the required capital injection may be difficult and expensive and may not be available on attractive terms, or at all, which likely would have a material adverse effect on us.

We may need to raise additional capital in the future and such capital may not be available when needed or at all.

We are required by regulatory agencies to maintain adequate levels of capital. We may need to raise additional capital in the future to meet regulatory or other internal requirements. As a publicly traded company, a likely source of additional funds is the capital markets, accomplished generally through the issuance of equity, both common and preferred stock, and the issuance of debt. Our ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of our control, and our financial performance.

We cannot provide any assurance that access to such capital will be available to us on acceptable terms or at all. Any occurrence that may limit our access to the capital markets, such as a decline in the confidence of debt purchasers or counterparties participating in the capital markets, may materially and adversely affect our capital costs and our ability to raise capital and, in turn, our liquidity. If we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and would then have to compete with those institutions for investors. The inability to raise additional capital on acceptable terms when needed could have a materially adverse effect on our business, financial condition or results of operations.

We are subject to capital adequacy standards, and a failure to meet these standards could adversely affect our financial condition.

Customers Bancorp and the Bank are each subject to capital adequacy and liquidity rules and other regulatory requirements specifying the minimum amounts and types of capital that must be maintained. From time to time, the regulators implement changes to these regulatory capital adequacy and liquidity guidelines. If we fail to meet these minimum capital and liquidity guidelines and other regulatory requirements, we may be restricted in the types of activities we may conduct and may be prohibited from taking certain capital actions, such as making payments on certain capital instruments, paying executive bonuses or dividends, and repurchasing or redeeming capital securities.

We face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The federal Bank Secrecy Act, the USA PATRIOT Act and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network, established by the U.S. Treasury Department to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the individual federal banking regulators, as well as the DOJ, Drug Enforcement Administration and IRS. There is also increased scrutiny of compliance with the rules enforced by OFAC. If our policies, procedures and systems are deemed deficient or the policies, procedures and systems of the financial institutions that we have already acquired or may acquire in the future are deficient, we would be subject to liability, including fines and regulatory actions (such as restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans), which could materially and adversely affect us. On August 5, 2024, we entered into the Written Agreement and Consent Order, which relate principally to aspects of compliance risk management, including risk management practices governing digital asset-related services; oversight by Customers Bancorp's and the Bank's boards of directors; compliance with anti-money laundering regulations under the Bank Secrecy Act; and compliance with OFAC regulations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us.

Federal, state and local consumer lending laws may restrict our ability to originate certain mortgage loans or increase our risk of liability with respect to such loans and could increase our cost of doing business.

Federal, state and local laws have been adopted that are intended to eliminate certain lending practices considered "predatory." These laws prohibit practices such as steering borrowers away from more affordable products, selling unnecessary insurance to borrowers, repeatedly refinancing loans and making loans without a reasonable expectation that the borrowers will be able to repay the loans irrespective of the value of the underlying property. It is our policy not to make predatory loans, but these laws create the potential for liability with respect to our lending and loan investment activities. They increase our cost of doing business and, ultimately, may prevent us from making certain loans and cause us to reduce the average percentage rate or the points and fees on loans that we do make.

Loans that we make through certain federal programs are dependent on the Federal Government's continuation and support of these programs and on our compliance with their requirements.

We participate in various U.S. government agency guarantee programs, including PPP and other programs operated by the SBA. We are responsible for following all applicable U.S. government agency regulations, guidelines and policies whenever we originate loans as part of these guarantee programs. If we or any third-party service providers we have engaged to assist us with such programs fail to follow any applicable regulations, guidelines or policies associated with a particular guarantee program, any loans we originate as part of that program may lose the associated guarantee, exposing us to credit risk to which we would not otherwise have been exposed or underwritten as part of our origination process for U.S. government agency guaranteed loans, or result in our inability to continue originating loans under such programs. The loss of any guarantees for loans we have extended under U.S. government agency guarantee programs or the loss of our ability to participate in such programs could have a material adverse effect on our business, financial condition or results of operations.

We are subject to regulatory restrictions on transactions with our affiliates and related parties. Failure to comply with such regulations could materially and adversely affect us.

There are various legal restrictions on the extent to which the Company may borrow or otherwise engage in certain types of transactions with the Bank or their respective affiliates and related parties. Under the Federal Reserve Act and the Federal Reserve's Regulation W, the Bank is subject to quantitative and qualitative limits on extensions of credit (including credit exposure arising from repurchase and reverse repurchase agreements, securities borrowing and derivative transactions), purchases of assets, and certain other transactions with the Company or its other affiliates. Additionally, transactions between the Bank, on the one hand, and the Company or its affiliates, on the other hand, are required to be on arm's length terms. Transactions between the Bank and its affiliates must be consistent with standards of safety and soundness. The Bank has had, and may be expected to have in the future, banking and other business transactions in the ordinary course of business with affiliates of the Company and the Bank, and their respective executive officers, directors, principal shareholders, their immediate families and affiliated companies (commonly referred to as related parties). The failure of the Company or the Bank to comply with the regulatory restrictions applicable to Customers and the Bank could materially and adversely affect the Company and the Bank.

Taxes

Reviews performed by the Internal Revenue Service and state and local taxing authorities for the fiscal years that remain open for investigation may result in a change to income taxes recorded in our consolidated financial statements and adversely affect our results of operations.

We are subject to U.S. federal income tax as well as income tax of various state and local taxing authorities. Generally, Customers is no longer subject to examination by federal, state, and local taxing authorities for years prior to the year ended December 31, 2022, with the exception of California, New York State, and New York City. Income tax laws and regulations are often complex and our judgments, interpretations or applications of such tax laws and regulations could be challenged by taxing authorities. Any such challenges that are not resolved in our favor could result in increased recognition of income tax expense in our consolidated financial statements as well as possible interest and penalties.

Changes in U.S. federal, state or local tax laws may negatively impact our financial performance.

We are subject to changes in tax law that could increase Customers' effective tax rates. These tax law changes may be retroactive to previous periods and as a result could negatively affect Customers' current and future financial performance.

On July 4, 2025, the OBBBA was signed into law and made significant changes to the U.S. federal income tax code, including permanently extending many provisions of the Tax Act and introducing new temporary deductions and credits. Specific provisions of the OBBBA that may impact Customers include the restoration of 100% bonus depreciation and changes to research and development expensing rules. The provisions of the OBBBA do not have a material impact on Customers' effective tax rate.

Certain provisions of the OBBBA are temporary and subject to expiration or future modification. Further legislation could result in material changes to tax rates or tax deductions that could negatively affect Customers. We are unable to predict the likelihood or impact of any such future changes in tax law.

Risks Related to Our Securities

Risks Related to Our Voting Common Stock

The trading volume in our common stock may generally be less than that of other larger financial services companies.

Although the shares of our common stock are listed on the NYSE, the trading volume in our common stock may generally be less than that of many other larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends upon the presence in the marketplace of willing buyers and sellers of our common stock at any given time, which presence will be dependent upon the individual decisions of investors, over which we have no control. Illiquidity of the stock market, or in the trading of our common stock on the NYSE, could have a material adverse effect on the value of your shares, particularly if significant sales of our common stock, or the expectation of significant sales, were to occur.

We do not expect to pay cash dividends on our common stock in the near future, and our ability to pay dividends is subject to regulatory limitations.

We have not historically declared nor paid cash dividends on our common stock, and we do not expect to do so in the near future. Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, the ability to service any equity or debt obligations senior to the common stock, our planned growth in assets and other factors deemed relevant by the board of directors.

In addition, as a bank holding company, we are subject to general regulatory restrictions on the payment of cash and in-kind dividends. Federal bank regulatory agencies have the authority to prohibit bank holding companies from engaging in unsafe or unsound practices in conducting their business, which, depending on the financial condition and liquidity of the holding company at the time, could include the payment of dividends. Further, various federal and state statutory provisions limit the amount of dividends that our bank subsidiary can pay to us as its holding company without regulatory approval. See "Market Price of Common Stock and Dividends – Dividends on Common Stock" below for further detail regarding restrictions on our ability to pay dividends.

We may issue additional shares of our common stock in the future which could adversely affect the value or voting power of our outstanding common stock.

In September 2025, Customers sold 2,189,781 shares of common stock in an underwritten public offering at a price to the public of $68.50 per share. Actual or anticipated issuances or sales of substantial amounts of our common stock in the future could cause the value of our common stock to decline significantly and make it more difficult for us to sell equity or equity-related securities in the future at a time and on terms that we deem appropriate. The issuance of any shares of our common stock in the future also would, and the issuance of any equity-related securities could, dilute the percentage ownership interest held by shareholders prior to such issuance. Actual issuances of our common stock could also significantly dilute the voting power of the common stock.

We have also made and will continue to make grants of shares of common stock to our directors and grants of restricted stock units and stock options with respect to shares of our common stock to certain team members. As such shares are issued upon vesting and as such options may be exercised and the underlying shares are or become freely tradeable, the value or voting power of our common stock may be adversely affected, and our ability to sell more equity or equity-related securities could also be adversely affected.

We are not required to issue any additional equity securities to existing holders of our common stock on a preemptive basis. Therefore, additional common stock issuances, directly or through convertible or exchangeable securities, warrants or options, will generally dilute the holdings of our existing holders of common stock, and such issuances or the perception of such issuances may reduce the market price of our common stock. Because our decision to issue debt or equity securities or incur other borrowings in the future will depend on market conditions and other factors beyond our control, the amount, timing, nature or success of our future capital-raising efforts is uncertain. Thus, holders of our common stock bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings will negatively affect the value of our common stock.

Future issuances of debt securities, which would rank senior to our common stock upon our liquidation, and future issuances of equity securities, which would dilute the holdings of our existing holders of common stock and may be senior to our common stock for the purposes of making distributions, periodically or upon liquidation, may negatively affect the market price of our common stock.

In December 2025, we issued $100,000,000 aggregate principal amount of 6.875% Fixed-to-Floating Rate Subordinated Notes due 2036, and we have other senior and subordinated debt currently outstanding. In the future, we may issue additional debt or equity securities or incur other borrowings. Upon our liquidation, holders of our debt securities and other loans and preferred stock will receive a distribution of our available assets before holders of our common stock. If we incur debt in the future, our future interest costs could increase and adversely affect our liquidity, cash flows and results of operations.

Provisions in our articles of incorporation and bylaws may inhibit a takeover of us, which could discourage transactions that would otherwise be in the best interests of our shareholders and could entrench management.

Provisions of our articles of incorporation and bylaws and applicable provisions of Pennsylvania law and the federal CBCA may delay, inhibit or prevent someone from gaining control of our business through a tender offer, business combination, proxy contest or some other method even though some of our shareholders might believe a change in control is desirable. They might also increase the costs of completing a transaction in which we acquire another financial services business, merge with another financial institution or sell our business to another financial institution. These increased costs could reduce the value of the shares held by our shareholders upon completion of these types of transactions.

Shareholders may be deemed to be acting in concert or otherwise in control of us and our bank subsidiaries, which could impose prior approval requirements and result in adverse regulatory consequences for such holders.

We are a bank holding company regulated by the Federal Reserve. Any entity (including a "group" composed of natural persons) owning 25% or more of a class of our outstanding shares of voting stock, or a lesser percentage if such holder or group otherwise exercises a "controlling influence" over us, may be subject to regulation as a "bank holding company" in accordance with the BHC Act. In addition, (i) any bank holding company or foreign bank with a U.S. presence is required to obtain the approval of the Federal Reserve under the BHC Act to acquire or retain 5% or more of a class of our outstanding shares of voting stock and (ii) any person other than a bank holding company may be required to obtain prior regulatory approval under the CBCA to acquire or retain 10% or more of our outstanding shares of voting stock. Any shareholder that is deemed to "control" the company for bank regulatory purposes would become subject to prior approval requirements and ongoing regulation and supervision. Such a holder may be required to divest amounts equal to or exceeding 5% of the voting shares of investments that may be deemed incompatible with bank holding company status, such as an investment in a company engaged in non-financial activities. Regulatory determination of "control" of a depository institution or holding company is based on all of the relevant facts and circumstances. Potential investors are advised to consult with their legal counsel regarding the applicable regulations and requirements.

Our common stock owned by holders determined by a bank regulatory agency to be acting in concert would be aggregated for purposes of determining whether those holders have control of a bank or bank holding company. Each shareholder obtaining control that is a "company" would be required to register as a bank holding company. "Acting in concert" generally means knowing participation in a joint activity or parallel action towards the common goal of acquiring control of a bank or a parent company, whether or not pursuant to an express agreement. The manner in which this definition is applied in individual circumstances can vary and cannot always be predicted with certainty. Many factors can lead to a finding of acting in concert, including where: (i) the shareholders are commonly controlled or managed; (ii) the shareholders are parties to an oral or written agreement or understanding regarding the acquisition, voting or transfer of control of voting securities of a bank or bank holding company; (iii) the shareholders each own stock in a bank and are also management officials, controlling shareholders, partners or trustees of another company or (iv) both a shareholder and a controlling shareholder, partner, trustee or management official of such shareholder own equity in the bank or bank holding company.

Our directors and executive officers can influence the outcome of shareholder votes and, in some cases, shareholders may not have the opportunity to evaluate and affect the investment decision regarding potential investment, acquisition or disposition transactions.

As of December 31, 2025, our directors and executive officers, as a group, owned a total of 2,753,108 shares of common stock and exercisable options to purchase up to an additional 625,123 shares of common stock, which potentially gives them, as a group, the ability to control approximately 9.88% of the outstanding common stock. As of that date, our directors and executive officers, as a group, held RSUs that are subject to various vesting conditions representing, in that aggregate, an additional 427,016 shares of common stock, which upon vesting increases their aggregate ownership of our common stock. In addition, a director of Customers Bank who is not a director or executive officer of Customers Bancorp owns an additional 1,000 shares of common stock, which if combined with the directors and executive officers of Customers Bancorp, potentially gives them, as a group, the ability to control approximately 9.88% of the outstanding common stock. We believe ownership of stock causes directors and officers to have the same interests as shareholders, but it also gives them the ability to vote as shareholders for matters that are in their personal interest, which may be contrary to the wishes of other shareholders. Shareholders will not necessarily be provided with an opportunity to evaluate the specific merits or risks of one or more potential investment, acquisition or disposition transactions. Any decision regarding a potential investment or acquisition transaction will be made by our board of directors. Except in limited circumstances as required by applicable law, consummation of an acquisition will not require the approval of holders of common stock. Accordingly, shareholders may not have an opportunity to evaluate and affect the board of directors' decision regarding most potential investment or acquisition transactions and/or certain disposition transactions.

The FDIC's policy statement imposing restrictions and criteria on private investors in failed bank acquisitions will apply to us and our investors.

In August 2009, the FDIC issued a policy statement imposing restrictions and criteria on private investors in failed bank acquisitions. The policy statement is broad in scope and both complex and potentially ambiguous in its application. In most cases, it would apply to an investor with more than 5% of the total voting power of an acquired depository institution or its holding company; but in certain circumstances, it could apply to investors holding fewer voting shares. The policy statement will be applied to us if we make additional failed bank acquisitions from the FDIC or if the FDIC changes its interpretation of the policy statement or determines at some future date that it should be applied because of our circumstances.

Investors subject to the policy statement could be prohibited from selling or transferring their interests for three years. They also would be required to provide the FDIC with information about the investor and all entities in the investor's ownership chain, including information on the size of the capital fund or funds, its diversification, its return profile, its marketing documents, and its management team and business model. Investors owning 80% or more of two or more banks or savings associations would be required to pledge their proportionate interests in each institution to cross-guarantee the FDIC against losses to the DIF.

Under the policy statement, the FDIC also could prohibit investment through ownership structures involving multiple investment vehicles that are owned or controlled by the same parent company. Investors that directly or indirectly hold 10% or more of the equity of a bank or savings association in receivership also would not be eligible to bid to become investors in the deposit liabilities of that failed institution. In addition, an investor using ownership structures with entities that are domiciled in bank-secrecy jurisdictions would not be eligible to own a direct or indirect interest in an insured depository institution unless the investor's parent company is subject to comprehensive consolidated supervision as recognized by the Federal Reserve, and the investor enters into certain agreements with the U.S. bank regulators regarding access to information, maintenance of records and compliance with U.S. banking laws and regulations. If the policy statement applies, we (including any failed bank we acquire) could be required to maintain a ratio of Tier 1 common equity to total assets of at least 10% for a period of three years and thereafter maintain a capital level sufficient to be well capitalized under regulatory standards during the remaining period of ownership of the investors. Bank subsidiaries also may be prohibited from extending any new credit to investors that own at least 10% of our equity.

Risks Related to Our Senior Notes and Subordinated Notes

Our 2.875% Senior Notes, 6.875% Subordinated Notes, 6.125% Subordinated Notes and 5.375% Subordinated Notes contain limited covenants.

The terms of our 2.875% Senior Notes, which we refer to as the Senior Notes, and of our 6.125%, 5.375% and 6.875% Subordinated Notes, which we refer to collectively as the Subordinated Notes, generally do not prohibit us from incurring additional debt or other liabilities. If we incur additional debt or liabilities, our ability to pay our obligations on the Senior Notes and Subordinated Notes could be adversely affected. In addition, the terms of our Senior Notes and Subordinated Notes do not require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity and, accordingly, do not protect holders of those notes in the event that we experience material adverse changes in our financial condition or results of operations. Holders of the Senior Notes and Subordinated Notes also have limited protection in the event of a highly leveraged transaction, reorganization, default under our existing indebtedness, restructuring, merger or similar transaction. We have notified holders of our 6.125% Subordinated Notes that they will be redeemed on March 26, 2026.

Our ability to make interest and principal payments on the Senior Notes and Subordinated Notes is dependent on dividends and distributions we receive from our subsidiaries, which are subject to regulatory and other limitations.

Our principal source of cash flow is dividends from Customers Bank. We cannot assure you that Customers Bank will, in any circumstances, pay dividends to us. If Customers Bank fails to make dividend payments to us, and sufficient cash is not otherwise available, we may not be able to make interest and principal payments on the Senior Notes and Subordinated Notes. Various federal and state statutes, regulations and rules limit, directly or indirectly, the amount of dividends that our banking and other subsidiaries may pay to us without regulatory approval. In particular, dividend and other distributions from Customers Bank to us would require notice to or approval of the applicable regulatory authority. There can be no assurances that we would receive such approval.

In addition, our right to participate in any distribution of assets of any of our subsidiaries upon the subsidiary's liquidation or otherwise, and, as a result, the ability of a holder of the 2.875% Senior Notes, 5.375% Subordinated Notes and 6.875% Subordinated Notes, to benefit indirectly from such distribution, will be subject to the prior claims of preferred equity holders and creditors of that subsidiary, except to the extent that any of our claims as a creditor of such subsidiary may be recognized. As a result, the 2.875% Senior Notes, 5.375% Subordinated Notes and 6.875% Subordinated Notes are effectively subordinated to all existing and future liabilities and any outstanding preferred equity of our subsidiaries.

We may not be able to generate sufficient cash to service our debt obligations, including our obligations under the Senior Notes and Subordinated Notes.

Our ability to make payments on and to refinance our indebtedness, including the Senior Notes and Subordinated Notes, will depend on our financial and operating performance, including dividends payable to us from Customers Bank, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flows and capital resources and dividends from Customers Bank are insufficient to fund our debt service obligations, we may be unable to provide new loans, other products or to fund our obligations to existing customers and otherwise implement our business plans. As a result, we may be unable to meet our scheduled debt service obligations. In the absence of sufficient operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations or seek to restructure our indebtedness, including the notes. We may not be able to consummate these transactions, and these proceeds may not be adequate to meet our debt service obligations when due.

The Senior Notes and Subordinated Notes are our unsecured obligations. The Senior Notes will rank equal in right of payment with all of our secured and unsecured senior indebtedness and will rank senior in right of payment to all of our subordinated indebtedness. Although the Senior Notes are "senior notes," they will be effectively subordinated to all liabilities of our subsidiaries. Because the Senior Notes are unsecured, they will be effectively subordinated to all of our future secured senior indebtedness to the extent of the value of the assets securing such indebtedness.

The 5.375% Subordinated Notes and 6.875% Subordinated Notes will rank equal in right of payment with all of our secured and unsecured subordinated indebtedness and will rank junior in right of payment to all of our senior indebtedness, including the Senior Notes. As is the case with the Senior Notes, the 5.375% Subordinated Notes and 6.875% Subordinated Notes are effectively subordinated to all liabilities of our subsidiaries. Because the 5.375% Subordinated Notes and 6.875% Subordinated Notes are unsecured, they will be effectively subordinated to all of our future secured subordinated indebtedness to the extent of the value of the assets securing such indebtedness.

The Senior Notes and Subordinated Notes may not have an active trading market.

The Senior Notes and the 6.875% Subordinated Notes and 6.125% Subordinated Notes are not listed on any securities exchange, and there is no active trading market for these notes. Although the 5.375% Subordinated Notes are listed on the NYSE, there is no guarantee that a trading market will develop or be maintained. In addition to the other factors described below, the lack of a trading market for the Senior Notes and Subordinated Notes may adversely affect the holder's ability to sell the notes and the prices at which the notes may be sold.

The prices realizable from sales of the Senior Notes and Subordinated Notes in any secondary market also will be affected by the supply and demand of the notes, the interest rate, the ranking and a number of other factors, including:

- yields on U.S. Treasury obligations and expectations about future interest rates;
- actual or anticipated changes in our financial condition or results, including our levels of indebtedness;
- general economic conditions and expectations regarding the effects of national policies;
- investors' views of securities issued by both holding companies and similar financial service firms; and
- the market for similar securities.

General Risk Factors

Downgrades in U.S. government and federal agency securities could adversely affect us.

The long-term impact of the downgrade of the U.S. government and federal agencies from an AAA to an AA+ credit rating is still uncertain. However, in addition to causing economic and financial market disruptions, the downgrade, and any future downgrades and/or failures to raise the U.S. debt limit if necessary in the future, could, among other things, materially adversely affect the market value of the U.S. and other government and governmental agency securities owned by us, the availability of those securities to be used as collateral for borrowing and our ability to access capital markets on favorable terms, as well as have other material adverse effects on the operation of our business and our financial results and condition. In particular, it could increase interest rates and disrupt payment systems, money markets, and long-term or short-term fixed-income markets, adversely affecting the cost and availability of funding, which could negatively affect profitability. Also, the adverse consequences as a result of the downgrade could extend to the borrowers of the loans we make and, as a result, could adversely affect our borrowers' ability to repay their loans.

We may not be able to maintain consistent earnings or profitability.

Although we made profit for the years 2011 through 2025, there can be no assurance that we will be able to remain profitable in future periods, or, if profitable, that our overall earnings will remain consistent or increase in the future. Our earnings also may be reduced by increased expenses associated with increased assets, such as additional team member compensation expense, and increased interest expense on any liabilities incurred or deposits solicited to fund increases in assets. If earnings do not grow proportionately with our assets or equity, our overall profitability may be adversely affected.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy, Governance and Incident Disclosure

Cybersecurity risk is a significant operational risk facing businesses today. It results from intentional malicious attacks or unintentional acts that impact the confidentiality, integrity, or availability of our, our clients' or third parties' operations, systems, or data. Cybersecurity risk management is an integral element of Customers' overall risk management strategies.

The Cybersecurity Risk Management and Strategy, Governance, and Incident Disclosure Program (the "Program") at Customers encompasses six key areas that focus on technology governance and compliance, standards management and architecture, identity governance, application security, cybersecurity operations, and workforce training and preparedness. This training includes monthly phishing exercises and annual cybersecurity training required by all team members. The Information Security Department oversees Customers' documented security and cybersecurity incident ("Incident") response and business continuity functions employing annual table-top exercises to test Customers' preparedness for any Incidents, ranging from pandemics to cybersecurity events. Incidents are classified by priority levels from Level 1 (low) to Level 5 (high). Incidents classified as Levels 4 and 5, which could lead to material or significant disruptions to Customers, are immediately reported to the Customers' Directors' Risk & Compliance Committee for appropriate disclosure in a Current Report on Form 8-K as required by SEC rules requiring public companies to promptly disclose material cybersecurity Incidents.

Third-Party Risks

Our Program is designed to reduce the likelihood of impacts on Customers' operations, reputation, or revenue due to issues, vulnerabilities, or compromises related to a third-party or fourth-party vendor, supplier, service provider, or partner of Customers ("Third-Party"). The Program accomplishes this goal through a combination of monitoring, information gathering, and analysis of Third-Party quality and security at the due diligence, contracting, ongoing monitoring and termination stages.

Cybersecurity Governance

Although often seen as a technical discipline, we view cybersecurity as a responsibility of corporate governance that encompasses risk management, reporting controls, testing, training, and executive accountability. Our motto is that every member of our organization is a part of our security team, a mantra that is embedded in our overall culture of service to our customers.

The Information Security Department for Customers reports to the Chief Information Officer and is overseen by the Customers' Directors Risk & Compliance Committee. Our Program is led by the CISO. The Program has been designed to conform to the ISO 27001 standard, NIST Cyber Security Framework as well as the FFIEC guidelines for cybersecurity. We use these frameworks to help our organization ensure the confidentiality, integrity, and availability of technology and services for customers, team members, and partners. Our Program is ISO 27001 certified and is audited annually by an external accredited ISO 27001 certification body. Annually, Customers also achieves SOC2 Type 2 attestation.

Our Program takes a holistic approach to organizational security, focusing on protecting our core technologies and the operations and areas of business it supports. The Program manages numerous metrics and operates on a 24x7x365 basis to meet the growing needs of Customers and ensure the continued protection of its customers.

The Customers' Board of Directors periodically reviews and determines Customers' cyber risk tolerance level. The Statement of Cyber Risk Appetite is kept on record by Customer's Enterprise Risk Management team. The Customers' IT Risk Assessment and NIST Cyber Security Framework assessment are presented annually to the Customers' Directors' Risk & Compliance Committee and Board of Directors, identifying Customers' cybersecurity risk posture, with recommendations for reduction as deemed appropriate by the Customers' Directors' Risk & Compliance Committee and Board of Directors. The FFIEC Cybersecurity Assessment was phased out on August 31, 2025, with Customers introducing an annual NIST Cyber Security Framework 2.0 assessment in its place.

The Customers' Directors' Risk & Compliance Committee receives a quarterly Cybersecurity Risk Indicators report from the CISO, which provides information on cyber risk, vulnerabilities, disaster recovery testing, team member security awareness training, and Third-Party cybersecurity risk. An annual report titled, "The State of Security" is compiled and shared with the Customers' Directors' Risk & Compliance Committee summarizing the previous year's activities and offering a comprehensive view of trends and the risks they pose. Customers' security policies are reviewed and ratified annually by the Board of Directors, who oversee executive-level enforcement and compliance. Customers also engages several global external advisors to ensure the appropriate security posture, adherence to established controls, proper risk assessment, and efficient operation of its cybersecurity discipline. The Customers' Board of Directors includes a vetted board member with expertise in information security across various domains.

Item 2. Properties

Customers leases its Corporate headquarters located at 701 Reading Avenue, West Reading, PA 19611, and its Bank headquarters at 40 General Warren Boulevard, Malvern, PA 19355. Customers also leases all of its branches, limited purpose, and administrative office properties from third parties. Customers believes that its offices are sufficient for its present operations.

Item 3. Legal Proceedings

For information on Customers' legal proceedings, refer to "NOTE 21 – LOSS CONTINGENCIES" to Customers' audited consolidated financial statements.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Trading Market for Common Stock

Our common stock is traded on the NYSE under the symbol "CUBI."

As of February 24, 2026, there were approximately 264 registered shareholders of Customers Bancorp's common stock. Certain shares are held in "nominee" or "street" name and accordingly, the number of beneficial owners of such shares is not known or included in the foregoing number.

Dividends on Common Stock

Customers Bancorp historically has not paid any cash dividends on its shares of common stock and does not expect to do so in the foreseeable future.

Any future determination relating to our dividend policy will be made at the discretion of Customers Bancorp's Board of Directors and will depend on a number of factors, including earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, ability to service any equity or debt obligations senior to our common stock, including obligations to pay dividends to the holders of Customers Bancorp's issued and outstanding shares of preferred stock and other factors deemed relevant by the Board of Directors.

In addition, as a bank holding company, Customers Bancorp is subject to general regulatory restrictions on the payment of cash dividends. Federal bank regulatory agencies have the authority to prohibit bank holding companies from engaging in unsafe or unsound practices in conducting their business, which, depending on the financial condition and liquidity of the holding company at the time, could include the payment of dividends. Further, various federal and state statutory provisions limit the amount of dividends that bank subsidiaries can pay to their parent holding company without regulatory approval. Generally, subsidiaries are prohibited from paying dividends when doing so would cause them to fall below the regulatory minimum capital levels, and limits exist on paying dividends in excess of net income for specified periods.

The ability to pay dividends and the amounts that can be paid will be limited to the extent the Bank's capital ratios do not exceed the minimum required levels plus 250 basis points. Refer to "Item 1, Business - Federal Banking Laws" for more information relating to restrictions on the Bank's ability to pay dividends to the Bancorp and the Bancorp's payment of dividends.

Issuer Purchases of Equity Securities

On August 25, 2021, the Board of Directors of Customers Bancorp authorized the Share Repurchase Program to repurchase up to 3,235,326 shares of the Company's common stock (representing 10% of the Company's outstanding shares of common stock on June 30, 2021). Purchases of shares under the Share Repurchase Program may be executed through open market purchases, privately negotiated transactions, through the use of Rule 10b5-1 plans, or otherwise. The exact number of shares, timing for such purchases, and the price and terms at and on which such purchases are to be made were at the discretion of the Company and complied with all applicable regulatory limitations. On September 27, 2023, the Share Repurchase Program expired. At expiration, the Share Repurchase Program had 497,509 shares that had not been repurchased.

On June 26, 2024, the Board of Directors of Customers Bancorp authorized a new common stock repurchase program, the 2024 Share Repurchase Program, to repurchase up to 497,509 shares of the Company's common stock. The term of the 2024 Share Repurchase Program will extend for one year from June 26, 2024, unless earlier terminated. Purchases of shares under the 2024 Share Repurchase Program may be executed through open market purchases, privately negotiated transactions, through the use of Rule 10b5-1 plans, or otherwise. The exact number of shares, timing for such purchases, and the price and terms at and on which such purchases are to be made will be at the discretion of the Company and will comply with all applicable regulatory limitations. Customers had purchased all shares authorized under the 2024 Share Repurchase Program.

On February 11, 2026, the Board of Directors of Customers Bancorp authorized a new common stock repurchase program, the 2026 Share Repurchase Program, to repurchase up to $100.0 million of the Company's common stock. The term of the 2026 Share Repurchase Program will extend for one year from February 12, 2026, unless earlier terminated. Purchases of shares under the 2026 Share Repurchase Program may be executed through open market purchases, privately negotiated transactions, through the use of Rule 10b5-1 plans, or otherwise. The exact number of shares, timing for such purchases, and the price and terms at and on which such purchases are to be made will be at the discretion of the Company and will comply with all applicable regulatory limitations.

On December 15, 2025, Customers redeemed all of the outstanding shares of Series F Preferred Stock for an aggregate payment of $85 million, at a redemption price of $25.00 per share. The shares of Series F Preferred Stock redeemed during the three months ended December 31, 2025 were as follows:

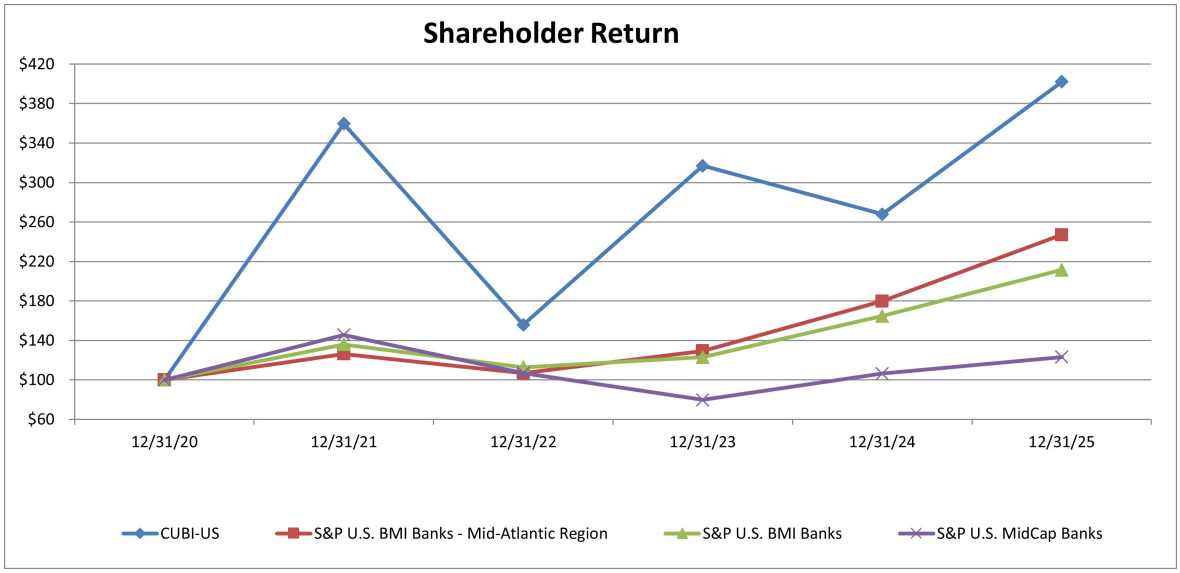
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares purchased as part of publicly announced plans or programs	Maximum Number of Shares that may yet be purchased under the plans or programs
October 1 - October 31, 2025	—	$ —	—	—
November 1 - November 30, 2025	—	—	—	—
December 1 - December 31, 2025	3,400,000	25.00	3,400,000	—
Total	3,400,000	$ 25.00	3,400,000	—

Common Stock Performance Graph

The following graph compares the performance of our common stock over the period from December 31, 2020 to December 31, 2025, to that of the total return index for the SNL Mid-Atlantic U.S. Bank Index, SNL U.S. Bank NASDAQ Index, SNL U.S. Bank NYSE Index, and SNL Mid Cap U.S. Bank index, assuming an investment of $100 on December 31, 2020 for the SNL indices when calculating total annual shareholder return, reinvestment of dividends, if any, is assumed. Customers Bancorp obtained the information contained in the performance graph from SNL Financial.

The graph below is furnished under this Part II, Item 5 of this Annual Report on Form 10-K and shall not be deemed to be "soliciting material" or to be "filed" with the Commission or subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended:

Total Return Performance



Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis should be read in conjunction with "Business - Summary" and the Bancorp's consolidated financial statements and related notes for the year ended December 31, 2025. For the comparison of the years ended December 31, 2024 and 2023, refer to Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for our fiscal year ended December 31, 2024, filed with the SEC on February 28, 2025.

Overview

Like most financial institutions, Customers derives the majority of its income from interest it receives on its interest-earning assets, such as loans, leases and investments. Customers' primary source of funds for making these loans, leases and investments are its deposits and borrowings, on which it pays interest. Consequently, one of the key measures of Customers' success is the amount of its net interest income, or the difference between the interest income on its interest-earning assets and the interest expense on its interest-bearing liabilities, such as deposits and borrowings. Another key measure is the difference between the interest income generated by interest-earning assets and the interest expense on interest-bearing liabilities, relative to the amount of average interest-earning assets, which is referred to as net interest margin.

There is credit risk inherent in loans and leases requiring Customers to maintain an ACL to absorb credit losses on existing loans and leases that may become uncollectible. Customers maintains this allowance by charging a provision for credit losses on loans and leases against its operating earnings. Customers has included a detailed discussion of this process in "NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION" to Customers' audited consolidated financial statements, as well as several tables describing its ACL in "NOTE 7 – LOANS AND LEASES RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES ON LOANS AND LEASES" to Customers' audited consolidated financial statements.

Impact of Macroeconomic and Banking Industry Uncertainties, Tariffs, and Military Conflicts

At its December 2025 meeting, the Federal Reserve enacted a 25 basis point reduction in the federal funds rate, and held the rate unchanged at its January 2026 meeting. Although inflation remains slightly elevated and above the Federal Reserve's stated 2% target and is not anticipated to fall below that threshold until 2028, it cited the weakening labor market as the key consideration for adopting a less restrictive monetary position. The Federal Reserve has stated that they would assess incoming data, the evolving outlook and the balance of risks in further lowering the federal funds rate. Significant uncertainties exist as to the extent and timing of future rate cuts and their effects on the economic conditions.

Significant uncertainties as to future economic conditions continue to exist, including risks of higher inflation, changes in U.S. trade policies including the imposition of tariffs and retaliatory tariffs on its trading partners, elevated liquidity risk to the U.S. banking system and the exposure to the U.S. commercial real estate market, particularly to the regional banks, disruptions to global supply chain and labor markets, and higher oil and commodity prices exacerbated by the military conflicts between Russia and Ukraine and in the Middle East. Customers has maintained higher levels of liquidity, reserves for credit losses on loans and leases and off-balance sheet credit exposures and strong capital ratios, and shifted the mix of its loan portfolio towards low credit risk commercial loans with floating or adjustable interest rates during the period of high interest rates. As the interest rates begin to decline, Customers has been reducing the Bank's asset sensitivity through derivative hedging and investment securities portfolio rebalancing. Customers remains focused on growing its non-interest bearing and lower-cost interest-bearing deposits. The Bank's debt securities available for sale and held to maturity are available to be pledged as collateral to the FRB and FHLB for additional liquidity. The Bank had approximately $6.2 billion in immediate available liquidity from the FRB and FHLB and cash on hand of $4.4 billion as of December 31, 2025. The Bank's estimated FDIC insured deposits represented approximately 59% of our deposits (inclusive of accrued interest) as of December 31, 2025. When including collateralized and affiliate deposits as FDIC insured, this number increased to 68% of our deposits as of December 31, 2025. Customers continues to monitor closely the impact of uncertainties affecting the macroeconomic conditions, the U.S. banking system, particularly regional banks, the military conflicts between Russia and Ukraine and in the Middle East, as well as any effects that may result from the federal government's responses including future rate and regulatory actions; however, the extent to which inflation, interest rates and other macroeconomic and industry factors, the geopolitical conflicts and developments in the U.S. banking system will impact Customers' operations and financial results in 2026 is highly uncertain.

New Accounting Pronouncements

For information about the impact that recently adopted or issued accounting guidance will have on us, refer to "NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION" to Customers' audited consolidated financial statements.

Critical Accounting Policies and Estimates

Customers has adopted various accounting policies that govern the application of U.S. GAAP and that are consistent with general practices within the banking industry in the preparation of its consolidated financial statements. Customers' significant accounting policies are described in "NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION" to Customers' audited consolidated financial statements. Certain accounting policies involve significant judgments and assumptions by Customers that have a material impact on the carrying value of certain assets. Customers considers these accounting policies to be critical accounting policies. The judgments and assumptions used are based on historical experience and other factors, which are believed to be reasonable under the circumstances. Because of the nature of the judgments and assumptions management makes, actual results could differ from these judgments and estimates, which could have a material impact on the carrying values of Customers' assets.

The critical accounting policy that is both important to the portrayal of Customers' financial condition and results of operations and requires complex, subjective judgments is the ACL. This critical accounting policy and material estimate, along with the related disclosures, are reviewed by Customers' Audit Committee of the Board of Directors.

Allowance for Credit Losses

Customers' ACL at December 31, 2025 represents Customers' current estimate of the lifetime credit losses expected from its loan and lease portfolio and its unfunded lending-related commitments that are not unconditionally cancellable. Management estimates the ACL by projecting a lifetime loss rate conditional on a forecast of economic parameters and other qualitative adjustments, for the loans' and leases' expected remaining term.

Customers uses external sources in the creation of its forecasts, including current economic conditions and forecasts for macroeconomic variables over its reasonable and supportable forecast period (e.g., GDP growth rate, unemployment rate, BBB spread, commercial real estate and home price index). After the reasonable and supportable forecast period, which ranges from two to five years, the models revert the forecasted macroeconomic variables to their historical long-term trends, without specific predictions for the economy, over the expected life of the pool, while also incorporating prepayment assumptions into its lifetime loss rates. Internal factors that impact the quarterly allowance estimate include the level of outstanding balances, portfolio performance and assigned risk ratings. Significant loan/borrower attributes utilized in the models include property type, initial loan to value, assigned risk ratings, delinquency status, origination date, maturity date, initial FICO scores, and borrower industry and state.

The ACL may be affected materially by a variety of qualitative factors that Customers considers to reflect its current judgment of various events and risks that are not measured in our statistical procedures, including uncertainty related to the economic forecasts used in the modeled credit loss estimates, nature and volume of the loan and lease portfolio, credit underwriting policy exceptions, peer comparison, industry data, and model and data limitations. The qualitative allowance for economic forecast risk is further informed by multiple alternative scenarios, as deemed applicable, to arrive at a scenario or a composite of scenarios supporting the period-end ACL balance. The evaluation process is inherently imprecise and subjective as it requires significant management judgment based on underlying factors that are susceptible to changes, sometimes materially and rapidly. Customers recognizes that this approach may not be suitable in certain economic environments such that additional analysis may be performed at management's discretion. Due in part to its subjectivity, the qualitative evaluation may be materially impacted during periods of economic uncertainty and late breaking events that could lead to revision of reserves to reflect management's best estimate of expected credit losses.

The ACL is established in accordance with our ACL policy. The ACL Committee, which includes the President, Chief Financial Officer, Chief Accounting Officer, Chief Banking Officer, and Chief Credit Officer, among others, reviews the adequacy of the ACL each quarter, together with Customers' risk management team. The ACL policy, significant judgments and the related disclosures are reviewed by Customers' Audit Committee of the Board of Directors.

The net increase in our estimated ACL as of December 31, 2025 as compared to December 31, 2024 resulted primarily from higher loan balances held for investment. The provision for credit losses on loans and leases for the year ended December 31, 2025 was $77.3 million, for an ending ACL balance of $164.7 million ($155.7 million for loans and leases and $9.0 million for unfunded lending-related commitments) as of December 31, 2025.

To determine the ACL as of December 31, 2025, Customers utilized Moody's December 2025 Baseline forecast to generate its modeled expected losses and considered Moody's other alternative economic forecast scenarios to qualitatively adjust the modeled ACL by loan portfolio in order to reflect management's reasonable expectations of current and future economic conditions. The Baseline forecast at December 31, 2025 assumed slight improvements in macroeconomic forecasts compared to the macroeconomic forecasts used by Customers in 2024; the Federal Reserve Board lowering interest rates in December 2025 and three more times, a quarter point each time as prompted by a soft economy and a struggling job market, in early 2026, and gradually bringing the policy rate to its neutral level by 2028, policymakers anticipating that the recent acceleration in inflation will prove temporary, as it is largely due to a one-time price increase caused by the higher tariffs; the military conflict between Russia and Ukraine continuing but its fallout on energy, agriculture and other commodity markets is modest; a threat that the turmoil in Middle East disrupting global energy and financial markets has abated somewhat; the CPI rising 3.2% in 2026 and 2.6% in 2027; and the unemployment rate rising to 4.7% in 2026 and 2027. Customers continues to monitor the impact of the military conflicts between Russia and Ukraine and in the Middle East, high tariffs, inflation, and monetary and fiscal policy measures on the U.S. economy and, if pace of the expected recovery is worse than expected, further meaningful provisions for credit losses could be required.

The net increase in our estimated ACL as of December 31, 2025 as compared to December 31, 2024 resulted primarily from higher loan balances held for investment. The provision for credit losses on loans and leases for the year ended December 31, 2024 was $69.8 million, for an ending ACL balance of $141.7 million ($136.8 million for loans and leases and $4.9 million for unfunded lending-related commitments) as of December 31, 2024. To determine the ACL as of December 31, 2024, Customers utilized Moody's December 2024 Baseline forecast to generate its modeled expected losses and considered Moody's other alternative economic forecast scenarios to qualitatively adjust the modeled ACL by loan portfolio in order to reflect management's reasonable expectations of current and future economic conditions. The Baseline forecast at December 31, 2024 assumed slight improvements in macroeconomic forecasts compared to the macroeconomic forecasts used by Customers in 2023; the Federal Reserve Board lowering interest rates twice in 2025 and gradually reducing the policy rate to its neutral level by late 2026, as slower progress in reducing inflation and additional inflationary pressures from the new administration's fiscal, tariff and immigration plans suggest a slower pace of normalization than previously expected; failures of several regional banks in the first half of 2023 and recent issues around other banks are not symptomatic of a broader problem in the U.S. financial system and policymakers' aggressive response will ensure that the failures do not weaken the financial system or further undermine economic growth; the military conflict between Russia and Ukraine continuing for the foreseeable future but its impact on energy, agriculture and other commodity markets and the global economy has largely faded; the war in Israel not spreading to other parts of the Middle East and disrupting global energy markets and global shipping; the CPI rising 2.3% in 2025 and 2.8% in 2026; and the unemployment rate rising to 4.1% in 2025 and 2026.

One of the most significant judgments influencing the ACL is the macroeconomic forecasts from Moody's. Changes in the economic forecasts could significantly affect the estimated credit losses which could potentially lead to materially different allowance levels from one reporting period to the next. Given the dynamic relationship between macroeconomic variables within Customers' modelling framework, it is difficult to estimate the impact of a change in any one individual variable on the ACL. However, to illustrate a hypothetical sensitivity analysis, management calculated a quantitative allowance using a 100% weighting applied to an adverse scenario. This scenario includes assumptions around the impacts of the current administration's tariffs and deportations on the economy being significantly worse than expected; effective tariff rate rising to about 19%, more than the 12% in the baseline scenario, and remaining there through the end of 2028; military conflict between Russia and Ukraine persisting longer than expected; the military conflict in Israel widening; the combination of tariffs, rising inflation, deportations, political tensions, still-elevated interest rates, and reduced credit availability causes the economy to fall into recession in the first quarter of 2026; unemployment beginning to increase significantly in the first quarter of 2026 and peaking in the first quarter of 2027. Under this scenario, as an example, the unemployment rate is estimated at 7.4% and 8.1% in 2026 and 2027, respectively. These numbers represent a 2.7% and 3.4% higher unemployment estimate than the Baseline scenario projection of 4.7% for the same time periods, respectively. To demonstrate the sensitivity to key economic parameters, management calculated the difference between a 100% Baseline weighting and a 100% adverse scenario weighting for modeled results. This would result in an incremental quantitative impact to the ACL of approximately $101 million at December 31, 2025. This resulting difference is not intended to represent an expected increase in ACL levels since (i) Customers may use a weighted approach applied to multiple economic scenarios for its ACL process, (ii) the highly uncertain economic environment, (iii) the difficulty in predicting inter-relationships between macroeconomic variables used in various economic scenarios, and (iv) the sensitivity analysis does not account for any qualitative adjustments incorporated by Customers as part of its overall ACL framework.

There is no certainty that Customers' ACL will be appropriate over time to cover losses in our portfolio as economic and market conditions may ultimately differ from our reasonable and supportable forecast. Additionally, events adversely affecting specific customers, industries, or Customers' markets, such as geopolitical instability, or risks of rising inflation including a near-term recession could severely impact our current expectations. If the credit quality of Customers' customer base materially deteriorates or the risk profile of a market, industry, or group of customers changes materially, Customers' net income and capital could be materially adversely affected which, in turn could have a material adverse effect on Customers' financial condition and results of operations. The extent to which the geopolitical instability, higher tariffs and risks of rising inflation have and will continue to negatively impact Customers' businesses, financial condition, liquidity and results will depend on future developments, which are highly uncertain and cannot be forecasted with precision at this time.

For more information, refer to "NOTE 7 – LOANS AND LEASES RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES ON LOANS AND LEASES" to Customers' audited consolidated financial statements.

Results of Operations

The following discussion of Customers Bancorp's consolidated results of operations should be read in conjunction with its consolidated financial statements, including the accompanying notes. Please refer to Critical Accounting Policies and Estimates in this Management's Discussion and Analysis and "NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION" to Customers' audited consolidated financial statements for information concerning certain significant accounting policies and estimates applied in determining reported results of operations.

The following table sets forth the condensed statements of income for the years ended December 31, 2025 and 2024:

	For the Years Ended December 31,			
(dollars in thousands)	2025	2024	Change	% Change
Net interest income	$ 750,489	$ 654,404	$ 96,085	14.7 %
Provision for credit losses	97,958	73,451	24,507	33.4 %
Total non-interest income	67,823	60,434	7,389	12.2 %
Total non-interest expense	431,923	417,014	14,909	3.6 %
Income before income tax expense	288,431	224,373	64,058	28.5 %
Income tax expense	64,343	42,904	21,439	50.0 %
Net income	224,088	181,469	42,619	23.5 %
Preferred stock dividends	10,198	15,040	(4,842)	(32.2)%
Loss on redemption of preferred stock	4,707	—	4,707	NM
Net income available to common shareholders	$ 209,183	$ 166,429	$ 42,754	25.7 %

Customers reported net income available to common shareholders of $209.2 million for the year ended December 31, 2025, compared to $166.4 million for the year ended December 31, 2024. Factors contributing to the change in net income available to common shareholders for the year ended December 31, 2025 compared to the year ended December 31, 2024 were as follows:

Net interest income

Net interest income increased $96.1 million for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily due to lower interest expense on deposits and an increase in interest income from higher average loan balances and purchase discount accretion on commercial and industrial loans, partially offset by a decrease in interest income from investment securities and interest-earning deposits. The average interest-earning assets increased by $1.7 billion for the year ended December 31, 2025 compared to the year ended December 31, 2024. The increase in interest-earning assets was primarily driven by increases in specialized lending and interest-earning deposits, partially offset by a decrease in investment securities. NIM increased by 17 basis points to 3.32% for the year ended December 31, 2025, from 3.15% for the year ended December 31, 2024. The lower cost of deposits from a favorable shift in deposit mix and lower market interest rates on deposits and higher purchase discount accretion on commercial and industrial loans, partially offset by decreases in market interest rates in specialized lending and interest-earning deposits, contributed to the NIM increase for the year ended December 31, 2025 compared to the year ended December 31, 2024. The favorable shift in deposit mix and lower market interest rates on deposits drove a 55 basis point decrease in the cost of interest-bearing liabilities for the year ended December 31, 2025 compared to the year ended December 31, 2024. Customers' total cost of deposits, including interest-bearing and non-interest bearing deposits, was 2.74% and 3.34% for the years ended December 31, 2025 and 2024, respectively. Customers' total cost of funds, including non-interest bearing deposits and borrowings, was 2.88% and 3.46% for the years ended December 31, 2025 and 2024, respectively.

Provision for credit losses

The $24.5 million increase in the provision for credit losses included $7.5 million increase in provision for credit losses on loans and leases for the year ended December 31, 2025 compared to the year ended December 31, 2024, which resulted primarily from higher loan balances held for investment. The ACL on off-balance sheet credit exposures is presented within accrued interest payable and other liabilities in the consolidated balance sheet and the related provision is presented as part of other non-interest expense on the consolidated statement of income. The ACL on loans and leases held for investment, represented 1.03% of total loans and leases receivable at December 31, 2025, compared to 1.04% at December 31, 2024. Net charge-offs for the year ended December 31, 2025 were $59.4 million, or 38 basis points of average total loans and leases, compared to $68.3 million, or 50 basis points of average total loans and leases for the year ended December 31, 2024. The decrease in net charge-offs was primarily due to decreases in consumer installment loans and commercial and industrial loans, partially offset by higher charge-offs for multifamily loans and non-owner occupied commercial real estate loans.

The provision for credit losses for the years ended December 31, 2025 and 2024 also included a provision for credit losses of $20.7 million and $3.6 million, respectively, on certain debt securities available for sale. Refer to "NOTE 5 – INVESTMENT SECURITIES" to Customers' audited consolidated financial statements for additional information.

Non-interest income

The $7.4 million increase in non-interest income for the year ended December 31, 2025 compared to the year ended December 31, 2024 resulted primarily from decreases of $25.4 million in net loss on sale of investment securities and $15.6 million in net loss on sale of loans and leases, which included a loss of $14.9 million on leases of commercial clean vehicles that were accounted for as sales-type leases and a loss of $0.3 million, inclusive of transaction costs, on sales of consumer installment loans to two third-party sponsored VIEs during the year ended December 31, 2024, and increases of $11.9 million in other non-interest income, $8.0 million in loans fees, $6.8 million in commercial lease income and $1.8 million in bank-owned life insurance income. The commercial clean vehicle leases generated the same amount of investment tax credits that were included as a benefit to income tax expense for the year ended December 31, 2024. These increases were offset in part by $51.3 million of impairment loss on certain AFS debt securities that the Bank decided to sell in order to further improve structural liquidity, enhance credit profile, reduce asset sensitivity and benefit margin for the year ended December 31, 2025 and $11.4 million of unrealized gain on an equity method investment purchased at a discount for the year ended December 31, 2024. Refer to "NOTE 8 – LEASES" to Customers' audited consolidated financial statements for additional information on the sales-type leases of commercial clean vehicles. Refer to "NOTE 5 – INVESTMENT SECURITIES" and "NOTE 6 – LOANS HELD FOR SALE" to Customers' audited consolidated financial statements for additional information on the sales of consumer installment loans to third-party sponsored VIEs.

Non-interest expense

The $14.9 million increase in non-interest expense for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from increases of $15.4 million in professional services, $13.2 million in salaries and employee benefits, $5.8 million in commercial lease depreciation, $3.8 million in occupancy and $1.0 million in loan servicing. These increases were offset in part by decreases of $21.7 million in technology, communication and bank operations, $2.1 million in advertising and promotion and $0.5 million in FDIC assessments, non-income taxes and regulatory fees for the year ended December 31, 2025 compared to the year ended December 31, 2024.

Included in the $21.7 million decrease in technology, communication and bank operations for the year ended December 31, 2025 compared to the year ended December 31, 2024 was $7.1 million of deposit servicing-related fees related to periods prior to 2024 that were recorded in the year ended December 31, 2024. Included in the $0.5 million decrease in FDIC assessments, non-income taxes and regulatory fees for the year ended December 31, 2025 compared to the year ended December 31, 2024 was $4.2 million in FDIC premiums related to periods prior to 2024 and a credit of $3.0 million for Pennsylvania bank shares taxes related to periods prior to 2024 that were recorded in the year ended December 31, 2024.

Income tax expense

Customers' effective tax rate was 22.3% for the year ended December 31, 2025 compared to 19.1% for the year the ended December 31, 2024. The increase in the effective tax rate for the year ended December 31, 2025 compared to the year ended December 31, 2024 was primarily due to a decrease in tax credits, including $14.9 million of investment tax credits generated from commercial clean vehicles in 2024, net of a $5.7 million benefit on the utilization of purchased transferable production tax credits in 2025, partially offset by a lower increase of unrecognized tax benefits in 2025 as compared to 2024. The investment tax credits from commercial clean vehicle leases in 2024 were the same amount as the loss on leases of commercial clean vehicles included within net gain (loss) on sale of loans and leases for the year ended December 31, 2024.

Preferred stock dividends and loss on redemption of preferred stock

Preferred stock dividends were $10.2 million and $15.0 million for the years ended December 31, 2025 and 2024, respectively. On June 16, 2025 and December 15, 2025, Customers redeemed all of the outstanding shares of Series E Preferred Stock and Series F Preferred Stock, respectively, for an aggregate payment of $142.5 million, at a redemption price of $25.00 per share. The redemption price paid in excess of the carrying value of Series E Preferred Stock and Series F Preferred Stock of $4.7 million is included as a loss on redemption of preferred stock in the consolidated statement of income for the year ended December 31, 2025. After giving effect to the redemption, no shares of the Series E Preferred Stock and Series F Preferred Stock remained outstanding. There were no changes to the amount of preferred stock outstanding during the year ended December 31, 2024. Refer to "NOTE 12 – SHAREHOLDERS' EQUITY" to Customers' audited consolidated financial statements for additional information.

NET INTEREST INCOME

Net interest income (the difference between the interest earned on loans and leases, investments and interest-earning deposits with banks, and interest paid on deposits, borrowed funds and subordinated debt) is the primary source of Customers' earnings. The following table summarizes Customers' net interest income, related interest spread, net interest margin and the dollar amount of changes in interest income and interest expense for the major categories of interest-earning assets and interest-bearing liabilities for the years ended December 31, 2025 and 2024. Information is provided for each category of interest-earning assets and interest-bearing liabilities with respect to (i) changes attributable to volume (i.e., changes in average balances multiplied by the prior-period average rate) and (ii) changes attributable to rate (i.e., changes in average rate multiplied by prior-period average balances). For purposes of this table, changes attributable to both rate and volume which cannot be segregated have been allocated proportionately to the change due to volume and the change due to rate.

(dollars in thousands)	For the Years Ended December 31, 2025 Average balance	2025 Interest income or expense	2025 Average yield or cost	For the Years Ended December 31, 2024 Average balance	2024 Interest income or expense	2024 Average yield or cost	For the Years Ended December 31, 2025 vs. 2024 Due to rate	Due to volume	Total
Assets									
Interest-earning deposits	$ 4,065,804	$ 177,387	4.36 %	$ 3,597,260	$ 190,842	5.31 %	$ (36,582)	$ 23,127	$ (13,455)
Investment securities [1]	2,942,386	139,790	4.75 %	3,650,320	180,291	4.94 %	(6,703)	(33,798)	(40,501)
Loans and leases:									
Commercial and industrial:									
Specialized lending loans and leases [2]	7,092,259	524,009	7.39 %	5,637,189	483,052	8.57 %	(72,510)	113,467	40,957
Other commercial and industrial loans [2]	1,499,021	117,590	7.84 %	1,564,167	102,001	6.52 %	19,975	(4,386)	15,589
Mortgage finance loans	1,443,183	69,417	4.81 %	1,192,827	62,344	5.23 %	(5,290)	12,363	7,073
Multifamily loans	2,336,288	102,866	4.40 %	2,116,168	86,263	4.08 %	7,137	9,466	16,603
Non-owner occupied commercial real estate loans	1,638,695	95,350	5.82 %	1,412,201	83,484	5.91 %	(1,293)	13,159	11,866
Residential mortgages	540,097	25,611	4.74 %	526,133	24,046	4.57 %	913	652	1,565
Installment loans	925,745	99,505	10.75 %	1,104,470	106,340	9.63 %	11,536	(18,371)	(6,835)
Total loans and leases [3]	15,475,288	1,034,348	6.68 %	13,553,155	947,530	6.99 %	(43,331)	130,149	86,818
Other interest-earning assets	138,851	8,062	5.81 %	114,983	9,171	7.98 %	(2,789)	1,680	(1,109)
Total interest-earning assets	22,622,329	1,359,587	6.01 %	20,915,718	1,327,834	6.35 %	(73,294)	105,047	31,753
Non-interest-earning assets	718,415			518,472					
Total assets	$ 23,340,744			$ 21,434,190					
Liabilities									
Interest checking accounts	$ 5,040,107	187,421	3.72 %	$ 5,660,890	248,400	4.39 %	(35,483)	(25,496)	(60,979)
Money market deposit accounts	4,202,317	161,531	3.84 %	3,559,362	159,598	4.48 %	(24,587)	26,520	1,933
Other savings accounts	1,382,787	52,566	3.80 %	1,595,357	73,947	4.64 %	(12,316)	(9,065)	(21,381)
Certificates of deposit	2,967,454	137,615	4.64 %	2,434,622	121,367	4.99 %	(8,962)	25,210	16,248
Total interest-bearing deposits [4]	13,592,665	539,133	3.97 %	13,250,231	603,312	4.55 %	(79,270)	15,091	(64,179)
Borrowings	1,465,852	69,965	4.77 %	1,414,583	70,118	4.96 %	(2,692)	2,539	(153)
Total interest-bearing liabilities	15,058,517	609,098	4.04 %	14,664,814	673,430	4.59 %	(82,083)	17,751	(64,332)
Non-interest-bearing deposits [4]	6,069,665			4,807,647					
Total deposits and borrowings	21,128,182		2.88 %	19,472,461		3.46 %			
Other non-interest-bearing liabilities	244,480			217,172					
Total liabilities	21,372,662			19,689,633					
Shareholders' equity	1,968,082			1,744,557					
Total liabilities and shareholders' equity	$ 23,340,744			$ 21,434,190					
Net interest income		750,489			654,404		$ 8,789	$ 87,296	$ 96,085
Tax-equivalent adjustment		1,437			1,556				
Net interest earnings		$ 751,926			$ 655,960				
Interest spread			3.13 %			2.89 %			
Net interest margin			3.32 %			3.14 %			
Net interest margin tax equivalent [5]			3.32 %			3.15 %			

(1) For presentation in this table, average balances and the corresponding average yields for investment securities are based upon historical cost, adjusted for amortization of premiums and accretion of discounts.
(2) Includes owner occupied commercial real estate loans.
(3) Includes non-accrual loans, the effect of which is to reduce the yield earned on loans and leases, and deferred loan fees.
(4) Total costs of deposits (including interest bearing and non-interest-bearing) were 2.74% and 3.34% for the years ended December 31, 2025 and 2024, respectively.
(5) Tax-equivalent basis, using an estimated marginal tax rate of 26% for both the years ended December 31, 2025 and 2024, presented to approximate interest income as a taxable asset.

Net interest income increased $96.1 million for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily due to lower interest expense on deposits and an increase in interest income from higher average loan balances and purchase discount accretion on commercial and industrial loans, partially offset by a decrease in interest income from investment securities and interest-earning deposits. The average interest-earning assets increased by $1.7 billion, primarily related to increases in specialized lending and interest-earning deposits, partially offset by a decrease in investment securities.

The NIM increased by 17 basis points to 3.32% for the year ended December 31, 2025, from 3.15% for the year ended December 31, 2024 resulting primarily from lower cost of deposits from a favorable shift in deposit mix and lower market interest rates on deposits and higher purchase discount accretion on commercial and industrial loans, partially offset by decreases in market interest rates in specialized lending and interest-earning deposits. The favorable shift in deposit mix and lower market interest rates on deposits drove a 55 basis point decrease in the cost of interest-bearing liabilities. Customers' total cost of deposits, including interest-bearing and non-interest bearing deposits was 2.74% and 3.34% for the years ended December 31, 2025 and 2024, respectively. Customers' total cost of funds, including non-interest bearing deposits and borrowings was 2.88% and 3.46% for the years ended December 31, 2025 and 2024, respectively.

PROVISION FOR CREDIT LOSSES

For more information about the provision and Customers' ACL methodology and loss experience, see Critical Accounting Policies and Estimates and "NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION" and "NOTE 7 – LOANS AND LEASES RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES ON LOANS AND LEASES" to Customers' audited consolidated financial statements.

Customers maintains an ACL to cover current expected credit losses as of the balance sheet date on loans and leases held for investment that are not reported at their fair value on a recurring basis. The ACL is increased through periodic provisions for credit losses on loans and leases that are charged as an expense on the consolidated statements of income and is reduced by charge-offs, net of recoveries. The loan and lease portfolio is reviewed quarterly to evaluate the performance of the portfolio and the adequacy of the ACL. The ACL is estimated as of the end of each quarter and compared to the balance recorded in the general ledger, net of charge-offs and recoveries. The allowance is adjusted to the estimated ACL balance with a corresponding charge (or debit) to the provision for credit losses on loans and leases.

The provision for credit losses is a charge to earnings to maintain the ACL at a level consistent with management's assessment of expected lifetime losses in the loan and lease portfolio, lending-related commitments and investment securities at the balance sheet date. Customers recorded a provision for credit losses on loans and leases of $77.3 million and $69.8 million for the years ended December 31, 2025 and 2024, respectively. Customers recorded a provision for credit losses of $4.1 million and $2.0 million for lending-related commitments for the years ended December 31, 2025 and 2024, respectively. The $7.5 million increase in the provision for credit losses for loans and leases for the year ended December 31, 2025 compared to the year ended December 31, 2024 resulted primarily from an increase in loan balances held for investment.

Net charge-offs for the year ended December 31, 2025 were $59.4 million, or 38 basis points of average total loans and leases, compared to $68.3 million, or 50 basis points of average total loans and leases for the year ended December 31, 2024. The decrease in net charge-offs was primarily related to lower charge-offs for consumer installment loans and commercial and industrial loans, partially offset by higher charge-offs for multifamily loans and non-owner occupied commercial real estate loans.

For more information about the provision and ACL and our loss experience on loans and leases, refer to "Credit Risk" and "Asset Quality" herein.

The provision for credit losses for the years ended December 31, 2025 and 2024 also included a provision for credit losses of $20.7 million and $3.6 million, respectively, on certain debt securities available for sale. Refer to "NOTE 5 – INVESTMENT SECURITIES" to Customers' audited consolidated financial statements for additional information.

NON-INTEREST INCOME

The table below presents the components of non-interest income for the years ended December 31, 2025 and 2024:

	For the Years Ended December 31,			
(dollars in thousands)	2025	2024	Change	% Change
Commercial lease income	$ 47,446	$ 40,662	$ 6,784	16.7 %
Loan fees	35,204	27,163	8,041	29.6 %
Bank-owned life insurance	11,263	9,442	1,821	19.3 %
Mortgage finance transactional fees	4,745	4,101	644	15.7 %
Net gain (loss) on sale of loans and leases	(60)	(15,628)	15,568	(99.6)%
Net gain (loss) on sale of investment securities	(1,638)	(27,009)	25,371	(93.9)%
Impairment loss on debt securities	(51,319)	—	(51,319)	NM
Unrealized gain on equity method investments	—	11,430	(11,430)	(100.0)%
Other	22,182	10,273	11,909	115.9 %
Total non-interest income	$ 67,823	$ 60,434	$ 7,389	12.2 %

Commercial lease income

Commercial lease income represents income earned on commercial operating leases generated by Customers' commercial equipment financing group in which Customers is the lessor. The $6.8 million increase in commercial lease income for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from the growth of Customers' equipment finance business.

Loan fees

The $8.0 million increase in loan fees for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from increases in fees earned on unused lines of credit and income on the settlement of certain stock warrants.

Bank-owned life insurance

Bank-owned life insurance income represents income earned on life insurance policies owned by Customers including an increase in cash surrender value of the policies and any benefits paid by insurance carriers under the policies. The $1.8 million increase in bank-owned life insurance income for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from increases in death benefits received from insurance carriers under the policies and increases in the cash surrender value of the policies.

Net gain (loss) on sale of loans and leases

The $15.6 million decrease in net loss on sale of loans and leases for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from $14.9 million of loss on leases of commercial clean vehicles that were accounted for as sales-type leases, a loss of $0.3 million, inclusive of transaction costs, on sales of $202.5 million in consumer installment loans that were classified as held for sale, inclusive of $53.0 million of installment loans transferred from held for investment to held for sale, accrued interest and unamortized deferred loan origination costs, to two third-party sponsored VIEs and $0.4 million in losses, inclusive of transaction costs, on sales of commercial and industrial loans and other consumer loans for the year ended December 31, 2024. The commercial clean vehicle leases generated the same amount of investment tax credits that were included as a benefit to income tax expense for the year ended December 31, 2024. Refer to "NOTE 8 – LEASES" to Customers' audited consolidated financial statements for additional information on the sales-type leases of commercial clean vehicles. Refer to "NOTE 5 – INVESTMENT SECURITIES" and "NOTE 6 – LOANS HELD FOR SALE" to Customers' audited consolidated financial statements for additional information on the sale of consumer installment loans to third-party sponsored VIEs. There can be no assurance that Customers will realize gains on the sale of loans and leases in 2026, given the significant uncertainty in the capital markets.

Net gain (loss) on sale of investment securities

The $25.4 million decrease in net loss on sale of investment securities for the year ended December 31, 2025 compared to the year ended December 31, 2024 reflects net losses realized from the sales of $594.2 million in AFS debt securities for the year ended December 31, 2025, compared to the sales of $624.9 million in AFS debt securities for the year ended December 31, 2024. In 2024, Customers executed investment securities portfolio repositioning to improve structural liquidity, reduce asset sensitivity and benefit margin. Customers invested the proceeds from the sale of lower yielding investment securities into higher yielding loans and investment securities. There can be no assurance that Customers will realize gains from sales of investment securities in 2026, given the significant uncertainty in the capital markets and fluctuations in our funding needs, which may impact Customers' investment strategy.

Impairment loss on debt securities

The $51.3 million increase in impairment loss on debt securities for the December 31, 2025 compared to the December 31, 2024 primarily resulted from impairment loss recorded on certain AFS debt securities that the Bank decided to sell in order to further improve structural liquidity, enhance credit profile, reduce asset sensitivity and benefit margin during the year ended December 31, 2025.

Unrealized gain on equity method investments

The $11.4 million decrease in unrealized gain on the equity method investments for the year ended December 31, 2025 compared to the year ended December 31, 2024 reflects an unrealized gain from an equity method investment purchased at a discount during the year ended December 31, 2024.

Other non-interest income

The $11.9 million increase in other non-interest income for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from $1.8 million of fees associated with the sunsetting of a loan origination program with a fintech company, which was acquired by a bank during 2025, and an increase of $5.5 million in deposit account fees.

NON-INTEREST EXPENSE

The table below presents the components of non-interest expense for the years ended December 31, 2025 and 2024:

	For the Years Ended December 31,			
(dollars in thousands)	2025	2024	Change	% Change
Salaries and employee benefits	$ 188,989	$ 175,836	$ 13,153	7.5 %
Technology, communication and bank operations	43,497	65,154	(21,657)	(33.2)%
Commercial lease depreciation	38,337	32,543	5,794	17.8 %
Professional services	50,378	34,978	15,400	44.0 %
Loan servicing	16,900	15,909	991	6.2 %
Occupancy	15,624	11,789	3,835	32.5 %
FDIC assessments, non-income taxes, and regulatory fees	41,184	41,684	(500)	(1.2)%
Advertising and promotion	2,437	4,489	(2,052)	(45.7)%
Other	34,577	34,632	(55)	(0.2)%
Total non-interest expense	$ 431,923	$ 417,014	$ 14,909	3.6 %

Salaries and employee benefits

The $13.2 million increase in salaries and employee benefits for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from an increase in average full-time equivalent team members and annual merit increases.

Technology, communication and bank operations

The $21.7 million decrease in technology, communication and bank operations expense for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from decreases in deposit servicing-related expenses resulting from lower servicing fees and $4.4 million in fees for software including fees for software as a service.

Customers incurred $2.5 million and $19.6 million in deposit servicing fees to BM Technologies, the successor entity to BMT that was divested on January 4, 2021, under the deposit servicing agreement, as amended, included within the technology, communication and bank operations expense during the years ended December 31, 2025 and 2024, respectively. The remaining deposits serviced by BM Technologies in connection with the white label relationship were transferred to another sponsor bank in 2025. Customers had no deposits serviced by BM Technologies outstanding at December 31, 2025. The deposit servicing fees of $19.6 million incurred to BM Technologies for the year ended December 31, 2024 included $7.1 million for periods prior to 2024.

Commercial lease depreciation

The $5.8 million increase in commercial lease depreciation for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from the growth of the operating lease arrangements originated by Customers' commercial equipment financing group in which Customers is the lessor.

Professional services

The $15.4 million increase in professional services for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from increases in contractor services and consulting fees, including to enhance the Bank's risk management infrastructure, and legal fees associated with a new banking team onboarding.

Loan servicing

The $1.0 million increase in loan servicing for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from the growth in consumer loan portfolios serviced by third parties.

Occupancy

The $3.8 million increase in occupancy for the year ended December 31, 2025 compared to the year ended December 31, 2024 was primarily due to higher lease expense and depreciation and amortization associated with the Bank's growth.

FDIC assessments, non-income taxes, and regulatory fees

The $0.5 million decrease in FDIC assessments, non-income taxes and regulatory fees for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from a decrease in FDIC assessments, partially offset by an increase in Pennsylvania bank shares taxes. The FDIC assessments, non-income taxes and regulatory fees for the year ended December 31, 2024 included FDIC premiums of $4.2 million relating to periods prior to 2024 and a credit of $3.0 million for Pennsylvania bank shares taxes relating to periods prior to 2024.

Advertising and promotion

The $2.1 million decrease in advertising and promotion expense for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from lower spending on advertising agencies.

Other non-interest expenses

The $0.1 million decrease in other non-interest expenses for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from a decrease in fees paid to a fintech company related to consumer installment loans, partially offset by increases in provision for credit losses on unfunded lending-related commitments and insurance expenses related to investments in tax credit structures with a corresponding benefit to income tax expense.

INCOME TAXES

The table below presents income tax expense and the effective tax rate for the years ended December 31, 2025 and 2024:

	For the Years Ended December 31,			
(dollars in thousands)	2025	2024	Change	% Change
Income before income tax expense	$ 288,431	$ 224,373	$ 64,058	28.5 %
Income tax expense	64,343	42,904	21,439	50.0 %
Effective tax rate	22.3 %	19.1 %		

The $21.4 million increase in income tax expense for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from higher pre-tax income and a decrease in tax credits, including $14.9 million of investment tax credits generated from commercial clean vehicles in 2024, net of a $5.7 million benefit on the utilization of purchased transferable energy-related tax credits in 2025, partially offset by a lower increase of unrecognized tax benefits in 2025 as compared to 2024. The investment tax credits from commercial clean vehicles in 2024 were the same amount as the loss on leases of commercial clean vehicles included within net gain (loss) on sale of loans and leases for the year ended December 31, 2024.

The increase in the effective tax rate for the year ended December 31, 2025 compared to the year ended December 31, 2024 primarily resulted from a decrease in tax credits in 2025, partially offset by a lower increase of unrecognized tax benefits in 2025 as compared to 2024. For the reconciliation of the effective tax rate and the statutory federal tax rate, refer to "NOTE 15 – INCOME TAXES" to Customers' audited consolidated financial statements.

PREFERRED STOCK DIVIDENDS AND LOSS ON REDEMPTION OF PREFERRED STOCK

Preferred stock dividends were $10.2 million and $15.0 million for the years ended December 31, 2025 and 2024, respectively. On June 16, 2025 and December 15, 2025, Customers redeemed all of the outstanding shares of Series E Preferred Stock and Series F Preferred Stock, respectively, for an aggregate payment of $142.5 million, at a redemption price of $25.00 per share. The redemption price paid in excess of the carrying value of Series E Preferred Stock and Series F Preferred Stock of $4.7 million is included as a loss on redemption of preferred stock in the consolidated statement of income for the year ended December 31, 2025. After giving effect to the redemption, no shares of the Series E Preferred Stock and Series F Preferred Stock remained outstanding. There were no changes to the amount of preferred stock outstanding during the year ended December 31, 2024. Refer to "NOTE 12 – SHAREHOLDERS' EQUITY" to Customers' audited consolidated financial statements for additional information.

On June 15, 2021, the Series E Preferred Stock became floating at three-month LIBOR plus 5.14%, compared to a fixed rate of 6.45%. On December 15, 2021, the Series F Preferred Stock became floating at three-month LIBOR plus 4.762%, compared to a fixed rate of 6.00%. Pursuant to the Adjustable Interest Rate (LIBOR) Act enacted by Congress on March 15, 2022, Customers substituted three-month term SOFR plus a tenor spread adjustment of 26.161 basis points for three-month LIBOR as the benchmark reference rate on Series E Preferred Stock and F Preferred Stock, plus 5.14% and 4.762%, respectively, beginning with dividends declared on October 25, 2023.

Financial Condition

General

Customers' total assets were $24.9 billion at December 31, 2025. This represented an increase of $2.6 billion from total assets of $22.3 billion at December 31, 2024. The increase in total assets was primarily driven by increases of $1.9 billion in loans and leases receivable, $625.5 million in cash and cash equivalents, $291.9 million in loans receivable, mortgage finance, at fair value, $157.0 million in other assets and $102.1 million in loans receivable, installment, at fair value, partially offset by decreases of $262.8 million in investment securities held to maturity, $178.7 million in loans held for sale and $82.0 million in investment securities, at fair value.

Total liabilities were $22.8 billion at December 31, 2025. This represented an increase of $2.3 billion from $20.5 billion at December 31, 2024. The increase in total liabilities primarily resulted from increases of $1.9 billion in total deposits, $196.7 million in FHLB advances, $98.6 million in subordinated debt and $81.1 million in accrued interest payable and other liabilities.

The following table sets forth certain key condensed balance sheet data as of December 31, 2025 and 2024:

(dollars in thousands)	December 31, 2025	2024	Change	% Change
Cash and cash equivalents	$ 4,411,463	$ 3,785,931	$ 625,532	16.5 %
Investment securities, at fair value	1,937,646	2,019,694	(82,048)	(4.1)%
Investment securities held to maturity	729,134	991,937	(262,803)	(26.5)%
Loans held for sale	26,102	204,794	(178,692)	(87.3)%
Loans and leases receivable	15,041,340	13,127,634	1,913,706	14.6 %
Loans receivable, mortgage finance, at fair value	1,612,997	1,321,128	291,869	22.1 %
Loans receivable, installment, at fair value	102,077	—	102,077	NM
Allowance for credit losses on loans and leases	(155,656)	(136,775)	(18,881)	13.8 %
Bank-owned life insurance	305,503	297,641	7,862	2.6 %
Other assets	638,419	481,395	157,024	32.6 %
Total assets	24,895,868	22,308,241	2,587,627	11.6 %
Total deposits	20,778,704	18,846,461	1,932,243	10.3 %
FHLB advances	1,325,068	1,128,352	196,716	17.4 %
Other borrowings	99,208	99,068	140	0.1 %
Subordinated debt	281,147	182,509	98,638	54.0 %
Accrued interest payable and other liabilities	296,224	215,168	81,056	37.7 %
Total liabilities	22,780,351	20,471,558	2,308,793	11.3 %
Total shareholders' equity	2,115,517	1,836,683	278,834	15.2 %
Total liabilities and shareholders' equity	$ 24,895,868	$ 22,308,241	$ 2,587,627	11.6 %

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks and interest-earning deposits. Cash and due from banks consists mainly of vault cash and cash items in the process of collection. Cash and due from banks were $62.1 million and $56.8 million at December 31, 2025 and 2024, respectively. Cash and cash due from banks balances vary from day to day, primarily due to variations in customers' deposit activities with the Bank.

Interest-earning deposits consist of cash deposited at other banks, primarily the FRB. Interest-earning deposits were $4.3 billion and $3.7 billion at December 31, 2025 and 2024, respectively. The balance of interest-earning deposits varies from day to day, depending on several factors, such as fluctuations in customers' deposits with Customers, payment of checks drawn on customers' accounts and strategic investment decisions made to optimize Customers' net interest income, while effectively managing interest-rate risk and liquidity. The increase in interest-earning deposits since December 31, 2024 primarily resulted from higher non-interest bearing demand deposits held by the Bank and the sale of investment securities.

Investment securities at fair value

The investment securities portfolio is an important source of interest income and liquidity. It consists primarily of mortgage-backed securities and collateralized mortgage obligations guaranteed by agencies of the United States government, asset-backed securities, private label collateralized mortgage obligations, corporate notes and certain equity securities. In addition to generating revenue, the investment portfolio is maintained to manage interest-rate risk, provide liquidity, serve as collateral for other borrowings, and diversify the credit risk of interest-earning assets. The portfolio is structured to optimize net interest income given the changes in the economic environment, liquidity position and balance sheet mix.

At December 31, 2025, investment securities at fair value totaled $1.9 billion compared to $2.0 billion at December 31, 2024. The decrease primarily resulted from the sales of $594.2 million and the maturities, calls and principal repayments totaling $405.6 million, partially offset by purchases of $940.8 million of the investment securities.

For financial reporting purposes, AFS debt securities are reported at fair value. Unrealized gains and losses on AFS debt securities that the Bank does not intend to sell, other than credit losses, are included in other comprehensive income (loss) and reported as a separate component of shareholders' equity, net of the related tax effect. Changes in the fair value of equity securities with a readily determinable fair value and securities reported at fair value based on a fair value option election are recorded in non-interest income in the period in which they occur. Customers recorded a provision for credit losses of $20.7 million and $3.6 million on certain debt securities available for sale during the years ended December 31, 2025 and 2024, respectively. Refer to "NOTE 5 – INVESTMENT SECURITIES" and "NOTE 19 – DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS" to Customers' audited consolidated financial statements for additional information.

The following table sets forth information about the maturities and weighted-average yield of the AFS debt securities portfolio. The weighted-average yield is computed based on a constant effective interest rate over the contractual life of each security adjusted for prepayment estimates, and considers the contractual coupon, amortization of premiums and accretion of discounts. Yields exclude the impact of related hedging derivatives.

	December 31, 2025					
	Within one year	After one but within five years	After five but within ten years	After ten years	No specific maturity	Total
Asset-backed securities	— %	— %	— %	— %	8.00 %	8.00 %
Agency-guaranteed residential mortgage-backed securities	—	—	—	—	5.26	5.26
Agency-guaranteed residential collateralized mortgage obligations	—	—	—	—	4.55	4.55
Agency-guaranteed commercial collateralized mortgage obligations	—	—	—	—	6.23	6.23
Corporate notes	7.21	5.76	5.11	5.96	—	6.03
Private label collateralized mortgage obligations	—	—	—	—	5.00	5.00
Weighted-average yield	7.21 %	5.76 %	5.11 %	5.96 %	5.45 %	5.54 %

The agency-guaranteed mortgage-backed securities and collateralized mortgage obligations in the AFS portfolio were issued by Ginnie Mae and Freddie Mac, and contain guarantees for the collection of principal and interest on the underlying mortgages.

Investment securities held to maturity

At December 31, 2025, investment securities held to maturity totaled $729.1 million compared to $991.9 million at December 31, 2024. The decrease primarily resulted from the maturities, calls and principal repayments totaling $295.8 million, partially offset by purchases of $27.8 million of investment securities.

The following table sets forth information about the maturities and weighted-average yield of the investment securities held to maturity. The weighted-average yield is computed based on a constant effective interest rate over the contractual life of each security adjusted for prepayment estimates, and considers the contractual coupon, amortization of premiums, accretion of discounts and amortization of unrealized losses upon transfer from investment securities available for sale to held to maturity, along with the unrealized loss in accumulated other comprehensive income.

	December 31, 2025				
	Within one year	After one but within five years	After five but within ten years	No specific maturity	Total
Asset-backed securities	— %	— %	— %	5.03 %	5.03 %
Agency-guaranteed residential mortgage-backed securities	—	—	—	1.79	1.79
Agency-guaranteed commercial mortgage-backed securities	—	—	—	1.77	1.77
Agency-guaranteed residential collateralized mortgage obligations	—	—	—	1.87	1.87
Agency-guaranteed commercial collateralized mortgage obligations	—	—	—	2.99	2.99
Private label collateralized mortgage obligations	—	—	—	2.55	2.55
Weighted-average yield	— %	— %	— %	3.31 %	3.31 %

The agency-guaranteed mortgage-backed securities and collateralized mortgage obligations in the HTM portfolio were issued by Fannie Mae, Freddie Mac and Ginnie Mae, and contain guarantees for the collection of principal and interest on the underlying mortgages.

Investment securities classified as HTM are those debt securities that Customers has both the intent and ability to hold to maturity regardless of changes in market conditions, liquidity needs, or changes in general economic conditions. For financial reporting purposes, these securities are reported at cost, adjusted for the amortization of premiums and accretion of discounts, computed by a method which approximates the interest method over the terms of the securities. Refer to "NOTE 5 – INVESTMENT SECURITIES" and "NOTE 19 – DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS" to Customers' audited consolidated financial statements for additional information.

LOANS AND LEASES

The Bank has diversified lending activities that build overall franchise value and a high-tech, high-touch, branch-light strategy that serves its customers through a single-point-of-contact private banking strategy. The Bank serves commercial businesses, through community, SBA, and private client groups. The Bank also serves corporate businesses nationwide, including healthcare, real estate specialty finance, fund finance, technology and venture capital banking, financial institutions group, mortgage finance and commercial equipment financing, as well as commercial real estate companies in the Bank's geographic markets and provides payments and treasury services. The Bank serves consumers through its branch network, provides residential mortgages, and personal loan and deposit products including through relationships with fintech companies and Banking-as-a-Service to fintech companies.

Existing lending relationships are primarily with small and middle market businesses and individual consumers primarily in Berks County and Southeastern Pennsylvania (Bucks, Chester and Philadelphia Counties); New York (Westchester and Suffolk Counties, and Manhattan); Hamilton, New Jersey; Boston, Massachusetts; Providence, Rhode Island; Portsmouth, New Hampshire; California (Southern California and the Bay Area); Nevada (Las Vegas and Reno); and nationally for certain loan and deposit products, such as the portfolio of specialized lending loans and leases and mortgage finance loans. The loan portfolio consists primarily of commercial and industrial loans, loans to support mortgage companies' funding needs, multifamily and commercial real estate loans.

Commercial Lending

Customers' commercial lending is broadly divided into the following groups: small and middle market business banking, specialized banking, multifamily and commercial real estate lending, mortgage finance, and SBA lending. This diversity is designed to allow for greater resource deployment, higher standards of risk management, strong asset quality, lower interest-rate risk and higher productivity levels.

As of December 31, 2025, Customers had $15.4 billion in commercial loans outstanding, totaling approximately 91.5% of its total loan and lease portfolio, which includes loans held for sale, loans receivable, mortgage finance, at fair value, and loans receivable, installment, at fair value, compared to commercial loans outstanding of $13.2 billion, comprising approximately 90.1% of its total loan and lease portfolio at December 31, 2024.

The small and middle market business banking platform originates loans, including SBA loans, through the branch network sales force and a team of dedicated relationship managers. The support administration of this platform is centralized, including technology, risk management, product management, marketing, performance tracking and overall strategy. Credit and sales training has been established for Customers' sales force, ensuring that it has small business experts in place providing appropriate financial solutions to the small business owners in its communities.

Customers' specialized lending includes commercial equipment finance, healthcare lending, real estate specialty finance, fund finance, technology and venture capital banking, a financial institutions group and municipal finance. Customers' lender finance vertical within fund finance provides variable rate loans secured by diverse collateral pools to private debt funds. Customers' capital call lines vertical within fund finance provides variable rate loans secured by collateral pools and limited partnership commitments from institutional investors in private equity funds and cash management services to the alternative investment industry. Customers' technology and venture capital banking group services the venture-backed growth industry from seed-stage through late-stage.

In 2023, Customers acquired a venture banking loan portfolio. Customers has also recruited team members that originated these loans to service the industries and companies where growth needs are typically provided by venture capital. The team gives clients access to the capital to grow from innovation to maturity and leverage a customized tech platform to support their growth. The team has long-standing relationships with these clients offering them premier end-to-end financial services meeting their needs. The addition of these team members created venture banking client coverage in Austin, the Bay Area, Boston, Southern California, Chicago, Denver, Raleigh/Durham, and Washington, D.C. The technology and life sciences portfolio was combined with Customers' existing technology and venture capital banking vertical. The portfolio of capital call loans to venture capital firms was combined with Customers' existing capital call lines vertical within fund finance.

Customers' mortgage finance primarily provides financing to mortgage bankers for residential mortgage originations from loan closing until sale in the secondary market. The underlying residential loans are taken as collateral for Customers' commercial loans to the mortgage companies. As of December 31, 2025 and 2024, mortgage finance loans totaled $1.6 billion and $1.3 billion, respectively, and are reported as loans receivable, mortgage finance, at fair value on the consolidated balance sheet.

Customers' commercial equipment financing group goes to market through the following origination platforms: vendors, intermediaries, direct and capital markets. As of December 31, 2025 and 2024, Customers had $813.7 million and $675.4 million, respectively, of equipment finance loans outstanding. As of December 31, 2025 and 2024, Customers had $306.5 million and $262.7 million, respectively, of equipment finance leases outstanding. As of December 31, 2025 and 2024, Customers had $303.4 million and $214.9 million, respectively, of operating leases entered into under this program, net of accumulated depreciation of $105.7 million and $95.1 million, respectively.

Customers' multifamily lending group is focused on retaining a portfolio of high-quality multifamily loans within Customers' covered markets. These lending activities use conservative underwriting standards and primarily target the refinancing of loans with other banks or provide purchase money for new acquisitions by borrowers. The primary collateral for these loans is a first lien mortgage on the multifamily property, plus an assignment of all leases related to such property. Customers had multifamily loans of $2.5 billion outstanding, comprising approximately 14.8% of the total loan and lease portfolio at December 31, 2025, compared to $2.3 billion, or approximately 15.4% of the total loan and lease portfolio, at December 31, 2024.

Consumer Lending

Customers provides unsecured consumer installment loans, residential mortgage and home equity loans to customers nationwide primarily through relationships with fintech companies. The installment loan portfolio consists largely of originated and purchased personal, student loan refinancing, home improvement and medical loans. None of the loans held for investment are considered sub-prime at the time of origination. Customers considers sub-prime borrowers to be those with FICO scores below 660. Customers has been selective in the consumer loans it has been purchasing. At December 31, 2025, Customers had $1.4 billion in consumer loans outstanding (including consumer loans held for investment and held for sale), or 8.5% of the total loan and lease portfolio, compared to $1.4 billion, or 9.9% of the total loan and lease portfolio, at December 31, 2024.

Purchases and sales of loans held for investment were as follows for the years ended December 31, 2025, 2024 and 2023:

	For the Years Ended December 31,		
(amounts in thousands)	2025	2024	2023
Purchases [1]			
Specialized lending	$ —	$ —	$ 631,252
Other commercial and industrial	55,543	9,019	22,073
Commercial real estate owner occupied	—	—	2,867
Construction	10,080	—	—
Residential real estate	—	—	4,238
Personal installment [2]	347,234	189,374	—
Other installment [2]	—	—	96,758
Total	$ 412,857	$ 198,393	$ 757,188
Sales [3]			
Specialized lending [4]	$ —	$ —	$ 287,185
Other commercial and industrial [5]	3,846	23,708	54,083
Multifamily	8,000	—	—
Commercial real estate owner occupied [5]	—	—	24,522
Commercial real estate non-owner occupied	—	—	16,000
Personal installment	281	53,598	—
Other installment	552	—	154,042
Total	$ 12,679	$ 77,306	$ 535,832

(1) Amounts reported in the above table are the unpaid principal balance at time of purchase. The purchase price was 92.9%, 97.5% and 87.9% of the loans' unpaid principal balance for the years ended December 31, 2025, 2024 and 2023, respectively.
(2) Installment loan purchases for the years ended December 31, 2025, 2024 and 2023 consist of third-party originated unsecured consumer loans. None of the loans held for investment are considered sub-prime at the time of origination. Customers considers sub-prime borrowers to be those with FICO scores below 660.

(3) For the years ended December 31, 2025, 2024 and 2023, net gain (loss) on sales of loans held for investment included in net gain (loss) on sale of loans and leases in the consolidated statements of income was insignificant.
(4) Includes a loss of $5.0 million from the sale of $670.0 million of short-term syndicated capital call lines of credit ($280.7 million of loans held for investment in unpaid principal balance and $389.3 million of unfunded loan commitments) included in loss on sale of capital call lines of credit in the consolidated statement of income for the year ended December 31, 2023.
(5) Primarily sales of SBA loans for the year ended December 31, 2023.

Loans Held for Sale

The composition of loans held for sale as of December 31, 2025 and 2024 was as follows:

	December 31,	
(amounts in thousands)	2025	2024
Residential mortgage loans, at fair value	$ 1,851	$ 1,836
Personal installment loans, at lower of cost or fair value	23,357	40,903
Other installment loans, at fair value	894	162,055
Total loans held for sale	$ 26,102	$ 204,794

At December 31, 2025, loans held for sale totaled $26.1 million, or 0.2% of the total loan and lease portfolio, and $204.8 million, or 1.4% of the total loan and lease portfolio, at December 31, 2024.

Refer to "NOTE 7 – LOANS AND LEASES RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES ON LOANS AND LEASES" to Customers' audited consolidated financial statements for additional information on the transfer of other consumer installment loans, at fair value, from loans held for sale to held for investment during the year ended December 31, 2025.

During the year ended December 31, 2024, Customers sold $202.5 million of personal and other installment loans that were classified as held for sale, inclusive of $53.0 million of installment loans transferred from held for investment to held for sale, accrued interest and unamortized deferred loan origination costs to two third-party sponsored VIEs. Customers provided financing to the purchasers for a portion of the sales price in the form of $160.0 million of asset-backed securities while $40.2 million of the remaining sales proceeds were paid in cash. Refer to "NOTE 5 – INVESTMENT SECURITIES" to Customers' audited consolidated financial statements for additional information.

Loans held for sale are reported on the consolidated balance sheet at either fair value (due to the election of the fair value option) or at the lower of cost or fair value. An ACL is not recorded on loans that are classified as held for sale.

Total Loans and Leases Receivable

The composition of total loans and leases receivable (excluding loans held for sale) was as follows:

(amounts in thousands)	December 31, 2025	December 31, 2024
Loans and leases receivable:		
Commercial:		
Commercial and industrial:		
Specialized lending [1]	$ 7,090,087	$ 5,842,420
Other commercial and industrial	1,121,087	1,182,350
Multifamily	2,490,336	2,252,246
Commercial real estate owner occupied	1,135,119	1,100,944
Commercial real estate non-owner occupied	1,738,821	1,359,130
Construction	162,966	147,209
Total commercial loans and leases receivable	13,738,416	11,884,299
Consumer:		
Residential real estate	497,567	496,559
Manufactured housing	27,452	33,123
Installment:		
Personal	581,340	463,854
Other	196,565	249,799
Total consumer loans receivable	1,302,924	1,243,335
Loans and leases receivable	15,041,340	13,127,634
Loans receivable, mortgage finance, at fair value	1,612,997	1,321,128
Loans receivable, installment, at fair value	102,077	—
Allowance for credit losses on loans and leases	(155,656)	(136,775)
Total loans and leases receivable, net of allowance for credit losses on loans and leases [2]	$ 16,600,758	$ 14,311,987

(1) Includes direct finance and sales-type equipment leases of $306.5 million and $262.7 million at December 31, 2025 and 2024, respectively.
(2) Includes deferred (fees) costs and unamortized (discounts) premiums, net of $(30.3) million and $(20.8) million at December 31, 2025 and 2024, respectively.

Loans and leases receivable

Loans and leases receivable (excluding loans held for sale and loans receivable, mortgage finance, at fair value and loans receivable, installment, at fair value), net of the ACL, increased by $1.9 billion to $14.9 billion at December 31, 2025, from $13.0 billion at December 31, 2024. The increase in loans and leases receivable, net of the ACL, was primarily attributable to higher balances in specialized lending, multifamily, owner-occupied and non-owner occupied commercial real estate loans, partially offset by $18.9 million increase in ACL, as further described below, from December 31, 2024. The overall loans and leases receivable fluctuations were the result of Customers selectively pursuing disciplined loan growth by focusing on holistic and strategic banking relationships that create franchise value.

The following table presents Customers' loans receivable (excluding loans held for sale, loans receivable, mortgage finance, at fair value and loans receivable, installment, at fair value) as of December 31, 2025 based on the remaining term to contractual maturity:

(amounts in thousands)	Within one year	After one but within five years	After five but within fifteen years	After fifteen years	Total
Commercial loans:					
Commercial and industrial, including specialized lending	$ 1,669,339	$ 5,045,533	$ 1,417,411	$ 78,891	$ 8,211,174
Multifamily	30,535	486,437	1,973,364	—	2,490,336
Commercial real estate owner occupied	143,439	603,885	280,086	107,709	1,135,119
Commercial real estate non-owner occupied	502,471	1,042,933	193,417	—	1,738,821
Construction	49,156	56,350	57,460	—	162,966
Total commercial loans	$ 2,394,940	$ 7,235,138	$ 3,921,738	$ 186,600	$ 13,738,416
Consumer loans:					
Residential real estate	$ 800	$ 697	$ 9,301	$ 486,769	$ 497,567
Manufactured housing	281	3,065	20,484	3,622	27,452
Installment	37,363	490,504	188,489	61,549	777,905
Total consumer loans	$ 38,444	$ 494,266	$ 218,274	$ 551,940	$ 1,302,924

The following table presents the distribution of those loans that mature in more than one year between predetermined rates and floating or adjustable rates, excluding the effect of interest rate swaps designated as cash flow hedges of certain commercial and industrial loans, as of December 31, 2025:

(amounts in thousands)	Predetermined rates	Floating or adjustable rates	Total
Commercial loans:			
Commercial and industrial, including specialized lending	$ 1,266,967	$ 5,274,868	$ 6,541,835
Multifamily	276,258	2,183,543	2,459,801
Commercial real estate owner occupied	90,929	900,751	991,680
Commercial real estate non-owner occupied	778,528	457,822	1,236,350
Construction	—	113,810	113,810
Total commercial loans	$ 2,412,682	$ 8,930,794	$ 11,343,476
Consumer loans:			
Residential real estate	$ 417,306	$ 79,461	$ 496,767
Manufactured housing	27,171	—	27,171
Installment	740,538	4	740,542
Total consumer loans	$ 1,185,015	$ 79,465	$ 1,264,480

Loans receivable, mortgage finance, at fair value

The mortgage finance product line primarily provides financing to mortgage companies nationwide from the time of origination of the underlying mortgage loans until the mortgage loans are sold into the secondary market. As a mortgage finance lender, Customers provides a form of financing to mortgage bankers by purchasing for resale the underlying residential mortgages on a short-term basis under a master repurchase agreement. These loans are reported as loans receivable, mortgage finance, at fair value on the consolidated balance sheets. Because these loans are reported at their fair value, they do not have an ACL and are therefore excluded from ACL-related disclosures. At December 31, 2025, all of Customers' mortgage finance loans were current in terms of payment.

Customers is subject to the risks associated with such lending, including, but not limited to, the risks of fraud, bankruptcy and default of the mortgage banker or of the underlying residential borrower, any of which could result in credit losses. Customers' mortgage finance lending team members monitor these mortgage originators by obtaining financial and other relevant information to reduce these risks during the lending period. Loans receivable, mortgage finance, at fair value totaled $1.6 billion and $1.3 billion at December 31, 2025 and 2024, respectively.

Loans receivable, installment, at fair value

Customers had a lending arrangement with a fintech company, which recently was acquired by a bank, whereby Customers originated consumer installment loans and held these loans prior to sale. These consumer installment loans were designated as loans held for sale and reported at fair value based on an election made to account for the loans at fair value. The lending arrangement with this fintech company expired during the year ended December 31, 2025. Customers transferred these consumer installment loans from held for sale to held for investment during the year ended December 31, 2025, and continue to be reported at fair value based on an election made to account for the loans at fair value. Because these loans are reported at their fair value, they do not have an ACL and are therefore excluded from ACL-related disclosures. At December 31, 2025, Customers had $2.1 million of consumer installment loans, at fair value, on non-accrual status.

Credit Risk

Customers manages credit risk by maintaining diversification in its loan and lease portfolio, establishing and enforcing prudent underwriting standards and collection efforts, and continuous and periodic loan and lease classification reviews. Management also considers the effect of credit risk on financial performance by reviewing quarterly and maintaining an adequate ACL. Credit losses are charged-off when they are identified, and provisions are added for current expected credit losses, to the ACL at least quarterly. The ACL is estimated at least quarterly.

The provision for credit losses on loans and leases was $77.3 million and $69.8 million for the years ended December 31, 2025 and 2024, respectively. The ACL maintained for loans and leases receivable (excluding loans held for sale, loans receivable, mortgage finance, at fair value, and loans receivable, installment, at fair value) was $155.7 million, or 1.03% of loans and leases receivable at December 31, 2025, and $136.8 million, or 1.04% of loans and leases receivable at December 31, 2024.

The increase in the ACL from December 31, 2024 resulted primarily from an increase in loan balances held for investment. Net charge-offs were $59.4 million for the year ended December 31, 2025, a decrease of $9.0 million compared to $68.3 million for the year ended December 31, 2024. The decrease in net charge-offs was primarily due to decreases in charge-offs for consumer installment loans and commercial and industrial loans, partially offset by higher charge-offs for multifamily loans and non-owner occupied commercial real estate loans. Installment charge-offs were attributable to unsecured consumer loans originated and purchased through arrangements with fintech partners. Refer to the table of changes in Customers' ACL for annualized net-charge offs to average loans by loan type for the periods indicated.

The table below presents changes in Customers' ACL for the periods indicated:

(dollars in thousands)	Commercial and industrial [1] [2]	Multifamily	Commercial real estate owner occupied	Commercial real estate non-owner occupied	Construction	Residential real estate	Manufactured housing	Installment	Total
Ending Balance, December 31, 2022	$ 17,582	$ 14,541	$ 6,454	$ 11,219	$ 1,913	$ 6,094	$ 4,430	$ 68,691	$ 130,924
Allowance for credit losses on PCD loans, net of charge-offs [3]	2,576	—	—	—	—	—	—	—	2,576
Charge-offs [4]	(16,915)	(3,574)	(39)	(4,527)	—	(69)	—	(69,942)	(95,066)
Recoveries [4]	8,472	—	34	315	116	35	—	17,059	26,031
Provision (benefit) for credit losses on loans and leases	11,788	5,376	3,433	9,852	(547)	526	(191)	40,609	70,846
Ending Balance, December 31, 2023	$ 23,503	$ 16,343	$ 9,882	$ 16,859	$ 1,482	$ 6,586	$ 4,239	$ 56,417	$ 135,311
Charge-offs [4]	(23,735)	(4,073)	(365)	(145)	—	(38)	—	(56,109)	(84,465)
Recoveries [4]	5,689	—	—	—	10	79	—	10,352	16,130
Provision (benefit) for credit losses on loans and leases	23,922	6,241	1,238	691	(242)	(659)	(410)	39,018	69,799
Ending Balance, December 31, 2024	$ 29,379	$ 18,511	$ 10,755	$ 17,405	$ 1,250	$ 5,968	$ 3,829	$ 49,678	$ 136,775
Allowance for credit losses on PCD loans, net of charge-offs [5]	1,000	—	—	—	—	—	—	—	1,000
Charge-offs [4]	(14,732)	(8,446)	(1,186)	(3,073)	—	(56)	—	(44,803)	(72,296)
Recoveries [4]	3,830	—	464	225	6	19	—	8,373	12,917
Provision (benefit) for credit losses on loans and leases	18,206	9,268	398	4,371	969	568	(438)	43,918	77,260
Ending Balance, December 31, 2025	$ 37,683	$ 19,333	$ 10,431	$ 18,928	$ 2,225	$ 6,499	$ 3,391	$ 57,166	$ 155,656
Net Charge-offs to Average Loans and Leases									
2023	(0.12)%	(0.17)%	0.00 %	(0.34)%	0.06 %	(0.01)%	— %	(4.65)%	(0.53)%
2024	(0.28)%	(0.19)%	(0.04)%	(0.01)%	0.01 %	0.01 %	— %	(5.90)%	(0.56)%
2025	(0.14)%	(0.36)%	(0.07)%	(0.19)%	0.00 %	(0.01)%	— %	(4.19)%	(0.42)%

(1) Includes specialized lending.
(2) PPP loans include an embedded credit enhancement from the SBA, which guarantees 100% of the principal and interest owed by the borrower provided that the SBA's eligibility criteria are met. As a result, the eligible PPP loans do not have an ACL.
(3) Represents $8.7 million of allowance for credit losses on PCD loans recognized upon acquisition of a venture banking loan portfolio (included within specialized lending) on June 15, 2023, net of $6.2 million of charge-offs for certain of these PCD loans upon acquisition.
(4) Charge-offs and recoveries on PCD loans that are accounted for in pools are recognized on a net basis when the pool matures.
(5) Represents $1 million of allowance for credit losses on PCD loans recognized upon acquisition of commercial and industrial loans during the year ended December 31, 2025.

The ACL is based on a quarterly evaluation of the loan and lease portfolio held for investment and is maintained at a level that management considers adequate to absorb expected losses as of the balance sheet date. All commercial loans, with the exception of PPP loans and mortgage finance loans, which are reported at fair value, are assigned internal credit-risk ratings, based upon an assessment of the borrower, the structure of the transaction and the available collateral and/or guarantees. All loans and leases are monitored regularly by the responsible officer, and the risk ratings are adjusted when considered appropriate. The risk assessment allows management to identify problem loans and leases timely. Management considers a variety of factors and recognizes the inherent risk of loss that always exists in the lending process. Management uses a disciplined methodology to estimate an appropriate level of ACL. Refer to Critical Accounting Policies and Estimates herein and "NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION" to Customers' audited consolidated financial statements for management's methodology for estimating the ACL.

Customers' commercial real estate, commercial and residential construction, consumer residential and owner occupied commercial and industrial loan types have real estate as collateral (collectively, "the real estate portfolio"), primarily in the form of a first lien position. Current appraisals providing current value estimates of the property are received when Customers' credit group determines that the facts and circumstances have significantly changed since the date of the last appraisal, including that real estate values have deteriorated. A designated credit committee and loan officers review all non-accrual loans on a periodic basis. In addition, loans where the loan officers have identified a "borrower of interest" are discussed to determine if additional analysis is necessary to apply the risk-rating criteria properly. The risk ratings for the real estate loan portfolio are determined based upon the current information available, including but not limited to discussions with the borrower, updated financial information, economic conditions within the geographic area and other factors that may affect the cash flow of the loan. If a loan is individually evaluated for impairment, the collateral value or discounted cash flow analysis is generally used to determine the estimated fair value of the underlying collateral, net of estimated selling costs, and compared to the outstanding loan balance to determine the amount of reserve necessary, if any. Appraisals used in this evaluation process are typically less than two years aged. For loans where real estate is not the primary source of collateral, updated financial information is obtained, including any relevant supplemental financial data to estimate the fair value of the loan, net of estimated selling costs, and compared to the outstanding loan balance to estimate the required reserve.

These impairment measurements are inherently subjective as they require material estimates, including, among others, estimates of property values in appraisals, the amounts and timing of expected future cash flows on individual loans, and general considerations for historical loss experience, economic conditions, uncertainties in estimating losses and inherent risks in the various credit portfolios, all of which require judgment and may be susceptible to significant change over time and as a result of changing economic conditions or other factors. Pursuant to ASC 326, individually assessed loans, consisting primarily of non-accrual and restructured loans, are considered in the methodology for determining the ACL. Individually assessed loans are generally evaluated based on the expected future cash flows or the fair value of the underlying collateral if principal repayment is expected to substantially come from the operation of the collateral or fair value of the collateral less estimated costs to sell if repayment of the loan is expected to be provided from the sale of such collateral. Shortfalls in the underlying collateral value for loans or leases determined to be collateral dependent are charged off immediately. Subsequent to an appraisal or other fair value estimate, management will assess whether there was a further decline in the value of the collateral based on changes in market conditions or property use that would require additional impairment to be recorded to reflect the particular situation, thereby increasing the ACL on loans and leases held for investment.

The following table shows the ACL by various portfolios as of December 31, 2025 and 2024:

	December 31,			
	2025		2024	
(dollars in thousands)	ACL	Percent of loans in each category to loans and leases receivable	ACL	Percent of loans in each category to loans and leases receivable
Commercial and industrial, including specialized lending [1]	$ 37,683	54.6 %	$ 29,379	53.5 %
Multifamily	19,333	16.6 %	18,511	17.2 %
Commercial real estate owner occupied	10,431	7.4 %	10,755	8.4 %
Commercial real estate non-owner occupied	18,928	11.6 %	17,405	10.3 %
Construction	2,225	1.1 %	1,250	1.1 %
Total commercial loans and leases	88,600	91.3 %	77,300	90.5 %
Residential real estate	6,499	3.3 %	5,968	3.8 %
Manufactured housing	3,391	0.2 %	3,829	0.3 %
Installment	57,166	5.2 %	49,678	5.4 %
Total consumer loans	67,056	8.7 %	59,475	9.5 %
Loans and leases receivable	$ 155,656	100.0 %	$ 136,775	100.0 %

(1) Includes PPP loans.

Asset Quality

Customers classifies the loan and lease receivables by product or other characteristic generally defining a shared characteristic with other loans or leases in the same group. Charge-offs from originated and acquired loans and leases held for investment are absorbed by the ACL. The schedule that follows includes both loans held for sale and loans held for investment:

Asset Quality at December 31, 2025

(dollars in thousands)	Total Loans and Leases	Current	30-89 Days Past Due	90 Days or More Past Due and Accruing	Non-accrual/NPL (a)	OREO and Repossessed Assets (b)	NPA [2] (a)+(b)	NPL to Loan and Lease Type (%)	NPA [2] to Loans and Leases + OREO and Repossessed Assets (%)
Loan and Lease Type									
Commercial and industrial, including specialized lending [1]	$ 8,211,174	$ 8,175,927	$ 11,702	$ 3,755	$ 19,790	$ 12,262	$ 32,052	0.24 %	0.39 %
Multifamily	2,490,336	2,470,738	17,506	—	2,092	—	2,092	0.08 %	0.08 %
Commercial real estate owner occupied	1,135,119	1,127,961	3,282	—	3,876	—	3,876	0.34 %	0.34 %
Commercial real estate non-owner occupied	1,738,821	1,738,588	65	—	168	—	168	0.01 %	0.01 %
Construction	162,966	162,966	—	—	—	—	—	—%	— %
Total commercial loans and leases receivable	13,738,416	13,676,180	32,555	3,755	25,926	12,262	38,188	0.19 %	0.28 %
Residential	497,567	474,629	13,267	—	9,671	170	9,841	1.94 %	1.98 %
Manufactured housing	27,452	25,248	738	274	1,192	40	1,232	4.34 %	4.48 %
Installment	777,905	761,159	12,263	—	4,483	—	4,483	0.58 %	0.58 %
Total consumer loans receivable	1,302,924	1,261,036	26,268	274	15,346	210	15,556	1.18 %	1.19 %
Loans and leases receivable	15,041,340	14,937,216	58,823	4,029	41,272	12,472	53,744	0.27 %	0.36 %
Loans receivable, mortgage finance, at fair value	1,612,997	1,612,997	—	—	—	—	—	—%	— %
Loans receivable, installment, at fair value	102,077	97,389	2,551	—	2,137	—	2,137	2.09 %	2.09 %
Total loans held for sale	26,102	25,116	707	—	279	—	279	1.07 %	1.07 %
Total portfolio	$ 16,782,516	$ 16,672,718	$ 62,081	$ 4,029	$ 43,688	$ 12,472	$ 56,160	0.26 %	0.33 %

Asset Quality at December 31, 2025 (continued)

(dollars in thousands)	Total Loans and Leases	Non-accrual/NPL	ACL	Reserves to Loans and Leases (%)	Reserves to NPLs (%)
Loan and Lease Type					
Commercial and industrial, including specialized lending [1]	$ 8,211,174	$ 19,790	$ 37,683	0.46 %	190.41 %
Multifamily	2,490,336	2,092	19,333	0.78 %	924.14 %
Commercial real estate owner occupied	1,135,119	3,876	10,431	0.92 %	269.12 %
Commercial real estate non-owner occupied	1,738,821	168	18,928	1.09 %	11266.67 %
Construction	162,966	—	2,225	1.37 %	—%
Total commercial loans and leases receivable	13,738,416	25,926	88,600	0.64 %	341.74 %
Residential	497,567	9,671	6,499	1.31 %	67.20 %
Manufactured housing	27,452	1,192	3,391	12.35 %	284.48 %
Installment	777,905	4,483	57,166	7.35 %	1,275.17 %
Total consumer loans receivable	1,302,924	15,346	67,056	5.15 %	436.96 %
Loans and leases receivable	15,041,340	41,272	155,656	1.03 %	377.15 %
Loans receivable, mortgage finance, at fair value	1,612,997	—	—	—%	—%
Loans receivable, installment, at fair value	102,077	2,137	—	—%	—%
Total loans held for sale	26,102	279	—	—%	—%
Total portfolio	$ 16,782,516	$ 43,688	$ 155,656	0.93 %	356.29 %

(1) Includes PPP loans within commercial and industrial, including specialized lending, and classified as current. Claims for guarantee payments are submitted to the SBA for eligible PPP loans more than 60 days past due.
(2) Excludes non-performing investment securities, at fair value of $16.2 million with ACL of $18.8 million at December 31, 2025.

The total loan and lease portfolio was $16.8 billion at December 31, 2025 compared to $14.7 billion at December 31, 2024 and $43.7 million, or 0.26% of loans and leases, were non-performing at December 31, 2025 compared to $43.3 million, or 0.30% of loans and leases, at December 31, 2024. The total loan and lease portfolio was supported by an ACL of $155.7 million (356.29% of NPLs and 0.93% of total loans and leases) and $136.8 million (316.06% of NPLs and 0.93% of total loans and leases), at December 31, 2025 and 2024, respectively.

The tables below set forth non-accrual loans, NPAs and asset quality ratios:

	December 31,	
(amounts in thousands)	2025	2024
Loans 90+ days delinquent still accruing	$ 4,029	$ 17,084
Non-accrual loans	$ 43,688	$ 43,275
OREO and repossessed assets	12,472	—
Investment securities, at fair value	16,184	12,532
Total non-performing assets	$ 72,344	$ 55,807

	December 31,	
	2025	2024
Non-accrual loans to loans and leases receivable [1]	0.27 %	0.31 %
Non-accrual loans to total loans and leases portfolio	0.26 %	0.30 %
Non-performing assets to total assets [2]	0.29 %	0.25 %
Non-accrual loans and loans 90+ days delinquent to total assets	0.19 %	0.27 %
Allowance for credit losses on loans and leases to:		
Loans and leases receivable	1.03 %	1.04 %
Non-accrual loans	356.29 %	316.06 %

(1) Excludes loans held for sale, loans receivable, mortgage finance, at fair value and loans receivable, installment, at fair value.
(2) Includes non-performing investment securities, at fair value of $16.2 million with ACL of $18.8 million at December 31, 2025 and fair value of $12.5 million with ACL of $4.3 million at December 31, 2024, respectively.

The asset quality ratios related to NPAs, including non-performing investment securities, at fair value, and non-accrual loans remained low at December 31, 2025 as compared to December 31, 2024. Refer to *Credit Risk* above for information about the increase in ACL affecting the related asset quality ratios at December 31, 2025 as compared to December 31, 2024.

The table below sets forth loans held for investment that were non-performing at December 31, 2025 and 2024:

	December 31,	
(amounts in thousands)	2025	2024
Commercial and industrial, including specialized lending	$ 19,790	$ 4,041
Multifamily	2,092	11,834
Commercial real estate owner occupied	3,876	8,090
Commercial real estate non-owner occupied	168	354
Residential real estate	9,671	8,714
Manufactured housing	1,192	1,852
Installment	4,483	5,613
Total non-performing loans held for investment	$ 41,272	$ 40,498

Asset quality assurance activities include careful monitoring of borrower payment status and the periodic review of borrower current financial information to ensure ongoing financial strength and borrower cash flow viability. Customers has established credit policies and procedures, seeks the consistent application of those policies and procedures across the organization and adjusts policies as appropriate for changes in market conditions and applicable regulations.

Problem Loan Identification and Management

To facilitate the monitoring of credit quality within the commercial and industrial, multifamily, commercial real estate and construction portfolios and for purposes of analyzing historical loss rates used in the determination of the ACL for individually assessed loans, Customers utilizes the following categories of risk ratings: pass (there are six risk ratings for pass loans), special mention, substandard, doubtful or loss. The risk-rating categories, which are derived from standard regulatory rating definitions, are assigned upon initial approval of credit to borrowers and updated regularly thereafter. Pass ratings, which are assigned to those borrowers who do not have identified potential or well-defined weaknesses and for whom there is a high likelihood of orderly repayment, are updated periodically based on the size and credit characteristics of the borrower. All other categories are updated on a quarterly basis, generally during the month preceding the end of the calendar quarter. While assigning risk ratings involves judgment, the risk-rating process allows management to identify riskier credits in a timely manner and allocate the appropriate resources to manage the loans and leases. PPP loans are excluded, provided that the SBA's eligibility criteria are met, as these loans are fully guaranteed by the SBA.

Customers assigns a special mention rating to loans and leases that have potential weaknesses that deserve management's close attention. If not addressed, these potential weaknesses may, at some future date, result in the deterioration of the repayment prospects for the loan and lease and Customers' financial position. At December 31, 2025 and 2024, special mention loans and leases were $216.5 million and $175.1 million, respectively, and are considered performing loans and are therefore not included in the tables above.

Risk ratings are not established for residential real estate, home equity loans and installment loans mainly because these portfolios consist of a larger number of homogeneous loans with smaller balances. Instead, these portfolios are evaluated for risk mainly based on aggregate payment history through the monitoring of delinquency levels and trends.

A regular reporting and review process is in place to provide for proper portfolio oversight and control and to monitor those loans and leases identified as problem credits by management. This process is designed to assess Customers' progress in working toward a solution and to assist in determining an appropriate ACL. All loan work-out situations involve the active participation of management and are reported regularly to the Board of Directors. When a loan or lease becomes delinquent for 90 days or more, or earlier if considered appropriate, the loan is assigned to SAG for workout or other resolution.

Loan and lease charge-offs are determined on a case-by-case basis. Loans and leases are generally charged-off when principal is likely to be unrecoverable and after appropriate collection steps have been taken. Loan and lease charge-offs are proposed by the SAG and approved by the Board of Directors.

Loan and lease policies and procedures are reviewed internally for possible revisions and changes on a regular basis. In addition, these policies and procedures, together with the loan and lease portfolio, are reviewed on a periodic basis by various regulatory agencies and by our internal, external and loan review auditors, as part of their examination and audit procedures.

Loan Modifications for Borrowers Experiencing Financial Difficulty

A borrower is considered to be experiencing financial difficulty when there is a significant doubt about the borrower's ability to make the required principal and interest payments on the loan or to get an equivalent financing from another creditor at a market rate for a similar loan.

When borrowers are experiencing financial difficulty, Customers may make certain loan modifications as part of loss mitigation strategies to maximize expected payment. To be classified as a modification made to a borrower experiencing financial difficulty, the modification must be in the form of an interest rate reduction, principal forgiveness, or an other-than-insignificant payment delay (payment deferral), term extension, or combinations thereof.

Customers will generally try other forms of relief before principal forgiveness. Any contractual reduction in the amount of principal due without receiving payment or assets is considered as forgiveness. For the purpose of this disclosure, Customers considers any contractual change in interest rate that results in a reduction in interest rate relative to the current stated interest rate as an interest rate reduction. Generally, Customers considers any delay in payment of greater than 90 days in the last 12 months to be significant. Term extensions extend the original contractual maturity of the loan. For the purpose of this disclosure, modification of contingent payment features or covenants that would have accelerated payment are not considered term extensions.

The following tables present the amortized cost of loans that were modified to borrowers experiencing financial difficulty for the years ended December 31, 2025 and 2024, disaggregated by class of financing receivable and type of modification granted:

	For the Year Ended December 31, 2025					
(dollars in thousands)	Term Extension	Payment Deferral	Debt Forgiveness	Interest Rate Reduction and Term Extension	Total	Percentage of Total by Financing Class
Commercial and industrial, including specialized lending	$ 10,271	$ 3,081	$ —	$ —	$ 13,352	0.16 %
Personal installment	3,630	1,723	1,441	713	7,507	1.29 %
Total	$ 13,901	$ 4,804	$ 1,441	$ 713	$ 20,859	

	For the Year Ended December 31, 2024					
(dollars in thousands)	Term Extension	Payment Deferral	Debt Forgiveness	Interest Rate Reduction and Term Extension	Total	Percentage of Total by Financing Class
Commercial and industrial, including specialized lending	$ 1,999	$ 9,114	$ —	$ —	$ 11,113	0.16 %
Multifamily	—	10,694	—	—	10,694	0.47 %
Residential real estate	—	51	—	303	354	0.07 %
Manufactured housing	100	—	—	217	317	0.96 %
Personal installment	4,937	171	73	—	5,181	1.12 %
Total	$ 7,036	$ 20,030	$ 73	$ 520	$ 27,659	

As of December 31, 2025, there were no commitments to lend additional funds to debtors experiencing financial difficulty whose loans have been modified during the year ended December 31, 2025.

The loans to borrowers experiencing financial difficulty that were modified during the years ended December 31, 2025 and 2024, respectively, that subsequently defaulted were not material. Customers' ACL is influenced by loan level characteristics that inform the assessed propensity to default. As such, the provision for credit losses is impacted by changes in such loan level characteristics, such as payment performance. Loans made to borrowers experiencing financial difficulty can be classified as either accrual or non-accrual.

ACCRUED INTEREST RECEIVABLE

At December 31, 2025, accrued interest receivable totaled $103.6 million compared to $108.4 million at December 31, 2024. The decrease primarily resulted from a decrease in interest rates.

BANK PREMISES AND EQUIPMENT AND OTHER ASSETS

At December 31, 2025, bank premises and equipment, net of accumulated depreciation and amortization, totaled $16.7 million compared to $6.7 million at December 31, 2024. The increase primarily resulted from the Bank's growth.

At December 31, 2025, Customers Bank's restricted stock holdings totaled $110.4 million compared to $96.2 million at December 31, 2024. These holdings consist of stock of the FRB, the FHLB and Atlantic Community Bankers Bank and are required as part of our relationship with these banks.

At December 31, 2025, the cash surrender value of BOLI totaled $305.5 million compared to $297.6 million at December 31, 2024. Presented within BOLI on the consolidated balance sheets is the cash surrender value of the annuities funding the SERPs of $12.1 million and $9.9 million at December 31, 2025 and 2024, respectively. For additional information on the SERPs, refer to "NOTE 13 – EMPLOYEE BENEFIT PLANS" to Customers' audited consolidated financial statements.

At December 31, 2025, the OREO totaled $12.4 million compared to no such assets at December 31, 2024. The increase primarily resulted from a deed in lieu of a commercial and industrial loan in specialized lending.

At December 31, 2025 and 2024, other assets totaled $638.4 million and $481.4 million, respectively. Other assets consist primarily of operating leases through Customers' commercial equipment financing group (net investment in operating leases of $303.4 million at December 31, 2025 compared to $214.9 million at December 31, 2024), mark-to-market adjustments and receivable related to interest-rate swaps, investments in affordable housing projects and other tax structures, limited partnerships and limited liability companies, ROU assets and prepaid expenses and taxes.

DEPOSITS

Customers offers a variety of deposit accounts, including checking, savings, MMDA and time deposits. Deposits are primarily obtained from Customers' geographic service area and nationwide through our single point of contact relationship managers, our branchless digital banking products, deposit brokers, listing services and other relationships.

In 2024, Customers onboarded ten experienced commercial and business banking teams in New York, California and Nevada to accelerate the Bank's deposit growth potential. The new teams are enhancing the Bank's presence in New York City, where it has successfully operated for over seven years; reinforcing its dedication to Los Angeles; adding representation in Orange County, California; and bringing client coverage to the communities of Reno and Las Vegas, Nevada. All onboarded bankers are highly respected in the commercial deposits space and augment existing expertise in private banking, treasury management, and commercial and industrial lending. In 2025, Customers onboarded seven new banking teams. These included geographic commercial and business banking teams in, or adjacent to, Customers existing markets as well as national teams including sports and entertainment, title solutions and municipal finance. They are enhancing the growth of the Bank's low-cost, relationship-focused deposit portfolio, and their addition strengthens the Bank's commitment to its single point of contact relationship-oriented service approach.

In November 2024, Customers launched a new B2B instant payments platform, cubiX, which was developed in-house, is not based on blockchain and offers more extensive products and services compared to CBIT, our instant blockchain-based digital payments platform. The deposits from customers who participated in CBIT and transitioned to cubiX are included in the deposit liability on the consolidated balance sheet.

The components of deposits were as follows at the dates indicated:

	December 31,			
(dollars in thousands)	2025	2024	Change	% Change
Demand, non-interest bearing	$ 6,303,748	$ 5,608,288	$ 695,460	12.4 %
Demand, interest bearing	5,049,151	5,553,698	(504,547)	(9.1)%
Savings, including MMDA	6,129,837	4,976,270	1,153,567	23.2 %
Non-time deposits	17,482,736	16,138,256	1,344,480	8.3 %
Time deposits	3,295,968	2,708,205	587,763	21.7 %
Total deposits	$ 20,778,704	$ 18,846,461	$ 1,932,243	10.3 %

Total deposits were $20.8 billion at December 31, 2025, an increase of $1.9 billion, or 10.3%, from $18.8 billion at December 31, 2024. The increase in total deposits was primarily due to increases in savings, including MMDA, of $1.2 billion, or 23.2%, to $6.1 billion, non-interest bearing demand deposits of $695.5 million, or 12.4%, to $6.3 billion and time deposits of $587.8 million, or 21.7%, to $3.3 billion. These increases were offset in part by a decrease in interest bearing demand deposits of $504.5 million, or 9.1%, to $5.0 billion.

Total deposits at December 31, 2024 included $221.3 million of deposits serviced by BM Technologies under a deposit servicing agreement, as amended. The remaining deposits serviced by BM Technologies in connection with a white label relationship were transferred to another sponsor bank in 2025. Customers had no deposits serviced by BM Technologies outstanding at December 31, 2025.

At December 31, 2025 and 2024, the Bank had $1.8 billion and $1.5 billion in deposits, respectively, to which it had pledged $1.8 billion and $1.5 billion, respectively, of available borrowing capacity through the FHLB to the depositors through a standby letter of credit arrangement, respectively.

The total amount of estimated uninsured deposits was $8.6 billion and $7.3 billion at December 31, 2025 and 2024, respectively. Time deposits greater than the FDIC limit of $250,000 totaled $1.2 billion and $803.1 million at December 31, 2025, and 2024, respectively. At December 31, 2025, the scheduled maturities of uninsured time deposits were as follows:

(amounts in thousands)	December 31, 2025
3 months or less	$ 201,065
Over 3 through 6 months	393,778
Over 6 through 12 months	397,506
Over 12 months	159,120
Total	$ 1,151,469

Average deposit balances by type and the associated average rate paid are summarized below:

	For the Years Ended December 31,			
	2025		2024	
(dollars in thousands)	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid
Demand, non-interest bearing	$ 6,069,665	0.00 %	$ 4,807,647	0.00 %
Demand, interest-bearing	5,040,107	3.72 %	5,660,890	4.39 %
Savings, including MMDA	5,585,104	3.83 %	5,154,719	4.53 %
Time deposits	2,967,454	4.64 %	2,434,622	4.99 %
Total	$ 19,662,330	2.74 %	$ 18,057,878	3.34 %

FHLB ADVANCES AND OTHER BORROWINGS

Borrowed funds from various sources are generally used to supplement deposit growth and meet other operating needs. Customers' borrowings include short-term and long-term advances from the FHLB, FRB, federal funds purchased, senior unsecured notes and subordinated debt. Subordinated debt is also considered as Tier 2 capital for certain regulatory calculations. Refer to "NOTE 11 – BORROWINGS" to Customers' audited consolidated financial statements for additional information.

Short-term debt

Short-term debt at December 31, 2025 and 2024 was as follows:

	December 31,			
	2025		2024	
(dollars in thousands)	Amount	Rate	Amount	Rate
FHLB advances	$ —	— %	$ 100,000	4.61 %
Total short-term debt	$ —		$ 100,000	

Long-term debt

FHLB and FRB Advances

Long-term FHLB and FRB advances at December 31, 2025 and 2024 were as follows:

	December 31,			
	2025		2024	
(dollars in thousands)	Amount	Rate	Amount	Rate
FHLB advances [1]	$ 1,325,068 [2]	4.04 % [3]	$ 1,028,352 [2]	4.11 % [3]
Total long-term FHLB and FRB advances	$ 1,325,068		$ 1,028,352	

(1) Amounts reported in the above table include fixed rate long-term advances from FHLB of $750.0 million with maturities ranging from March 2026 to March 2028, and variable rate long-term advances from FHLB of $570.0 million with maturities ranging from March 2027 to December 2028 with a returnable option that can be repaid without penalty on certain predetermined dates at Customers Bank's option, at December 31, 2025.
(2) Includes $5.1 million and $(1.6) million of unamortized basis adjustments from interest rate swaps designated as fair value hedges of long-term advances from FHLB at December 31, 2025 and 2024, respectively. Refer to "NOTE 20 — DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES" to Customers' audited consolidated financial statements for additional information.
(3) Excludes the effect of interest rate swaps designated as fair value hedges of long-term advances from FHLB.

The maximum borrowing capacity with the FHLB and FRB at December 31, 2025 and 2024 was as follows:

	December 31,	
(dollars in thousands)	2025	2024
Total maximum borrowing capacity with the FHLB	$ 4,639,436	$ 3,562,171
Total maximum borrowing capacity with the FRB	4,742,290	4,357,519
Qualifying loans and securities serving as collateral against FHLB and FRB	11,200,653	9,722,736

Senior Notes and Subordinated Debt

Long-term senior notes and subordinated debt at December 31, 2025 and 2024 were as follows:

(dollars in thousands)		Carrying Amount at December 31,						
Issued by	Ranking	2025	2024	Rate	Issued Amount	Date Issued	Maturity	Price
Customers Bancorp	Senior [1]	$ 99,208	$ 99,068	2.875 %	$ 100,000	August 2021	August 2031	100.000 %
Total other borrowings		$ 99,208	$ 99,068					
Customers Bancorp	Subordinated [2][3]	$ 98,359	$ —	6.875 %	$ 100,000	December 2025	January 2036	100.000 %
Customers Bancorp	Subordinated [2][4]	73,129	72,947	5.375 %	$ 74,750	December 2019	December 2034	100.000 %
Customers Bank	Subordinated [2][5]	109,659	109,562	6.125 %	110,000	June 2014	June 2029	100.000 %
Total subordinated debt		$ 281,147	$ 182,509					

(1) The senior notes will bear an annual fixed rate of 2.875% until August 15, 2026. From August 15, 2026 until maturity, the notes will bear an annual interest rate equal to a benchmark rate, which is expected to be the three-month term SOFR, plus 235 basis points. Customers Bancorp has the ability to call the senior notes, in whole, or in part, at a redemption price equal to 100% of the principal balance at certain times on or after August 15, 2026.
(2) The subordinated notes qualify as Tier 2 capital for regulatory capital purposes.
(3) The subordinated notes will bear an annual fixed rate of 6.875% until January 15, 2031. From January 15, 2031 until maturity, the notes will bear an annual interest rate equal to a benchmark rate, which is expected to be the three-month term SOFR plus 342 basis points. Customers Bancorp has the ability to call the subordinated notes, in whole, or in part, at a redemption price equal to 100% of the principal balance at certain times on or after January 15, 2031.
(4) Customers Bancorp has the ability to call the subordinated notes, in whole, or in part, at a redemption price equal to 100% of the principal balance at certain times on or after December 30, 2029.
(5) The subordinated notes had an annual fixed rate of 6.125% until June 26, 2024. From June 26, 2024 until maturity, the notes bear an annual interest rate equal to the three-month LIBOR plus 344.3 basis points. Pursuant to the Adjustable Interest Rate (LIBOR) Act enacted by Congress on March 15, 2022, Customers substituted three-month term SOFR plus a tenor spread adjustment of 26.161 basis points for three-month LIBOR as the benchmark reference rate in order to calculate the annual interest rate after June 26, 2024. Customers Bank has the ability to call the subordinated notes, in whole, or in part, at a redemption price equal to 100% of the principal balance at certain times on or after June 26, 2024.

SHAREHOLDERS' EQUITY

The components of shareholders' equity were as follows at the dates indicated:

(dollars in thousands)	December 31, 2025	December 31, 2024	Change	% Change
Preferred stock	$ —	$ 137,794	$ (137,794)	(100.0)%
Common stock	36,189	35,758	431	1.2 %
Additional paid in capital	666,756	575,333	91,423	15.9 %
Retained earnings	1,535,194	1,326,011	209,183	15.8 %
Accumulated other comprehensive income (loss), net	(54,050)	(96,560)	42,510	(44.0)%
Treasury stock	(68,572)	(141,653)	73,081	(51.6)%
Total shareholders' equity	$ 2,115,517	$ 1,836,683	$ 278,834	15.2 %

Shareholders' equity increased $278.8 million, or 15.2%, to $2.1 billion at December 31, 2025 when compared to shareholders' equity of $1.8 billion at December 31, 2024. The increase primarily resulted from increases in retained earnings of $209.2 million, additional paid in capital of $91.4 million and accumulated other comprehensive income (loss), net of $42.5 million and a net decrease in treasury stock of $73.1 million, partially offset by a decrease in preferred stock of $137.8 million.

The decrease in preferred stock resulted from redemption of all of the outstanding shares of Series E Preferred Stock and Series F Preferred Stock for the year ended December 31, 2025. Refer to "NOTE 12 – SHAREHOLDERS' EQUITY" to Customers' audited consolidated financial statements for additional information.

The increases in common stock and additional paid in capital resulted primarily from the issuance of common stock under share-based compensation arrangements, as well as cash proceeds, net of issuance costs, in excess of the cost of treasury stock from the reissuance of common stock in an underwritten public offering for the year ended December 31, 2025. Refer to "NOTE 12 – SHAREHOLDERS' EQUITY" to Customers' audited consolidated financial statements for additional information.

The increase in retained earnings resulted from net income of $224.1 million for the year ended December 31, 2025, partially offset by preferred stock dividends of $10.2 million and a loss of $4.7 million on redemption of Series E Preferred Stock and Series F Preferred Stock for the year ended December 31, 2025.

The increase in accumulated other comprehensive income (loss), net primarily resulted from reclassification of $53.0 million in losses included in net income and income tax effect of $13.9 million, partially offset by an increase of $3.7 million in unrealized losses on AFS debt securities due to changes in interest rates and credit spreads and income tax effect of $1.0 million for the year ended December 31, 2025.

The decrease in treasury stock resulted from reissuance of common stock held as treasury stock in an underwritten public offering, partially offset by repurchases of 104,206 shares of its common stock for $5.6 million under the 2024 Share Repurchase Program for the year ended December 31, 2025. On June 26, 2024, the Board of Directors of Customers Bancorp authorized a new common stock repurchase program, the 2024 Share Repurchase Program, to repurchase up to 497,509 shares of the Company's common stock. Customers had purchased all shares authorized under the 2024 Share Repurchase Program. Refer to "NOTE 12 – SHAREHOLDERS' EQUITY" and "NOTE 24 – SUBSEQUENT EVENTS" to Customers' audited consolidated financial statements for additional information.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity for a financial institution is a measure of that institution's ability to meet depositors' needs for funds, to satisfy or fund loan and lease commitments and for other operating purposes. Ensuring adequate liquidity is an objective of the asset/liability management process. Customers coordinates its management of liquidity with its interest-rate sensitivity and capital position, and strives to maintain a strong liquidity position that is sufficient to meet Customers' short-term and long-term needs, commitments and contractual obligations.

Customers is involved with financial instruments and other commitments with off-balance sheet risks. Financial instruments with off-balance sheet risks are incurred in the normal course of business to meet the financing needs of the Bank's customers. These financial instruments include commitments to extend credit, including unused portions of lines of credit, and standby letters of credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized on the consolidated balance sheet.

With commitments to extend credit, exposure to credit loss in the event of non-performance by the other party to the financial instrument is represented by the contractual amount of those instruments. The same credit policies are used in making commitments and conditional obligations as for on-balance-sheet instruments. Because they involve credit risk similar to extending a loan and lease, these financial instruments are subject to the Bank's credit policy and other underwriting standards. Refer to "NOTE 17 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK" to Customers' audited consolidated financial statements for additional information.

As described in "NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION" to Customers' audited consolidated financial statements, ACL on lending related commitments is a liability account, calculated in accordance with ASC 326, representing expected credit losses over the contractual period for which Customers is exposed to credit risk resulting from a contractual obligation to extend credit. No ACL is recognized if Customers has the unconditional right to cancel the obligation. Off-balance sheet credit commitments primarily consist of amounts available under outstanding lines of credit and letters of credit disclosed above. For the period of exposure, the estimate of expected credit losses considers both the likelihood that funding will occur and the amount expected to be funded over the estimated remaining life of the commitment or other off-balance sheet exposure. Customers estimates the expected credit losses for undrawn or unfunded commitments using a usage given default calculation. The lifetime loss rates for off-balance sheet credit exposures are calculated in the same manner as on-balance sheet credit exposures, using the same models and economic forecasts, adjusted for the estimated likelihood that funding will occur. Customers recognized a provision for credit losses on unfunded lending-related commitments of $4.1 million during the year ended December 31, 2025 resulting in an ACL of $9.0 million as of December 31, 2025. Customers recognized a provision for credit losses on unfunded lending-related commitments of $2.0 million during the year ended December 31, 2024 resulting in an ACL of $4.9 million as of December 31, 2024. The ACL on unfunded lending-related commitments is recorded in accrued interest payable and other liabilities in the consolidated balance sheet and the credit loss expense is recorded as a provision for credit losses within other non-interest expense in the consolidated statement of income.

Customers' contractual obligations and other commitments representing required and potential cash outflows include operating leases, demand deposits, time deposits, short-term and long-term advances from FHLB, unsecured senior notes, subordinated debt, loan and other commitments as of December 31, 2025. Refer to "NOTE 8 – LEASES", "NOTE 10 – DEPOSITS", "NOTE 11 – BORROWINGS" and "NOTE 17 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK" to Customers' audited consolidated financial statements for additional information.

At December 31, 2025, Customers had $4.4 billion of cash on hand and $2.7 billion of investment securities. Customers' investment portfolio, including debt securities available for sale and held to maturity provides periodic cash flows through regular maturities and amortization and can be used as collateral to secure additional funding. We maintain a strong liquidity position, with $10.6 billion of liquidity immediately available consisting of cash on hand and available borrowing capacity from the FHLB and the FRB, which covered approximately 124% of uninsured deposits and approximately 161% of uninsured deposits less collateralized and affiliate deposits at December 31, 2025. Our loan to deposit ratio was 81% at December 31, 2025. Customers' principal sources of funds are deposits, borrowings, principal and interest payments on loans and leases, other funds from operations, and proceeds from common and preferred stock issuances. Borrowing arrangements are maintained with the FHLB and the FRB to meet short-term liquidity needs. Longer-term borrowing arrangements are also maintained with the FHLB and FRB. As of December 31, 2025, Customers' borrowing capacity with the FHLB was $4.6 billion, of which $1.3 billion was utilized in borrowings and $1.8 billion of available capacity was utilized to collateralize deposits. As of December 31, 2024, Customers' borrowing capacity with the FHLB was $3.6 billion, of which $1.1 billion was utilized in borrowings and $1.5 billion of available capacity was utilized to collateralize deposits. As of December 31, 2025 and 2024, Customers' borrowing capacity with the FRB was $4.7 billion and $4.4 billion, respectively. None of this capacity was utilized as of December 31, 2025 and 2024.

In November 2024, Customers launched a new B2B instant payments platform, cubiX, which was developed in-house, is not based on blockchain and offers more extensive products and services compared to CBIT, our instant blockchain-based digital payments platform. The deposits from customers who participated in CBIT and transitioned to cubiX are included in the deposit liability on the consolidated balance sheet.

The principal source of the Bancorp's liquidity is the dividends it receives from the Bank, which may be impacted by the following: bank-level capital needs, laws and regulations, corporate policies, contractual restrictions and other factors. The Bank has generated sufficient positive cash flows from operations to pay dividends to the Bancorp. However, there are statutory and regulatory limitations on the ability of the Bank to pay dividends or make other capital distributions or to extend credit to the Bancorp or its non-bank subsidiaries.

The table below summarizes Customers' cash flows for the years indicated:

	For the Years Ended December 31,			
(dollars in thousands)	2025	2024	Change	% Change
Net cash provided by (used in) operating activities	$ 494,759	$ 145,057	$ 349,702	241.1 %
Net cash provided by (used in) investing activities	(2,056,953)	(1,006,091)	(1,050,862)	104.4 %
Net cash provided by (used in) financing activities	2,187,726	800,619	1,387,107	173.3 %
Net increase (decrease) in cash and cash equivalents	$ 625,532	$ (60,415)	$ 685,947	NM

Cash flows provided by (used in) operating activities

Cash provided by operating activities of $494.8 million for the year ended December 31, 2025 resulted from proceeds from the sales and repayments of loans held for sale of $855.9 million, net income of $224.1 million, non-cash operating adjustments of $140.0 million and an increase in accrued interest payable and other liabilities of $81.4 million, partially offset by origination and purchases of loans held for sale of $780.5 million and an increase in accrued interest receivable and other assets of $26.1 million.

Cash provided by operating activities of $145.1 million for the year ended December 31, 2024 resulted from proceeds from the sales and repayments of loans held for sale of $1.3 billion, which included cash proceeds from the sales of consumer installment loans that were classified as held for sale to two third-party sponsored VIEs, net income of $181.5 million and non-cash operating adjustments of $109.1 million, partially offset by origination and purchases of loans held for sale of $1.4 billion, an increase in accrued interest receivable and other assets of $100.0 million and a decrease in accrued interest payable and other liabilities of $32.8 million. Refer to "NOTE 5 – INVESTMENT SECURITIES" and "NOTE 6 – LOANS HELD FOR SALE" to Customers' audited consolidated financial statements for additional information on the sale of consumer installment loans to third-party sponsored VIEs.

Cash flows provided by (used in) investing activities

Cash used in investing activities of $2.1 billion for the year ended December 31, 2025 primarily resulted from a net increase in loans and leases, excluding mortgage finance loans of $1.6 billion, purchases of investment securities available for sale of $940.8 million and investment securities held to maturity of $27.8 million, purchases of loans of $385.3 million, net origination of mortgage finance loans of $267.9 million and purchases of leased assets under lessor operating leases of $147.3 million, partially offset by proceeds from sales of investment securities available for sale of $594.2 million and proceeds from maturities, calls and principal repayments on investment securities available for sale of $405.6 million and held to maturity of $295.8 million.

Cash used in investing activities of $1.0 billion for the year ended December 31, 2024 primarily resulted from a net increase in loans and leases, excluding mortgage finance loans of $1.1 billion, purchases of investment securities available for sale of $845.8 million and CRA-qualified investment securities held to maturity of $15.0 million, net origination of mortgage finance loans of $426.5 million, purchases of loans of $198.4 million and purchases of leased assets under lessor operating leases of $63.7 million, partially offset by proceeds from maturities, calls and principal repayments on investment securities available for sale of $629.2 million and held to maturity of $291.5 million, proceeds from sales of investment securities available for sale of $624.9 million, proceeds from sales of loans and leases of $35.0 million, proceeds from sales of leased assets under lessor operating leases of $18.5 million and net proceeds from sales of FHLB, Federal Reserve Bank, and other restricted stock of $13.3 million.

Cash flows provided by (used in) financing activities

Cash provided by financing activities of $2.2 billion for the year ended December 31, 2025 primarily resulted from a net increase in deposits of $1.9 billion, proceeds from long-term borrowed funds from the FHLB and the FRB of $490.0 million, proceeds from issuance of common stock of $165.9 million including $163.5 million, net of issuance costs, from reissuance of common stock held as treasury stock in an underwritten public offering, and proceeds from issuance of subordinated notes of $98.4 million, net of issuance costs, partially offset by repayments of long-term borrowed funds from the FHLB and the FRB of $200.0 million, redemption of Series E Preferred Stock and Series F Preferred Stock of $142.5 million, a net decrease in short-term borrowed funds from the FHLB of $100.0 million, dividends paid on preferred stock of $10.8 million and purchases of treasury stock of $5.6 million. Refer to "NOTE 12 – SHAREHOLDERS' EQUITY" to Customers' audited consolidated financial statements for additional information on redemption of preferred stock, reissuance of common stock held as treasury stock in an underwritten public offering and purchases of treasury stock. Refer to "NOTE 11 – BORROWINGS" to Customers' audited consolidated financial statements for additional information on the issuance of subordinated notes.

Customers intends to use the net proceeds from the issuance of subordinated notes for general corporate purposes, which may include, but are not limited to, the redemption of less than all of the Bank's $110.0 million subordinated notes with maturity date of June 2029 on March 26, 2026, working capital and the funding of organic growth at the Bank, repaying indebtedness, repurchasing shares of the Company's common stock, and funding, in whole or in part, possible future acquisitions of other financial services businesses.

Cash provided by financing activities of $800.6 million for the year ended December 31, 2024 primarily resulted from a net increase in deposits of $933.7 million, proceeds from long-term borrowed funds from the FHLB and the FRB of $155.0 million and a net increase in short-term borrowed funds from the FHLB of $100.0 million, partially offset by repayments of long-term borrowed funds from the FHLB and the FRB of $325.0 million, repayments of other long-term borrowings of $25.0 million, purchases of treasury stock of $19.2 million and dividends paid on preferred stock of $15.1 million. Refer to "NOTE 12 – SHAREHOLDERS' EQUITY" to Customers' audited consolidated financial statements for additional information on purchases of treasury stock.

CAPITAL ADEQUACY

The Bank and the Bancorp are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet the minimum capital requirements can result in certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on Customers' financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and the Bancorp must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance sheet items, as calculated under the regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

In first quarter 2020, the U.S federal banking regulatory agencies permitted banking organizations to phase-in, for regulatory capital purposes, the day-one impact of the new CECL accounting rule on retained earnings over a period of three years. As part of its response to the impact of COVID-19, on March 31, 2020, the U.S. federal banking regulatory agencies issued an interim final rule that provided the option to temporarily delay certain effects of CECL on regulatory capital for two years, followed by a three-year transition period. The interim final rule allowed banking organizations to delay for two years 100% of the day-one impact of adopting CECL and 25% of the cumulative change in the reported allowance for credit losses since adopting CECL. Customers elected to adopt the interim final rule, which is reflected in the regulatory capital data presented below. The cumulative CECL capital transition impact as of December 31, 2021 which amounted to $61.6 million was phased in at 25% per year beginning on January 1, 2022 through December 31, 2024. As of December 31, 2025, our regulatory capital ratios reflected the full effect of CECL accounting rule.

Quantitative measures established by regulation to ensure capital adequacy require the Bank and the Bancorp to maintain minimum amounts and ratios (set forth in the following table) of common equity Tier 1, Tier 1, and total capital to risk-weighted assets, and Tier 1 capital to average assets (as defined in the regulations). At December 31, 2025 and 2024, the Bank and the Bancorp met all capital adequacy requirements to which they were subject.

Generally, to comply with the regulatory definition of adequately capitalized, or well capitalized, respectively, or to comply with the Basel III capital requirements, an institution must at least maintain the common equity Tier 1, Tier 1 and total risk-based capital ratios and the Tier 1 leverage ratio in excess of the related minimum ratios set forth in the following table:

	Actual		Minimum Capital Levels to be Classified as:					
			Adequately Capitalized		Well Capitalized		Basel III Compliant	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2025:								
Common equity Tier 1 capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 2,164,010	12.992 %	$ 749,547	4.500 %	N/A	N/A	$ 1,165,962	7.000 %
Customers Bank	$ 2,203,933	13.252 %	$ 748,412	4.500 %	$ 1,081,040	6.500 %	$ 1,164,197	7.000 %
Tier 1 capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 2,164,010	12.992 %	$ 999,396	6.000 %	N/A	N/A	$ 1,415,811	8.500 %
Customers Bank	$ 2,203,933	13.252 %	$ 997,883	6.000 %	$ 1,330,510	8.000 %	$ 1,413,667	8.500 %
Total capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 2,563,309	15.389 %	$ 1,332,528	8.000 %	N/A	N/A	$ 1,748,943	10.500 %
Customers Bank	$ 2,431,744	14.621 %	$ 1,330,510	8.000 %	$ 1,663,138	10.000 %	$ 1,746,295	10.500 %
Tier 1 capital (to average assets)								
Customers Bancorp, Inc.	$ 2,164,010	8.724 %	$ 992,221	4.000 %	N/A	N/A	$ 992,221	4.000 %
Customers Bank	$ 2,203,933	8.895 %	$ 991,061	4.000 %	$ 1,238,827	5.000 %	$ 991,061	4.000 %
As of December 31, 2024:								
Common equity Tier 1 capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 1,803,601	12.087 %	$ 671,841	4.500 %	N/A	N/A	$ 1,044,526	7.000 %
Customers Bank	$ 1,930,951	12.955 %	$ 670,719	4.500 %	$ 968,817	6.500 %	$ 1,043,341	7.000 %
Tier 1 capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 1,941,394	13.011 %	$ 895,308	6.000 %	N/A	N/A	$ 1,268,353	8.500 %
Customers Bank	$ 1,930,951	12.955 %	$ 894,292	6.000 %	$ 1,192,390	8.000 %	$ 1,266,914	8.500 %
Total capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 2,219,984	14.878 %	$ 1,193,744	8.000 %	N/A	N/A	$ 1,566,789	10.500 %
Customers Bank	$ 2,136,594	14.335 %	$ 1,192,390	8.000 %	$ 1,490,487	10.000 %	$ 1,565,012	10.500 %
Tier 1 capital (to average assets)								
Customers Bancorp, Inc.	$ 1,941,394	8.694 %	$ 893,254	4.000 %	N/A	N/A	$ 893,254	4.000 %
Customers Bank	$ 1,930,951	8.652 %	$ 892,755	4.000 %	$ 1,115,944	5.000 %	$ 892,755	4.000 %

The Basel III Capital Rules require that we maintain a 2.500% capital conservation buffer with respect to each of common equity Tier 1, Tier 1 and total capital to risk-weighted assets, which provides for capital levels that exceed the minimum risk-based capital adequacy requirements. A financial institution with a conservation buffer of less than the required amount is subject to limitations on capital distributions, including dividend payments and stock repurchases, and certain discretionary bonus payments to executive officers. As of December 31, 2025, the Bank and the Bancorp were in compliance with the Basel III requirements. Refer to "NOTE 18 – REGULATORY CAPITAL" to Customers' audited consolidated financial statements for additional discussion regarding regulatory capital requirements.

Capital Ratios

Customers continued to build capital during 2025. In general, for the past few years, Customers Bancorp's capital growth has been achieved by retained earnings and issuances of common stock under share-based compensation arrangements, offset in part by the repurchase of common shares. In 2023, Customers repurchased 1,379,883 shares of its common stock for $39.8 million pursuant to the Share Repurchase Program. In 2024, Customers repurchased 393,303 shares of its common stock for $19.2 million pursuant to the 2024 Share Repurchase Program. In 2025, Customers repurchased 104,206 shares of its common stock for $5.6 million pursuant to the 2024 Share Repurchase Program.

In addition, in 2025, Customers Bancorp raised $163.5 million, after deducting underwriting discounts and commissions and offering expenses, from the reissuance of common stock held as treasury stock in an underwritten public offering. Also in 2025, Customers Bancorp issued $100 million in fixed-to-floating rate subordinated notes. Customers intends to use the net proceeds from the issuance of subordinated notes for general corporate purposes, which may include, but are not limited to, the redemption of less than all of Customers Bank's $110 million subordinated notes on March 26, 2026. During 2024 and 2023, Customers Bancorp did not issue any preferred stock or common stock other than in connection with share-based compensation agreements. In 2021, Customers Bancorp issued $100 million in fixed-to-floating rate senior notes, and utilized the proceeds to redeem all of the outstanding shares of Series C Preferred Stock and Series D Preferred Stock. In 2025, Customers redeemed all of the outstanding shares of Series E Preferred Stock and Series F Preferred Stock.

Customers Bank's capital growth for the past few years has been achieved primarily by retained earnings and capital contributions from Customers Bancorp from proceeds received from issuances of common stock held as treasury stock, senior and subordinated notes. In 2025, Customers Bancorp made capital contributions of $80 million to Customers Bank. For more information relating to preferred and common stock and subordinated debt, refer to "NOTE 12 – SHAREHOLDERS' EQUITY" and "NOTE 11 – BORROWINGS" to Customers' audited consolidated financial statements.

Customers is unaware of any current recommendations by the regulatory authorities which, if they were to be implemented, would have a material effect on its liquidity, capital resources, or operations.

The maintenance of appropriate levels of capital is an important objective of Customers' asset and liability management process. Through its initial capitalization and subsequent offerings, Customers believes it has continued to maintain a strong capital position. Since first quarter 2015 through first quarter 2025, Customers Bank's board of directors has declared a quarterly cash dividend to the Bank's sole shareholder, Customers Bancorp. Cash dividends declared by the Bank and paid to Customers Bancorp during 2025 and 2024, include the following:

- $10.0 million declared on March 27, 2024, and paid on March 28, 2024;
- $25.0 million declared on June 26, 2024, and paid on June 26, 2024;
- $45.0 million declared on July 24, 2024, and paid on July 25, 2024;
- $45.0 million declared on October 23, 2024, and paid on October 23, 2024; and
- $45.0 million declared on February 26, 2025, and paid on February 26, 2025.

Effect of Government Monetary Policies

Our earnings are and will be affected by domestic economic conditions and the monetary and fiscal policies of the United States government and its agencies. An important function of the Federal Reserve Board is to regulate the money supply and interest rates. Among the instruments used to implement those objectives are open market operations in United States government securities and changes in reserve requirements against member bank deposits. These instruments are used in varying combinations to influence overall growth and distribution of bank loans and leases, investments, and deposits, and their use may also affect rates charged on loans and leases or paid for deposits.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Sensitivity

The largest part of Customers' net income is net interest income, and the majority of its financial instruments are interest rate sensitive assets and liabilities with various term structures and maturities. One of the primary goals of management is to optimize net interest income while minimizing interest rate risk. Interest rate risk is derived from timing differences in the repricing of assets and liabilities, loan prepayments, deposit withdrawals and differences in lending and funding rates. Customers' asset/liability committee actively looks to monitor and control the economic impact of changes in interest rates on the mix of interest rate sensitive assets and interest rate sensitive liabilities.

Customers uses two complementary methods to effectively measure and manage interest rate risk. The two types of simulation analysis used to determine the impact of changes in interest rates under various hypothetical interest rate scenarios are income scenario modeling and estimates of economic value (EVE). The combination of these two methods supplies a reasonably comprehensive summary of the levels of interest rate risk of Customers' exposure to time factors and changes in interest rate environments.

In 2025, Customers transitioned to a new balance sheet forecasting model used to determine and manage interest rate risk. The Bank made this change to enhance the modeling of sensitivity to interest rates. Principal assumptions including those of investment performance, loan prepayments and deposit modeling were enhanced resulting in differences from the previous model.

Income scenario modeling is used to measure interest rate sensitivity and manage interest rate risk over a near term horizon. Income scenario considers not only the impact of changing market interest rates upon forecasted net interest income but also other factors such as yield curve relationships, the volume and mix of assets and liabilities, customer preferences and general market conditions.

Through the use of income scenario modeling, Customers has estimated the net interest income for the twelve months ending December 31, 2026 and 2025, based upon the assets, liabilities and off-balance sheet financial instruments including derivatives in existence at December 31, 2025 and 2024.

Customers has also estimated changes to that projected twelve-month net interest income based upon implied forward interest rates rising or falling immediately ("rate shocks"). For upward rate shocks modeling a rising rate environment at December 31, 2025 and 2024, Customers used a parallel and sustained shift in interest rates, in which the base market interest rate forecast was immediately increased by 100, 200 and 300 basis points. For downward rate shocks modeling a falling rate environment at December 31, 2025 and 2024, Customers used a parallel and sustained shift in interest rates, in which the base market interest rate forecast was immediately decreased by 100, 200 and 300 basis points. The following table reflects the estimated percentage change in projected twelve-month net interest income under the rate shocks versus the base projected net interest income for the twelve months ending December 31, 2026 and 2025, resulting from changes in interest rates under the new balance sheet forecasting model:

Net change in net interest income

	% change from base December 31,	
Rate Shocks	2025	2024
Up 3%	4.4%	5.2%
Up 2%	3.0%	3.4%
Up 1%	1.3%	1.5%
Down 1%	(0.8)%	(1.2)%
Down 2%	(2.7)%	(4.2)%
Down 3%	(4.4)%	(7.2)%

EVE considers a longer-term horizon and estimates the hypothetical discounted net present value of asset and liability cash flows. Discount rates are based upon market prices for comparable assets and liabilities. Upward and downward rate shocks are used to measure sensitivity of EVE in relation to a constant rate environment using implied forward interest rates. For upward rate shocks modeling a rising rate environment at December 31, 2025 and 2024, current market interest rates were shocked by a parallel and sustained shift in interest rates, in which the base market interest rate forecast was immediately increased by 100, 200 and 300 basis points. For downward rate shocks modeling a falling rate environment at December 31, 2025 and 2024, current market rates were shocked by a parallel and sustained shift in interest rates, in which the base market interest rate forecast was immediately decreased by 100, 200 and 300 basis points. This method of measurement primarily evaluates the longer-term repricing risks and embedded options in Customers Bank's balance sheet. The following table reflects the estimated change in EVE at December 31, 2025 and 2024, resulting from shocks to interest rates under the new balance sheet forecasting model:

	% change from base December 31,	
Rate Shocks	2025	2024
Up 3%	(9.5)%	(9.0)%
Up 2%	(5.8)%	(5.3)%
Up 1%	(2.4)%	(2.2)%
Down 1%	2.4%	1.9%
Down 2%	5.7%	3.6%
Down 3%	10.1%	4.6%

Management believes that the assumptions and combination of methods used in evaluating interest rate risk in the new balance sheet forecasting model as described above are reasonable. However, the interest rate sensitivity of our assets, liabilities and off-balance sheet financial instruments, as well as the estimated effect of changes in interest rates on estimated net interest income, could vary substantially if different assumptions are used or actual experience differs from the assumptions used in the model.

Item 8. Financial Statements and Supplementary Data



Customers Bancorp, Inc.
Financial statements for the three years ended
December 31, 2025, 2024 and 2023

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Customers Bancorp, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Customers Bancorp, Inc. and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income (loss), changes in shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses – Refer to Notes 2 and 7 to the consolidated financial statements

Critical Audit Matter Description

Management's estimate of expected credit losses in the Company's loan and lease portfolios are recorded in the allowance for credit losses on loans and leases (the "ACL"). The ACL is a valuation account that is deducted from the loans or leases' amortized cost basis to present the net amount expected to be collected on the loans and leases. The ACL on collectively assessed loans and leases is measured over the expected life of the loan or lease using lifetime loss rate models which consider historical loan performance, loan or borrower attributes and forecasts of future economic conditions in addition to information about past events and current conditions.

The estimation of the ACL requires management to make significant judgments in regard to (a) selecting reasonable and supportable economic forecasts, (b) using models to estimate expected losses for each material loan portfolio, and (c) identifying loss factors not fully captured within the models or economic forecasts (e.g., asset specific factors or current conditions that are different from this historical loss information captured in the models) and quantifying those estimates in qualitative components.

We identified the ACL for the loans and lease receivable held-for-investment as a critical audit matter because it involves especially subjective and complex judgment in auditing the (1) model methodology, (2) model logic, (3) model assumptions, (4) determination of the macroeconomic forecast, (5) use of qualitative adjustments, and (6) the completeness and accuracy of estimated credit losses on individually assessed loans. This required a higher degree of auditor judgment and an increased extent of effort, including the need to involve credit specialists when performing audit procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the ACL for the loan and lease portfolios included the following, among others:

- We tested the effectiveness of controls over the (i) selection of the macroeconomic forecasts and relevant assumptions, (ii) execution and monitoring of the loss rate models, (iii) calibration of the loss rate models to peer and industry information, (iv) measurement of the qualitative allowance, (v) the monitoring, identification, and valuation of collateral dependent loans, and (vi) overall calculation and disclosure of the ACL.
- We used our credit and valuation specialists to assist us in evaluating the reasonableness of the loss rate models and assumptions.
- We (i) evaluated the reasonableness of the loss rate models and related assumptions, (ii) assessed the reasonableness of design, theory, and logic of the loss rate models for estimating expected credit losses, (iii) tested the accuracy of the data input into the loss rate models, and (iv) assessed the reasonableness of the models' calculations of loss rates derived from the loss rate models.
- We (i) assessed the reasonableness of the methodologies and appraisals used by management to estimate collateral values on collateral dependent loans, (ii) tested the arithmetic accuracy of the reserves or charge-offs, and (iii) considered available information subsequent to December 31, 2025 that provides additional evidence about conditions that existed at the balance sheet date.
- We (i) evaluated the reasonableness of management's forecast selection, (ii) evaluated the appropriateness and relevance of the qualitative factors, and related quantitative measures included in the qualitative allowance, (iii) tested the accuracy and evaluated the relevance and reliability of the data, including third party data, used to calibrate the loss rate models to peer and industry information, and (iv) tested the arithmetic accuracy of the calculation of the qualitative allowance.
- We tested the arithmetic accuracy of the calculation of the overall ACL.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 27, 2026

We have served as the Company's auditor since 2019.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and Board of Directors of Customers Bancorp, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Customers Bancorp, Inc. and its subsidiaries (the "Company") as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company, and our report dated February 27, 2026, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 27, 2026

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share and per share data)

	December 31, 2025	December 31, 2024
ASSETS		
Cash and due from banks	$ 62,051	$ 56,787
Interest earning deposits	4,349,412	3,729,144
Cash and cash equivalents	4,411,463	3,785,931
Investment securities, at fair value (includes allowance for credit losses of $28,805 and $7,604, respectively)	1,937,646	2,019,694
Investment securities held to maturity	729,134	991,937
Loans held for sale (includes $2,745 and $163,891, respectively, at fair value)	26,102	204,794
Loans and leases receivable	15,041,340	13,127,634
Loans receivable, mortgage finance, at fair value	1,612,997	1,321,128
Loans receivable, installment, at fair value	102,077	—
Allowance for credit losses on loans and leases	(155,656)	(136,775)
Total loans and leases receivable, net of allowance for credit losses on loans and leases	16,600,758	14,311,987
FHLB, Federal Reserve Bank, and other restricted stock	110,411	96,214
Accrued interest receivable	103,626	108,351
Bank premises and equipment, net	16,745	6,668
Bank-owned life insurance	305,503	297,641
Other real estate owned	12,432	—
Goodwill and other intangibles	3,629	3,629
Other assets	638,419	481,395
Total assets	$ 24,895,868	$ 22,308,241
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Demand, non-interest bearing	$ 6,303,748	$ 5,608,288
Interest bearing	14,474,956	13,238,173
Total deposits	20,778,704	18,846,461
FHLB advances	1,325,068	1,128,352
Other borrowings	99,208	99,068
Subordinated debt	281,147	182,509
Accrued interest payable and other liabilities	296,224	215,168
Total liabilities	22,780,351	20,471,558
Commitments and contingencies (NOTE 21)		
Shareholders' equity:		
Preferred stock, par value $1.00 per share; liquidation preference $25.00 per share; 100,000,000 shares authorized; no shares issued and outstanding as of December 31, 2025 and 5,700,000 shares issued and outstanding as of December 31, 2024	—	137,794
Common stock, par value $1.00 per share; 200,000,000 shares authorized; 36,188,920 and 35,758,246 shares issued as of December 31, 2025 and 2024; 34,191,223 and 31,346,507 shares outstanding as of December 31, 2025 and 2024	36,189	35,758
Additional paid in capital	666,756	575,333
Retained earnings	1,535,194	1,326,011
Accumulated other comprehensive income (loss), net	(54,050)	(96,560)
Treasury stock, at cost (1,997,697 and 4,411,739 shares as of December 31, 2025 and 2024)	(68,572)	(141,653)
Total shareholders' equity	2,115,517	1,836,683
Total liabilities and shareholders' equity	$ 24,895,868	$ 22,308,241

See accompanying notes to the consolidated financial statements.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(amounts in thousands, except per share data)

	For the Years Ended December 31,		
	2025	2024	2023
Interest income:			
Loans and leases	$ 1,024,760	$ 901,457	$ 996,517
Investment securities	139,790	180,291	200,659
Interest earning deposits	177,387	190,842	125,923
Loans held for sale	9,588	46,073	36,221
Other	8,062	9,171	8,040
Total interest income	1,359,587	1,327,834	1,367,360
Interest expense:			
Deposits	539,133	603,312	576,437
FHLB advances	51,953	52,107	80,008
FRB advances	—	—	6,286
Subordinated debt	13,047	12,309	10,755
Other borrowings	4,965	5,702	6,425
Total interest expense	609,098	673,430	679,911
Net interest income	750,489	654,404	687,449
Provision for credit losses	97,958	73,451	74,611
Net interest income after provision for credit losses	652,531	580,953	612,838
Non-interest income:			
Commercial lease income	47,446	40,662	36,179
Loan fees	35,204	27,163	20,216
Bank-owned life insurance	11,263	9,442	11,777
Mortgage finance transactional fees	4,745	4,101	4,395
Net gain (loss) on sale of loans and leases	(60)	(15,628)	(1,200)
Loss on sale of capital call lines of credit	—	—	(5,037)
Net gain (loss) on sale of investment securities	(1,638)	(27,009)	(574)
Impairment loss on debt securities	(51,319)	—	—
Unrealized gain on equity method investments	—	11,430	—
Other	22,182	10,273	4,809
Total non-interest income	67,823	60,434	70,565
Non-interest expense:			
Salaries and employee benefits	188,989	175,836	133,275
Technology, communication and bank operations	43,497	65,154	65,550
Commercial lease depreciation	38,337	32,543	29,898
Professional services	50,378	34,978	35,177
Loan servicing	16,900	15,909	17,075
Occupancy	15,624	11,789	10,070
FDIC assessments, non-income taxes, and regulatory fees	41,184	41,684	35,036
Advertising and promotion	2,437	4,489	3,095
Legal settlement expense	—	—	4,096
Other	34,577	34,632	19,391
Total non-interest expense	431,923	417,014	352,663
Income before income tax expense	288,431	224,373	330,740
Income tax expense	64,343	42,904	80,597
Net income	224,088	181,469	250,143
Preferred stock dividends	10,198	15,040	14,695
Loss on redemption of preferred stock	4,707	—	—
Net income available to common shareholders	$ 209,183	$ 166,429	$ 235,448
Basic earnings per common share	$ 6.46	$ 5.28	$ 7.49
Diluted earnings per common share	6.26	5.09	7.32

See accompanying notes to the consolidated financial statements.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(amounts in thousands)

	For the Years Ended December 31,		
	2025	2024	2023
Net income	$ 224,088	$ 181,469	$ 250,143
Unrealized gains (losses) on available for sale debt securities:			
Unrealized gains (losses) arising during the period	(3,719)	21,672	31,146
Income tax effect	962	(5,467)	(7,911)
Reclassification adjustments for (gains) losses included in net income	52,957	27,009	(574)
Income tax effect	(13,930)	(7,099)	146
Amortization of unrealized loss on securities transferred from available-for-sale to held-to-maturity	4,456	5,247	4,986
Income tax effect	(1,178)	(1,353)	(1,266)
Net unrealized gains (losses) on available for sale debt securities	39,548	40,009	26,527
Unrealized gains (losses) on cash flow hedges:			
Unrealized gains (losses) arising during the period	1,679	—	—
Income tax effect	(444)	—	—
Reclassification adjustment for (gains) losses included in net income	2,347	—	—
Income tax effect	(620)	—	—
Net unrealized gains (losses) on cash flow hedges	2,962	—	—
Other comprehensive income (loss), net of income tax effect	42,510	40,009	26,527
Comprehensive income (loss)	$ 266,598	$ 221,478	$ 276,670

See accompanying notes to the consolidated financial statements.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2025, 2024 and 2023
(amounts in thousands, except share data)

	Preferred Stock		Common Stock						
	Shares of Preferred Stock Outstanding	Preferred Stock	Shares of Common Stock Outstanding	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, December 31, 2022	5,700,000	$ 137,794	32,373,697	$ 35,012	$ 551,721	$ 924,134	$ (163,096)	$ (82,604)	$ 1,402,961
Net income	—	—	—	—	—	250,143	—	—	250,143
Other comprehensive income (loss)	—	—	—	—	—	—	26,527	—	26,527
Preferred stock dividends [1]	—	—	—	—	—	(14,695)	—	—	(14,695)
Share-based compensation expense	—	—	—	—	12,495	—	—	—	12,495
Issuance of common stock under share-based-compensation arrangements	—	—	447,092	447	322	—	—	—	769
Repurchase of common shares	—	—	(1,379,883)	—	—	—	—	(39,806)	(39,806)
Balance, December 31, 2023	5,700,000	137,794	31,440,906	35,459	564,538	1,159,582	(136,569)	(122,410)	1,638,394
Net income	—	—	—	—	—	181,469	—	—	181,469
Other comprehensive income (loss)	—	—	—	—	—	—	40,009	—	40,009
Preferred stock dividends [1]	—	—	—	—	—	(15,040)	—	—	(15,040)
Share-based compensation expense	—	—	—	—	14,785	—	—	—	14,785
Issuance of common stock under share-based-compensation arrangements	—	—	298,904	299	(3,990)	—	—	—	(3,691)
Repurchase of common shares	—	—	(393,303)	—	—	—	—	(19,243)	(19,243)
Balance, December 31, 2024	5,700,000	137,794	31,346,507	35,758	575,333	1,326,011	(96,560)	(141,653)	1,836,683
Net income	—	—	—	—	—	224,088	—	—	224,088
Other comprehensive income (loss)	—	—	—	—	—	—	42,510	—	42,510
Issuance of common stock, net of offering costs of $9.0 million [2]	—	—	2,518,248	—	84,753	—	—	78,722	163,475
Preferred stock dividends [1]	—	—	—	—	—	(10,198)	—	—	(10,198)
Redemption of preferred stock [3]	(5,700,000)	(137,794)	—	—	—	—	—	—	(137,794)
Loss on redemption of preferred stock [3]	—	—	—	—	—	(4,707)	—	—	(4,707)
Share-based compensation expense	—	—	—	—	18,628	—	—	—	18,628
Issuance of common stock under share-based-compensation arrangements	—	—	430,674	431	(11,958)	—	—	—	(11,527)
Repurchase of common shares	—	—	(104,206)	—	—	—	—	(5,641)	(5,641)
Balance, December 31, 2025	—	$ —	34,191,223	$ 36,189	$ 666,756	$ 1,535,194	$ (54,050)	$ (68,572)	$ 2,115,517

(1) Dividends per share of $1.229832 and $2.345055 were declared on Series E and F Preferred Stock, respectively, for the year ended December 31, 2025. Dividends per share of $2.714831 and $2.618493 were declared on Series E and F Preferred Stock, respectively, for the year ended December 31, 2024. Dividends per share of $2.624902 and $2.529089 were declared on Series E and F Preferred Stock, respectively, for the year ended December 31, 2023.
(2) Refer to NOTE 12 – SHAREHOLDERS' EQUITY for additional information about the reissuance of common stock held as treasury stock in an underwritten public offering.
(3) Refer to NOTE 12 – SHAREHOLDERS' EQUITY for additional information about the redemption of Series E and Series F Preferred Stock.

See accompanying notes to the consolidated financial statements.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	For the Years Ended December 31,		
	2025	2024	2023
Cash Flows from Operating Activities			
Net income	$ 224,088	$ 181,469	$ 250,143
Adjustments to reconcile net income to net cash provided by (used in) continuing operating activities:			
Provision for credit losses	97,958	73,451	74,611
Depreciation and amortization	41,804	33,552	31,813
Share-based compensation expense	18,458	14,435	12,585
Deferred taxes	(10,990)	(1,143)	22,177
Net amortization (accretion) of investment securities premiums and discounts	(3,941)	(4,483)	(11,582)
Unrealized (gain) loss on investment securities	(381)	94	(62)
Impairment loss on debt securities	51,319	—	—
Impairment loss on equity securities	2,278	—	—
Net (gain) loss on sale of investment securities	1,638	27,009	574
Unrealized gain on equity method investments	—	(11,430)	—
Impairment loss on fixed assets and leases	—	—	124
Unrealized (gain) loss on derivatives	(2,969)	(1,856)	—
Settlement of terminated fair value hedge derivatives	—	—	4,630
Fair value adjustment on loans held for sale	431	754	—
Fair value adjustment on loans held for investment	(2,038)	—	—
Net (gain) loss on sale of loans and leases	60	15,628	867
Loss on sale of capital call lines of credit	—	—	5,037
Origination and purchases of loans held for sale	(780,517)	(1,361,112)	(806,582)
Proceeds from the sales and repayments of loans held for sale	855,937	1,348,428	600,488
Amortization (accretion) of loan net deferred fees, discounts and premiums	(42,393)	(27,486)	(90,581)
Earnings on investment in bank-owned life insurance	(11,263)	(9,442)	(11,777)
(Increase) decrease in accrued interest receivable and other assets	(26,147)	(99,977)	23,584
Increase (decrease) in accrued interest payable and other liabilities	81,427	(32,834)	18,680
Net Cash Provided by (Used in) Operating Activities	494,759	145,057	124,729
Cash Flows from Investing Activities			
Proceeds from maturities, calls and principal repayments of investment securities available for sale	405,559	629,192	323,298
Proceeds from maturities, calls and principal repayments of investment securities held to maturity	295,766	291,497	252,437
Proceeds from sales of investment securities available for sale	594,182	624,917	297,417
Purchases of investment securities available for sale	(940,815)	(845,788)	(1,425)
Purchases of investment securities held to maturity	(27,759)	(14,955)	(73,074)
Purchases of equity method investments	—	(5,140)	—
Origination of mortgage finance loans	(26,938,564)	(22,147,520)	(20,056,973)
Proceeds from repayments of mortgage finance loans	26,670,664	21,721,051	20,465,303
Net (increase) decrease in loans and leases, excluding mortgage finance loans	(1,583,202)	(1,067,778)	2,267,601
Proceeds from sales of loans and leases	5,479	35,003	409,503
Purchases of loans	(385,280)	(198,393)	(709,197)
Purchases of bank-owned life insurance	(1,462)	—	—
Proceeds from bank-owned life insurance	5,634	5,110	56,645
Net (purchases of) proceeds from sales of FHLB, Federal Reserve Bank, and other restricted stock	(14,197)	13,334	(35,117)
Purchases of bank premises and equipment	(13,739)	(1,491)	(590)
Proceeds from sale of fixed assets	18	—	73
Proceeds from sales of other real estate owned	118	79	33
Proceeds from sales of leased assets under lessor operating leases	17,963	18,487	2,541
Purchases of leased assets under lessor operating leases	(147,318)	(63,696)	(40,752)
Net Cash Provided by (Used in) Investing Activities	(2,056,953)	(1,006,091)	3,157,723

(continued)

	For the Years Ended December 31,		
	2025	2024	2023
Cash Flows from Financing Activities			
Net increase (decrease) in deposits	1,905,969	933,700	(238,149)
Net increase (decrease) in short-term borrowed funds from the FHLB	(100,000)	100,000	(300,000)
Proceeds from long-term borrowed funds from FHLB and FRB	490,000	155,000	2,565,000
Repayments of long-term borrowed funds from FHLB and FRB	(200,000)	(325,000)	(1,865,000)
Repayments of other borrowings	—	(25,000)	—
Proceeds from issuance of subordinated long-term debt	98,350	—	—
Redemption of preferred stock	(142,501)	—	—
Preferred stock dividends paid	(10,802)	(15,147)	(14,636)
Purchases of treasury stock	(5,641)	(19,243)	(39,806)
Payments of employee taxes withheld from share-based awards	(13,500)	(5,452)	(2,433)
Proceeds from issuance of common stock	165,851	1,761	3,112
Net Cash Provided by (Used in) Financing Activities	2,187,726	800,619	108,088
Net Increase (Decrease) in Cash and Cash Equivalents	625,532	(60,415)	3,390,540
Cash and Cash Equivalents – Beginning Balance	3,785,931	3,846,346	455,806
Cash and Cash Equivalents – Ending Balance	$ 4,411,463	$ 3,785,931	$ 3,846,346
Supplementary Cash Flow Information:			
Interest paid	$ 600,866	$ 715,214	$ 649,544
Income taxes paid	36,080	57,593	44,972
Noncash Investing and Financing Activities:			
Purchases of investment securities held to maturity upon sale of consumer installment loans	$ —	$ 160,029	$ 436,841
Transfer of loans held for investment to held for sale	5,252	56,192	309,076
Transfer of loans held for sale to held for investment	138,971	7,181	15,163
Transfer of loans to other real estate owned	12,644	—	—

See accompanying notes to the consolidated financial statements.

CUSTOMERS BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF THE BUSINESS

Customers Bancorp, Inc. ("Customers Bancorp") is a bank holding company engaged in banking activities through its wholly owned subsidiary, Customers Bank ("the Bank"), collectively referred to as "Customers" herein.

The Bank has diversified lending activities that build overall franchise value and a high-tech, high-touch, branch-light strategy that serves its customers through a single-point-of-contact private banking strategy. The Bank serves commercial businesses, through community, Small Business Administration ("SBA"), and private client groups. The Bank also serves corporate businesses nationwide, including healthcare, real estate specialty finance, fund finance, technology and venture capital banking, financial institutions group, mortgage finance and commercial equipment financing, as well as commercial real estate companies in the Bank's geographic markets and provides payments and treasury services. The Bank serves consumers through its branch network, provides residential mortgages, and personal loan and deposit products including through relationships with fintech companies and Banking-as-a-Service to fintech companies.

Customers Bancorp and its wholly owned subsidiaries, the Bank, and non-bank subsidiaries, serve businesses and residents in Berks County and Southeastern Pennsylvania (Bucks, Chester and Philadelphia Counties); New York (Westchester and Suffolk Counties, and Manhattan); Hamilton, New Jersey; Boston, Massachusetts; Providence, Rhode Island; Portsmouth, New Hampshire; California (Southern California and the Bay Area); Nevada (Las Vegas and Reno); and nationally for certain loan and deposit products. The Bank has seven branches and also administratively supports loan and other financial products, including equipment finance leases, to customers through its limited-purpose offices.

The Bank is subject to regulation of the Pennsylvania Department of Banking and Securities and the Federal Reserve Bank and is periodically examined by those regulatory authorities.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Basis of Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The accounting and reporting policies of Customers Bancorp and subsidiaries are in conformity with U.S. GAAP and predominant practices of the banking industry. The preparation of financial statements requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The allowance for credit losses ("ACL") is a material estimate that is particularly susceptible to significant change in the near-term.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Customers Bancorp and its wholly owned subsidiaries, including Customers Bank, as well as Customers Bank's wholly owned subsidiaries, Customers Commercial Finance, LLC ("CCF") and Devon Service PA LLC. All intercompany balances and transactions have been eliminated in consolidation.

The purpose of consolidated financial statements is to present the results of operations and the financial position of Customers and its subsidiaries as if the consolidated group were a single economic entity. In accordance with the applicable accounting guidance for consolidations, the consolidated financial statements include any voting interest entity ("VOE") in which Customers has a controlling financial interest and any variable interest entity ("VIE") for which Customers is deemed to be the primary beneficiary. Customers generally consolidates its VOEs if Customers, directly or indirectly, owns more than 50% of the outstanding voting shares of the entity and the non-controlling shareholders do not hold any substantive participating or controlling rights. Customers is also involved with various entities in the normal course of its business that are deemed to be VIEs. Customers evaluates VIEs to understand the purpose and design of the entity, and its involvement in the ongoing activities of the VIE and will consolidate the VIE if it is deemed to be the primary beneficiary. Customers is deemed to be the primary beneficiary if it has (i) the power to direct the activities of the VIE that most significantly affect the VIE's economic performance and (ii) an obligation to absorb losses of the VIE, or the right to receive benefits from the VIE, that could potentially be significant to the VIE. Refer to NOTE 5 – INVESTMENT SECURITIES for additional information.

Customers accounts for unconsolidated partnerships and certain other investments using the equity method of accounting if it has the ability to significantly influence the operating and financial policies of the investee. This is generally presumed to exist when Customers owns between 20% and 50% of a corporation, or when it has greater than 3% to 5% interest in a limited partnership or similarly structured entity. Under the equity method, Customers records its equity ownership share of net income or loss of the investee within other non-interest income. Investments accounted for under the equity method of accounting are included in other assets on the consolidated balance sheets.

Cash and Cash Equivalents and Statements of Cash Flows

Cash and cash equivalents include cash on hand, amounts due from banks and interest-bearing deposits with banks with a maturity date of three months or less and are recorded at cost. The carrying value of cash and cash equivalents is a reasonable estimate of its approximate fair value. Changes in the balances of cash and cash equivalents are reported on the consolidated statements of cash flows. Cash receipts from the repayment or sale of loans are classified within the statement of cash flows based on management's original intent upon origination of the loan, as prescribed by accounting guidance related to the statement of cash flows. Mortgage finance loans are classified as held for investment and presented as loans receivable, mortgage finance, at fair value, on the consolidated balance sheets and the cash flow activities associated with these mortgage finance lending activities are reported as investing activities on the consolidated statements of cash flows.

Restrictions on Cash and Amounts due from Banks

The Bank is required to maintain average balances at a certain level of cash and amounts on deposit with the Federal Reserve Bank of Philadelphia ("FRB"). Customers Bank generally maintains balances in excess of the required levels at the FRB. There were no required reserve balances at December 31, 2025 and 2024.

Business Combinations

Business combinations are accounted for by applying the acquisition method in accordance with the Accounting Standards Codification ("ASC") 805, *Business Combinations*. Under the acquisition method, identifiable assets acquired and liabilities assumed are measured at their fair values with limited exceptions, as of the date of acquisition and are recognized separately from goodwill. The results of operations of the acquired entity are included in the consolidated statement of income from the date of acquisition. Customers recognizes goodwill when the acquisition price exceeds the estimated fair value of the net assets acquired.

Investment Securities

Customers purchases securities, largely agency-guaranteed mortgage-backed securities, agency-guaranteed and private label collateralized mortgage obligations, asset-backed securities, collateralized loan obligations, commercial mortgage-backed securities and corporate notes, to effectively utilize cash and capital, maintain liquidity and to generate earnings. Security transactions are recorded as of the trade date. Debt securities are classified at the time of acquisition as available-for-sale ("AFS"), held-to-maturity ("HTM") or trading, and their classification determines the accounting as follows:

Available for sale: Investment securities classified as AFS are those debt securities that Customers intends to hold for an indefinite period of time but not necessarily to maturity. Investment securities classified as AFS are reported at fair value. Unrealized gains or losses are reported as increases or decreases in accumulated other comprehensive income ("AOCI"), net of the related deferred tax effect. Realized gains or losses, determined on the basis of the cost of the specific securities sold, are included in earnings and recorded on the trade date. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

For AFS debt securities in an unrealized loss position, Customers first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through earnings. For AFS debt securities that do not meet the aforementioned criteria, Customers evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACL on AFS securities is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACL on AFS securities is recognized in other comprehensive income.

Changes in the ACL on AFS securities are recorded as provision, or reversal of provision for credit losses in the consolidated statement of income. Losses are charged against the ACL on AFS securities when management believes the uncollectability of an AFS security is confirmed or when either of the criteria regarding intent or requirement to sell is met. Accrued interest receivable on AFS debt securities is excluded from the estimate of credit losses, as Customers already has a policy in place to reverse or write-off accrued interest, through interest income, for debt securities in non-accrual status in a timely manner.

Held to maturity: Investment securities classified as HTM are those debt securities that Customers has both the intent and ability to hold to maturity regardless of changes in market conditions, liquidity needs, or changes in general economic conditions. These securities are reported at cost, adjusted for the amortization of premiums and accretion of discounts, computed by a method which approximates the interest method over the terms of the securities. ACL on HTM securities is a contra-asset valuation account, calculated in accordance with the ASC 326, *Financial Instruments - Credit Losses* ("ASC 326"), that is deducted from the amortized cost basis of HTM securities to present management's best estimate of the net amount expected to be collected. HTM securities are charged-off against the allowance when deemed uncollectible by management. Adjustments to the ACL on HTM securities will be reported as a component of provision, or reversal of provision for credit losses in the consolidated statement of income. The expected credit losses on HTM securities are determined on a collective basis by major security type with each type sharing similar risk characteristics and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Accrued interest receivable on HTM debt securities is excluded from the estimate of credit losses, as Customers already has a policy in place to reverse or write-off accrued interest, through interest income, for debt securities in non-accrual status in a timely manner.

Equity securities: Equity securities with a readily determinable fair value are reported at their fair value, with changes in fair value reported in other non-interest income. Equity securities without readily determinable fair values are reported at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments.

Loan Accounting Framework

The accounting for a loan depends on management's strategy for the loan and on whether the loan was credit deteriorated at the date of acquisition. The Bank accounts for loans based on the following categories:

- Loans held for sale,
- Loans at fair value,
- Loans and leases receivable, and
- Purchased credit-deteriorated loans and leases.

The discussion that follows describes the accounting for loans in these categories.

Loans Held for Sale and Loans at Fair Value

Loans originated or purchased by Customers with the intent to sell them in the secondary market are reported either at the lower of cost or fair value, determined in the aggregate, or at fair value, depending upon an election made at the time the loan is originated or purchased. These loans are generally sold on a non-recourse basis with servicing released. Gains and losses on the sale of loans accounted for at the lower of cost or fair value are recognized in earnings based on the difference between the proceeds received and the carrying amount of the loans, inclusive of deferred origination fees and costs, if any.

As a result of changes in events and circumstances or developments regarding management's view of the foreseeable future, loans not originated or purchased with the intent to sell may subsequently be designated as held for sale. At the date of designation as held for sale, any ACL is reversed into earnings and the loans to be sold is transferred to the held for sale portfolio at the new amortized cost basis and accounted for at the lower of amortized cost or fair value. Any subsequent lower of cost or fair value adjustments are recognized in non-interest income as a valuation allowance adjustment. Similarly, if it is determined that a loan should be transferred from held for sale to held for investment, the valuation allowance (net of any write downs), is reversed into earnings and the loan is transferred at the amortized cost basis on the transfer date, which coincides with the date of change in management's intent. An ACL, excluding the amounts already charged off, is also established for the loan at the date of transfer to held for investment portfolio.

Loans originated or purchased by Customers with the intent to sell them for which fair value accounting is elected are reported at fair value, with changes in fair value recognized in earnings in the period in which they occur. Upon sale, any difference between the proceeds received and the carrying amount of the loan is recognized in earnings. No fees or costs related to such loans are deferred, so they do not affect the gain or loss calculation at the time of sale.

An ACL is not maintained on loans designated as held for sale or reported at fair value.

Loans and Leases Receivable

Loans and leases receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances, net of an ACL and any deferred fees. Interest income is accrued on the unpaid principal balance. Loan and lease origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment to the yield (interest income) of the related loans and leases using the level-yield method without anticipating prepayments. Customers amortizes these amounts over the contractual life of the loans and leases.

The accrual of interest is generally discontinued when the contractual payment of principal or interest has become 90 days past due or when management has doubts about further collectability of principal or interest, even though the loan is currently performing. A loan or lease may remain on accrual status if it is in the process of collection and is well secured. When a loan or lease is placed on non-accrual status, unpaid accrued interest previously credited to interest income is reversed. Interest received on non-accrual loans and leases is generally applied against principal until all principal has been recovered. Thereafter, payments are recognized as interest income until all unpaid amounts have been received. Generally, loans and leases are restored to accrual status when the loan is brought current and has performed in accordance with the contractual terms for a minimum of six months, and the ultimate collectability of the total contractual principal and interest is no longer in doubt.

Loans Receivable, at Fair Value

Certain mortgage finance lending transactions subject to master repurchase agreements are reported at fair value based on an election made to account for the loans at fair value. Pursuant to these agreements, Customers funds the pipelines for these mortgage lenders by sending payments directly to the closing agents for funded loans and receives proceeds directly from third party investors when the loans are sold into the secondary market. Mortgage finance loans are classified as held for investment and presented as loans receivable, mortgage finance, at fair value, on the consolidated balance sheets. An ACL is not maintained on mortgage finance loans reported at fair value.

Customers had a lending arrangement with a fintech company, which was acquired by a bank, whereby Customers originated consumer installment loans and held these loans prior to sale. These consumer installment loans were designated as loans held for sale and reported at fair value based on an election made to account for the loans at fair value. The lending arrangement with this fintech company expired during the year ended December 31, 2025. Customers transferred these consumer installment loans from held for sale to held for investment during the year ended December 31, 2025, and continue to be reported at fair value based on an election made to account for the loans at fair value. These consumer installment loans are classified as held for investment and presented as loans receivable, installment, at fair value, on the consolidated balance sheet as of December 31, 2025. An ACL is not maintained on consumer installment loans reported at fair value.

Purchased Credit-Deteriorated Loans and Leases

Purchased credit-deteriorated ("PCD") assets are acquired individual loans and leases (or acquired groups of loans and leases with similar risk characteristics) that, as of the date of acquisition, have experienced a more-than-insignificant deterioration in credit quality since origination, as determined by an acquirer's assessment. PCD loans and leases are recorded at their purchase price plus the ACL expected at the time of acquisition, or "gross up" of the amortized cost basis. Changes in the current estimate of the ACL after acquisition from the estimated allowance previously recorded are reported in the statement of income as provision for credit losses or reversal of provision for credit losses in subsequent periods as they arise. Purchased loans or leases that do not qualify as PCD assets are accounted for similar to originated assets, whereby an ACL is recognized with a corresponding increase to the provision for credit losses in the statement of income. Evidence that purchased loans and leases, measured at amortized cost, have more-than-insignificant deterioration in credit quality since origination and, therefore meet the PCD definition, may include loans and leases that are past-due, in non-accrual status, poor borrower credit score, recent loan-to-value percentages and other standard indicators (i.e., borrowers experiencing financial difficulty, charge-offs, bankruptcy).

Allowance for Credit Losses

The ACL is a valuation account that is deducted from the loan or lease's amortized cost basis to present the net amount expected to be collected on the loans and leases. Loans and leases deemed to be uncollectible are charged against the ACL on loans and leases, and subsequent recoveries, if any, are credited to the ACL on loans and leases. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Changes to the ACL on loans and leases are recorded through the provision for credit losses on loans and leases. The ACL on loans and leases is maintained at a level considered appropriate to absorb expected credit losses over the expected life of the portfolio as of the reporting date.

The ACL on loans and leases is measured on a collective (pool) basis when similar risk characteristics exist. Customers' loan portfolio includes commercial and consumer. Each of these two loan portfolios is comprised of multiple loan classes. Loan classes are characterized by similarities in loan type, collateral type, risk attributes and the manner in which credit risk is assessed and monitored. The commercial loan portfolio is composed of commercial and industrial including specialized lending, multifamily, commercial real estate owner occupied, commercial real estate non-owner occupied and construction loan classes. The consumer loan portfolio is primarily composed of residential real estate, manufactured housing and installment loan classes. Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. For individually assessed loans, see related details in the Individually Assessed Loans section below.

The ACL on collectively assessed loans and leases is measured over the expected life of the loan or lease using lifetime loss rate models which consider historical loan performance, loan or borrower attributes and forecasts of future economic conditions in addition to information about past events and current conditions. Significant loan/borrower attributes utilized in the models include origination date, maturity date, collateral property type, internal risk rating, delinquency status, borrower industry and state and FICO score at origination. Customers uses external sources in the creation of its forecasts, including current economic conditions and forecasts for macroeconomic variables over its reasonable and supportable forecast period, such as the GDP growth rate, unemployment rate, BBB spread, commercial real estate and home price indexes. After the reasonable and supportable forecast period, which ranges from two to five years, the models revert the forecasted macroeconomic variables to their historical long-term trends, without specific predictions for the economy, over the expected life of the pool. For certain loan portfolios with limited historical loss experience, Customers calibrates the modeled lifetime loss rates to peer or industry information. The lifetime loss rate models also incorporate prepayment assumptions into estimated lifetime loss rates. Customers runs the current expected credit losses ("CECL") impairment models on a quarterly basis and qualitatively adjusts model results for risk factors that are not considered within the models but which are relevant in assessing the expected credit losses within the loan and lease pools. Management generally considers the following qualitative factors:

- Volume and severity of past-due loans, non-accrual loans and classified loans;
- Lending policies and procedures, including underwriting standards and historically based loss/collection, charge-off and recovery practices;
- Nature and volume of the portfolio;
- Existence and effect of any credit concentrations and changes in the level of such concentrations;
- Risk ratings;
- The value of the underlying collateral for loans that are not collateral dependent;
- Changes in the quality of the loan review system;
- Experience, ability and depth of lending management and staff;
- Other external factors, such as changes in the legal, regulatory or competitive environment; and
- Model and data limitations.

Customers, as applicable, also qualitatively adjusts the model results for any uncertainty related to the economic forecasts used in the modeled credit loss estimates using multiple alternative scenarios other than the forecasted baseline scenario to arrive at a scenario or a composite scenario supporting the period-end ACL balance. This approach utilizes weighting of the differences between the forecasted baseline and upside and downside scenarios. Customers has elected to not estimate an ACL on accrued interest receivable, as it already has a policy in place to reverse or write-off accrued interest, through interest income, for non-accrual loans or leases in a timely manner. Accrued interest receivable is presented as a separate financial statement line item in the consolidated balance sheet.

The discussion that follows describes Customers' underwriting policies for its primary lending activities and its credit monitoring and charge-off practices.

Commercial and industrial loans and leases are underwritten after evaluating historical and projected profitability and cash flow to determine the borrower's ability to repay its obligation as agreed. Commercial and industrial loans and leases are made primarily based on the identified cash flow of the borrower and secondarily on the underlying collateral supporting the loan or lease facility. Accordingly, the repayment of a commercial and industrial loan or lease depends primarily on the creditworthiness of the borrower (and any guarantors), while liquidation of collateral is a secondary and often insufficient source of repayment.

Construction loans are underwritten based upon a financial analysis of the developers and property owners and construction cost estimates, in addition to independent appraisal valuations. These loans rely on the value associated with the project upon completion. The cost and valuation amounts used are estimates and may be inaccurate. Construction loans generally involve the disbursement of substantial funds over a short period of time with repayment substantially dependent upon the success of the completed project. Sources of repayment of these loans would be permanent financing upon completion or sales of the developed property. These loans are closely monitored by on-site inspections and are considered to be of a higher risk than other real estate loans due to their ultimate repayment being sensitive to general economic conditions, availability of long-term financing, interest-rate sensitivity and governmental regulation of real property.

Commercial real estate and multifamily loans are subject to the underwriting standards and processes similar to commercial and industrial loans, in addition to those underwriting standards for real estate loans. These loans are viewed primarily as cash flow dependent and secondarily as loans secured by real estate. Repayment of these loans is generally dependent upon the successful operation of the property securing the loan, or the principal business conducted on the property securing the loan, to generate sufficient cash flows to service the debt. In addition, the underwriting considers the amount of the principal advanced relative to the property value. Commercial real estate and multifamily loans may be adversely affected by conditions in the real estate markets or the economy in general. Management monitors and evaluates commercial real estate and multifamily loans based on cash flow estimates, collateral valuation and risk-rating criteria. Customers also utilizes third-party experts to provide environmental and market valuations. Substantial effort is required to underwrite, monitor and evaluate commercial real estate and multifamily loans.

Residential real estate loans are secured by one-to-four dwelling units. This group is further divided into first mortgage and home equity loans. First mortgages are originated at a loan to value ratio of 80% or less. Home equity loans have additional risks as a result of typically being in a second position or lower in the event collateral is liquidated.

Manufactured housing loans are loans that are secured by the manufactured housing unit where the borrower may or may not own the underlying real estate and therefore have a higher risk than a residential real estate loan.

Installment loans consist primarily of unsecured loans to individuals which are originated through Customers' retail network or acquired through purchases from third parties, primarily fintech partners. None of the installment loans held for investment are sub-prime at the time of origination. Customers considers sub-prime borrowers to be those with FICO scores below 660. Installment loans have a greater credit risk than residential loans because of the difference in the underlying collateral, if any. The application of various federal and state bankruptcy and insolvency laws may limit the amount that can be recovered on such loans.

Delinquency status and other borrower characteristics are used to monitor loans and leases and identify credit risks, and the allowance for credit losses are established based on the expected credit losses, adjusted for qualitative factors.

Charge-offs on commercial and industrial, construction, multifamily and commercial real estate loans and leases are recorded when management estimates that there are insufficient cash flows to repay the contractual loan obligation based upon financial information available and valuation of the underlying collateral. Shortfalls in the underlying collateral value for loans or leases determined to be collateral dependent are charged-off immediately.

Customers also takes into account the strength of any guarantees and the ability of the borrower to provide value related to those guarantees in determining the ultimate charge-off or allowance associated with an impaired loan or lease. Accordingly, Customers may charge-off a loan or lease to a value below the net appraised value if it believes that an expeditious liquidation is desirable under the circumstance, and it has legitimate offers or other indications of interest to support a value that is less than the net appraised value. Alternatively, Customers may carry a loan or lease at a value that is in excess of the appraised value in certain circumstances, such as when Customers has a guarantee from a borrower that Customers believes has realizable value. In evaluating the strength of any guarantee, Customers evaluates the financial wherewithal of the guarantor, the guarantor's reputation and the guarantor's willingness and desire to work with Customers. Customers then conducts a review of the strength of the guarantee on a frequency established as the circumstances and conditions of the borrower warrant.

Customers records charge-offs for residential real estate, installment and manufactured housing loans after 120 days of delinquency or sooner when cash flows are determined to be insufficient for repayment. Customers may also charge-off these loans below the net appraised valuation if Customers holds a junior-mortgage position in a piece of collateral whereby the risk to acquiring control of the property through the purchase of the senior-mortgage position is deemed to potentially increase the risk of loss upon liquidation due to the amount of time to ultimately sell the property and the volatile market conditions. In such cases, Customers may abandon its junior mortgage and charge-off the loan balance in full.

Credit Quality Factors

Commercial and industrial, multifamily, commercial real estate and construction loans and leases are each assigned a numerical rating of risk based on an internal risk-rating system. The risk rating is assigned at loan origination and indicates management's estimate of credit quality. Risk ratings are reviewed on a periodic or "as needed" basis. Residential real estate, manufactured housing and installment loans are evaluated primarily based on payment activity of the loan. Risk ratings are not established for residential real estate, home equity, manufactured housing and installment loans, mainly because these portfolios consist of a larger number of homogeneous loans with smaller balances. Instead, these portfolios are evaluated for risk mainly based on aggregate payment history (through the monitoring of delinquency levels and trends). For additional information about credit quality risk ratings refer to NOTE 7 – LOANS AND LEASES RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES ON LOANS AND LEASES.

Allowance for Credit Losses on Lending-Related Commitments

Customers estimates expected credit losses over the contractual period in which it is exposed to credit risk on contractual obligations to extend credit, unless the obligation is unconditionally cancellable by Customers. The ACL on lending-related commitments is recorded in accrued interest payable and other liabilities in the consolidated balance sheet and is recorded as a provision for credit losses within other non-interest expense in the consolidated statement of income. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over their estimated lives. Customers estimates the expected credit losses for undrawn commitments using a usage given default calculation. The lifetime loss rates for off-balance sheet credit exposures are calculated in the same manner as on-balance sheet credit exposures, using the same models and economic forecasts, adjusted for the estimated likelihood that funding will occur. Refer to NOTE 17 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK for additional information regarding Customers' ACL on lending related commitments.

Individually Assessed Loans and Leases

ASC 326 provides that a loan or lease is measured individually if it does not share similar risk characteristics with other financial assets. Factors considered by management in its assessment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan or lease and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. For commercial loans, the ACL is generally determined using the present value of expected future cash flows discounted at the loan's original effective interest rate or the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent. The fair value of the collateral is measured based on the value of the collateral securing the loans, less estimated costs to sell the collateral. Collateral may be in the form of real estate or business assets including equipment, inventory and accounts receivable. The value of real estate collateral is determined utilizing an income or market valuation approach based on an appraisal conducted by an independent, third-party licensed appraiser using comparable market data. The value of business equipment is based upon an outside appraisal if deemed significant or the net book value on the applicable business' financial statements if not considered significant, using comparable market data. Similarly, values for inventory and accounts receivable collateral are based on financial statement balances or aging reports.

Customers considers a loan to be collateral dependent when foreclosure of the underlying collateral is probable. Customers has also elected to apply the practical expedient to measure expected credit losses of a collateral dependent asset using the fair value of the collateral when foreclosure is not probable but repayment of the loan is expected to be provided substantially through the operation of the collateral, or the fair value of collateral, less any estimated costs to sell, if repayment of the loan is expected to be provided through sale of the collateral, and the borrower is experiencing financial difficulty.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the identifiable net assets of businesses acquired through business combinations accounted for under the acquisition method. Other intangible assets represent purchased assets that lack physical substance but can be distinguished from goodwill because of contractual or other legal rights. Intangible assets that have finite lives, such as customer relationships and non-compete agreements, are amortized over their estimated useful lives and are subject to impairment testing.

Goodwill and indefinite-lived intangible assets are reviewed for impairment annually as of October 31 and between annual tests when events and circumstances indicate that impairment may have occurred. If there is a goodwill impairment charge, it will be the amount by which the reporting unit's carrying amount exceeds its fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The same annual impairment test is applied to goodwill at all reporting units. Customers applies a qualitative assessment for its reporting units to determine if the one-step quantitative impairment test is necessary.

Intangible assets subject to amortization are reviewed for impairment under ASC 360, *Property, Plant, and Equipment,* which requires that a long-lived asset or asset group be tested for recoverability whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset.

As part of its qualitative assessment, Customers reviewed regional and national trends in current and expected economic conditions, examining indicators such as GDP growth, interest rates and unemployment rates. Customers also considered its own historical performance, expectations of future performance, indicative deal values and other trends specific to the banking and financial technology industries. Based on its qualitative assessment, Customers determined that there was no evidence of impairment on the balance of goodwill and other intangible assets.

FHLB, Federal Reserve Bank and other restricted stock

Federal Home Loan Bank ("FHLB"), Federal Reserve Bank and other restricted stock represents required investment in the capital stock of the FHLB, the FRB and Atlantic Community Bankers Bank and is reported at cost.

Other Real Estate Owned

Real estate properties acquired through, or in lieu of, loan foreclosure are initially recorded at fair value less estimated costs to sell at the date of foreclosure, establishing a new cost basis. After foreclosure, valuations are periodically performed by third-party appraisers, and the real estate is reported at the lower of its carrying amount or fair value less estimated costs to sell. Any declines in the fair value of the real estate properties below the initial cost basis are recorded through a valuation allowance. Increases in the fair value of the real estate properties net of estimated selling costs will reverse the valuation allowance but only up to the cost basis which was established at the initial measurement date. Revenue and expenses from operations and changes in the valuation allowance are included in earnings.

Bank-Owned Life Insurance

Bank-owned life insurance ("BOLI") policies insure the lives of officers and team members of Customers and name Customers as beneficiary. Non-interest income is generated tax free (subject to certain limitations) from the increase in value of the policies' underlying investments made by the insurance company. Cash proceeds received from the settlement of the BOLI policies are generally tax-free and can be used to partially offset costs associated with employee compensation and benefit programs.

Bank Premises and Equipment

Bank premises and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the shorter of the term of the lease or estimated useful life, unless extension of the lease term is reasonably assured.

Lessor Operating Leases

Leased assets under operating leases are reported at amortized cost net of accumulated depreciation and any impairment charges. The depreciation expense of the leased assets is recognized on a straight-line basis over the contractual term of the leases up to their expected residual value. The expected residual value and, accordingly, the monthly depreciation expense, may change throughout the term of the lease. Operating lease rental income for leased assets is recognized in non-interest income on a straight-line basis over the lease term. Customers periodically reviews its leased assets for impairment. An impairment loss is recognized if the carrying amount of the leased asset exceeds its fair value and is not recoverable. The carrying amount of leased assets is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the lease payments and the estimated residual value upon the eventual disposition of the leased asset.

Lessee Operating Leases

A right-of-use ("ROU") asset and corresponding lease liability is recognized at the lease commencement date when Customers is a lessee. ROU lease assets are included in other assets on the consolidated balance sheet. A ROU asset reflects the present value of the future minimum lease payments adjusted for any initial direct costs, incentives, or other payments prior to the lease commencement date. A lease liability represents a legal obligation to make lease payments and is determined by the present value of the future minimum lease payments discounted using the rate implicit in the lease, or Customers' incremental borrowing rate. Variable lease payments that are dependent on an index, or rate, are initially measured using the index or rate at the commencement date and are included in the measurement of the lease liability. Renewal options are not included as part of the ROU asset or lease liability unless the option is deemed reasonably certain to exercise. Operating lease expense is comprised of operating lease costs and variable lease costs, net of sublease income, and is reflected as part of occupancy expense within non-interest expense in the consolidated statement of income. Operating lease expense is recorded on a straight-line basis. Refer to NOTE 8 – LEASES for additional information.

Treasury Stock

Common stock purchased for treasury is recorded at cost.

Income Taxes

Customers accounts for income taxes under the liability method of accounting for income taxes. The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. Customers determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

A tax position is recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the term upon examination includes resolution of the related appeals or litigation process. A tax position that meets the more-likely-than-not recognition threshold is measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

In assessing the realizability of federal or state deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and prudent, feasible and permissible as well as available tax planning strategies in making this assessment.

Customers applies the proportional amortization method to qualifying tax equity investments, whereby the amortized cost of the investment is recognized as a component of income tax expense in proportion to and over the same period as the tax credits and other tax benefits are recognized. Investment tax credits related to renewable energy are recognized under the flow-through method, whereby the associated tax credits are recognized as a reduction to income tax expense in the year the investment tax credits arise. Refer to NOTE 15 – INCOME TAXES for additional information.

Share-Based Compensation

Share-based compensation accounting guidance requires that the compensation cost relating to share-based payment transactions be recognized in earnings. The cost is measured based on the grant date fair value of the equity instruments issued. The Black-Scholes model is used to estimate the fair value of stock options. The closing market price of Customers' common stock on the date of grant is used for restricted stock awards. The Monte-Carlo simulation model is used to estimate the fair value of performance based restricted stock awards with market conditions.

Compensation cost for all share-based awards is calculated and recognized over the team member's service period, defined as the vesting period. For performance-based awards, compensation cost is recognized over the vesting period as long as it remains probable that the performance conditions will be met. If the service or performance conditions are not met, Customers reverses previously recorded compensation expense upon forfeiture. Customers' accounting policy election is to recognize forfeitures as they occur.

Transfers of Financial Assets

Transfers of financial assets, including loan participations sold, are accounted for as sales when control over the assets has been surrendered (settlement date). Control over transferred assets is generally considered to have been surrendered when (i) the assets have been isolated from Customers, (ii) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (iii) Customers does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. If the sale criteria are met, the transferred financial assets are removed from Customers' balance sheet, and a gain or loss on sale is recognized in the statement of income. If the sale criteria are not met, the transfer is recorded as a secured borrowing with the assets remaining on Customers' balance sheet, and the proceeds received from the transaction recognized as a liability.

Segment Information

Customers' chief operating decision maker ("CODM") is the Executive Committee (the "Executive Committee"). The Executive Committee allocates resources and assesses performance for a single reportable segment. Customers' products and services are delivered predominately to commercial customers in Southeastern and Central Pennsylvania, New York, New Jersey, Massachusetts, Rhode Island, New Hampshire, California, Nevada and other states through a single point of contact business model. Customers also serves specialized businesses nationwide, including mortgage finance loans, commercial equipment financing, SBA lending, specialized lending and consumer loans through relationships with fintech partners. Refer to NOTE 23 – BUSINESS SEGMENTS for additional information.

Derivative Instruments and Hedging

Customers records all derivatives on the balance sheet at fair value in accordance with ASC 815, *Derivatives and Hedging* ("ASC 815"). The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether Customers has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as hedges of the exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as hedges of the exposure to variability in expected future cash flows or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. In addition, to qualify for the use of hedge accounting, a derivative must be highly effective at inception and expected to be continuously and highly effective in offsetting the risk being hedged. Customers may enter into derivative contracts that are intended to economically hedge certain of its risks; even though hedge accounting does not apply, or Customers elects not to apply hedge accounting.

In the past, Customers entered into pay-fixed, receive-variable interest rate swaps to hedge the variable cash flows associated with the forecasted issuance of debt and a certain variable rate deposit relationship. During the year ended December 31, 2025, Customers entered into receive-fixed, pay-variable interest rate swaps that were designated as cash flow hedges of interest-rate risk associated with variable-rate commercial and industrial loans. Customers documented and designated these interest rate swaps as cash flow hedges. The changes in the fair value of financial derivatives designated and qualifying as cash flow hedges are recorded in AOCI and subsequently reclassified into earnings in the period in which the hedged forecasted transaction affects earnings. Amounts reported in AOCI related to financial derivatives are reclassified to interest expense as interest payments are made on Customers' variable-rate debt, or to interest income as interest payments are received on Customers' variable-rate commercial and industrial loans.

Customers entered into pay-fixed, receive-variable interest rate derivatives designated as fair value hedges of certain AFS debt securities, and pay-variable, receive-fixed interest rate derivatives designated as fair value hedges of certain deposits and borrowings. Customers is exposed to changes in the fair value of certain fixed rate AFS debt securities, deposits and borrowings due to changes in the benchmark interest rate. Customers uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate, the Federal Funds Effective Swap Rate. Interest rate swaps designated as fair value hedges of AFS debt securities involve the payment of fixed-rate amounts to a counterparty in exchange for Customers receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount. Interest rate swaps designated as fair value hedges of deposits and borrowings involve the payment of variable-rate amounts to a counterparty in exchange for Customers receiving fixed-rate payments over the life of the agreements without the exchange of the underlying notional amount. For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in net interest income.

Customers has also purchased and sold credit derivatives to either hedge or participate in the performance risk associated with some of its counterparties. These derivatives were not designated in hedge relationships for accounting purposes and are being recorded at their fair value, with fair value changes recorded directly in earnings.

In accordance with the Financial Accounting Standards Board's ("FASB") fair value measurement guidance, Customers made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio. Refer to NOTE 20 – DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES for additional information.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) includes changes in unrealized gains and losses on AFS debt securities arising during the period and reclassification adjustments for realized gains and losses on AFS debt securities included in net income. Other comprehensive income (loss) also includes changes in fair value of financial derivatives designated and qualifying as cash flow hedges. Cash flow hedge amounts classified as comprehensive income are subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings.

Earnings per Share

Basic earnings per share ("EPS") represents net income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. Diluted EPS includes all potentially dilutive common shares outstanding during the period. Potential common shares that may be issued related to outstanding stock options, restricted stock units and warrants are determined using the treasury stock method. The treasury stock method assumes that the proceeds received for common shares that may be issued for outstanding stock options, restricted stock units, and warrants are used to repurchase the common shares in the market.

Loss Contingencies

Loss contingencies, including claims and legal, regulatory and governmental actions and proceedings arise in the ordinary course of business. In accordance with applicable accounting guidance, Customers establishes an accrued liability when those matters present loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. As facts and circumstances evolve, Customers, in conjunction with any outside counsel handling the matter, evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. Once the loss contingency is deemed to be both probable and estimable, Customers will establish an accrued liability and record a corresponding amount of litigation-related expense. Customers continues to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established.

Recently Issued Accounting Standards

Presented below are recently issued accounting standards that Customers has adopted during the current year as well as those that the FASB has issued but are not yet effective.

Accounting Standards Adopted in 2025

Standard	Summary of guidance	Effects on Financial Statements
ASU 2023-08, *Intangibles - Goodwill and Other - Crypto Assets (Subtopic 250-60)* Issued December 2023	• Requires crypto assets meeting certain criteria to be subsequently measured at fair value with changes recognized in net income each reporting period. • Requires crypto assets measured at fair value to be presented separately from other intangible assets in the balance sheet and changes from the remeasurement of crypto assets separately from changes in the carrying amounts of other intangible assets in the income statement. • Requires cash receipts arising from crypto assets that are received as noncash consideration in the ordinary course of business and converted nearly immediately into cash as operating activities in the statement of cash flows. • Effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued.	• Customers adopted this guidance on January 1, 2025. This guidance did not have a material impact on Customers' financial condition, results of operations and consolidated financial statements.
ASU 2025-02, *Liabilities (Topic 405) - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122* Issued March 2025	• Rescinds interpretive guidance regarding the SEC staff's views on how an entity that has an obligation to safeguard crypto-assets for another party should account for that obligation. An entity with a safeguarding obligation recognizes a safeguarding liability with an accompanying safeguarding asset, measured at the fair value of the safeguarded crypto-asset. • Effective for the annual period beginning after December 15, 2024, on a fully retrospective basis.	• Customers adopted this guidance on January 1, 2025. This guidance did not have any impact on Customers' financial condition, results of operations and consolidated financial statements.
ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* Issued December 2023	• Requires public entities to disclose annually a tabular reconciliation of specific reconciling items, including those items exceeding five percent of the amount computed by multiplying income from continuing operations before income taxes by the statutory income tax rate, in the income tax rate reconciliation of the effective tax rate to the statutory tax rate. • Requires disclosures of income taxes paid, net of refunds received, disaggregated by federal, state and foreign taxes and by individual jurisdictions where income taxes paid is equal to or greater than five percent of total income taxes paid, net of refunds received. • Effective for fiscal years beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued.	• Customers adopted this guidance for the fiscal year ended December 31, 2025. Additional disclosures are presented in NOTE 15 – INCOME TAXES.

Accounting Standards Issued But Not Yet Adopted

Standard	Summary of Guidance	Effects on Financial Statements
ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)* Issued November 2024 and ASU 2025-01, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date* Issued January 2025	• Requires disclosure in the notes to financial statements at each interim and annual reporting period of specified information about certain costs and expenses including purchases of inventory, employee compensation, depreciation, intangible asset amortization and depreciation, depletion, and amortization recognized as part of oil-and gas-producing activities. • Requires disclosure of certain amounts already required to be disclosed under U.S. GAAP in the same disclosure as the other disaggregation requirements. • Requires disclosure of a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. • Requires disclosure of the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. • Effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted.	• Customers is currently evaluating the expected impact of this ASU on Customers' consolidated financial statements.
ASU 2025-08, *Financial Instruments - Credit Losses (Topic 326) - Purchased Loans* Issued November 2025	• Expands the population of acquired financial assets subject to the gross-up approach in Topic 326 to loans (excluding credit cards) acquired without credit deterioration and deemed "seasoned", as defined below. Specifically, after an entity determines that a loan is a non-PCD asset based on its assessment of credit deterioration experienced since origination, the entity determines whether the loan is seasoned and accounted for using the gross-up approach. The gross-up approach requires recognition of an ACL for the estimate of credit losses at the acquisition date. The ACL is recorded with an offsetting gross-up adjustment to the purchase price of the acquired financial asset. • All non-PCD loans (excluding credit cards) that are acquired in a business combination are deemed seasoned. Other non-PCD loans (excluding credit cards) are seasoned if they were purchased at least 90 days after origination and the acquirer was not involved in the origination of the loans. • Effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods. Early adoption is permitted for annual financial statements that have not yet been issued.	• Customers is currently evaluating the expected impact of this ASU on Customers' consolidated financial statements.

Standard	Summary of Guidance	Effects on Financial Statements
ASU 2025-09, *Derivatives and Hedging (Topic 815) - Hedge Accounting Improvements* Issued November 2025	• Amends the hedge accounting guidance to more closely align hedge accounting with the economics of an entity's risk management activities. The amendments included in the five issues addressed in this ASU better reflect those strategies in financial reporting by enabling entities to achieve and maintain hedge accounting for highly effective economic hedges of forecasted transactions. • Specifically, one of five issues in this ASU expands the hedged risks permitted to be aggregated in a group of individual forecasted transactions in a cash flow hedge from having a shared risk exposure to a similar risk disclosure. Entities are required to assess risk similarity both at hedge inception and on an ongoing basis. The amendments also clarify that a group of individual forecasted transactions can be considered to have a similar risk exposure if the derivative used as the hedging instrument is highly effective against each hedged risk in the group. In some cases, entities are permitted to perform an ongoing qualitative assessment of whether a group of individual forecasted transactions has a similar risk exposure. • Effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods. Early adoption is permitted. • Amendments in this ASU are to be applied on a prospective basis for all hedging relationships. An entity may elect to adopt the amendments in this ASU for hedging relationships that exist as of the date of adoption. An entity is permitted to modify certain critical terms of certain existing hedging relationships without de-designating the hedge.	• Customers is currently evaluating the expected impact of this ASU on Customers' consolidated financial statements.

NOTE 3 – EARNINGS PER SHARE

The following are the components and results of Customers' earnings per common share calculations for the periods presented:

	For the Years Ended December 31,		
(amounts in thousands, except share and per share data)	2025	2024	2023
Net income available to common shareholders	$ 209,183	$ 166,429	$ 235,448
Weighted-average number of common shares outstanding – basic	32,393,487	31,509,179	31,435,647
Share-based compensation plans	1,044,809	1,209,955	723,141
Weighted-average number of common shares – diluted	33,438,296	32,719,134	32,158,788
Basic earnings per common share	$ 6.46	$ 5.28	$ 7.49
Diluted earnings per share	$ 6.26	$ 5.09	$ 7.32

The following are securities that could potentially dilute basic earnings per common share in future periods that were not included in the computation of diluted earnings per common share because either the performance conditions for certain of the share-based compensation awards have not been met or to do so would have been anti-dilutive for the periods presented:

	For the Years Ended December 31,		
	2025	2024	2023
Anti-dilutive securities:			
Share-based compensation awards	41,710	1,053	663,273

NOTE 4 – CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) BY COMPONENT

The following table presents the changes in accumulated other comprehensive income (loss) by component for the years ended December 31, 2025, 2024 and 2023. Amounts in parentheses indicate reductions to accumulated other comprehensive income (loss):

(amounts in thousands)	Unrealized Gains (Losses) on AFS Securities [1]	Unrealized Gains (Losses) on Cash Flow Hedges [2]	Total
Balance, December 31, 2022	$ (163,096)	$ —	$ (163,096)
Current period:			
Unrealized gains (losses) arising during period, before tax	31,146	—	31,146
Income tax effect	(7,911)	—	(7,911)
Other comprehensive income (loss) before reclassifications	23,235	—	23,235
Reclassification adjustments for losses (gains) included in net income, before tax	(574)	—	(574)
Income tax effect	146	—	146
Amortization of unrealized loss on securities transferred from available-for-sale to held-to-maturity, before tax	4,986	—	4,986
Income, tax effect	(1,266)	—	(1,266)
Amounts reclassified from accumulated other comprehensive income (loss) to net income	3,292	—	3,292
Net current-period other comprehensive income (loss)	26,527	—	26,527
Balance, December 31, 2023	(136,569)	—	(136,569)
Current period:			
Unrealized gains (losses) arising during period, before tax	21,672	—	21,672
Income tax effect	(5,467)	—	(5,467)
Other comprehensive income (loss) before reclassifications	16,205	—	16,205
Reclassification adjustments for losses (gains) included in net income, before tax	27,009	—	27,009
Income tax effect	(7,099)	—	(7,099)
Amortization of unrealized loss on securities transferred from available-for-sale to held-to-maturity, before tax	5,247	—	5,247
Income, tax effect	(1,353)	—	(1,353)
Amounts reclassified from accumulated other comprehensive income (loss) to net income	23,804	—	23,804
Net current-period other comprehensive income (loss)	40,009	—	40,009
Balance, December 31, 2024	(96,560)	—	(96,560)
Current period:			
Unrealized gains (losses) arising during period, before tax	(3,719)	1,679	(2,040)
Income tax effect	962	(444)	518
Other comprehensive income (loss) before reclassifications	(2,757)	1,235	(1,522)
Reclassification adjustments for losses (gains) included in net income, before tax	52,957	2,347	55,304
Income, tax effect	(13,930)	(620)	(14,550)
Amortization of unrealized loss on securities transferred from available-for-sale to held-to-maturity, before tax	4,456	—	4,456
Income, tax effect	(1,178)	—	(1,178)
Amounts reclassified from accumulated other comprehensive income (loss) to net income	42,305	1,727	44,032
Net current-period other comprehensive income (loss)	39,548	2,962	42,510
Balance, December 31, 2025	$ (57,012)	$ 2,962	$ (54,050)

(1) Reclassification amounts for AFS debt securities are reported as gain (loss) on sale of investment securities and amortization of unrealized losses on debt securities transferred from available-for-sale to held-to-maturity is reported within interest income on the consolidated statements of income.
(2) Reclassification amounts for cash flow hedges are reported as net interest income for the applicable hedged items on the consolidated statements of income.

NOTE 5 – INVESTMENT SECURITIES

Investment securities at fair value

The amortized cost, approximate fair value and allowance for credit losses of investment securities at fair value as of December 31, 2025 and 2024 are summarized as follows:

	December 31, 2025 [1]				
(amounts in thousands)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale debt securities					
Asset-backed securities	$ 239,259	$ (586)	$ —	$ (860)	$ 237,813
Agency-guaranteed residential mortgage-backed securities	410,648	—	3,238	(125)	413,761
Agency-guaranteed residential collateralized mortgage obligations	496,595	—	4,307	(7,395)	493,507
Agency-guaranteed commercial collateralized mortgage obligations	118,049	—	548	(3,021)	115,576
Corporate notes	340,793	(28,219)	1,091	(27,807)	285,858
Private label collateralized mortgage obligations	376,803	—	—	(16,783)	360,020
Available for sale debt securities	$ 1,982,147	$ (28,805)	$ 9,184	$ (55,991)	1,906,535
Equity securities [2]					31,111
Total investment securities, at fair value					$ 1,937,646

	December 31, 2024 [1]				
(amounts in thousands)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale debt securities					
Asset-backed securities	$ 14,820	$ (362)	$ —	$ (1,222)	$ 13,236
Agency-guaranteed residential mortgage-backed securities	330,637	—	146	(3,745)	327,038
Agency-guaranteed residential collateralized mortgage obligations	242,858	—	—	(16,112)	226,746
Agency-guaranteed commercial collateralized mortgage obligations	95,850	—	44	(2,819)	93,075
Collateralized loan obligations	257,500	—	100	(2,193)	255,407
Commercial mortgage-backed securities	78,707	—	—	(999)	77,708
Corporate notes	564,524	(7,135)	347	(41,406)	516,330
Private label collateralized mortgage obligations	502,985	(107)	95	(27,075)	475,898
Available for sale debt securities	$ 2,087,881	$ (7,604)	$ 732	$ (95,571)	1,985,438
Equity securities [2]					34,256
Total investment securities, at fair value					$ 2,019,694

(1) Accrued interest on AFS debt securities totaled $9.2 million and $15.0 million at December 31, 2025 and 2024, respectively, and is included in accrued interest receivable on the consolidated balance sheet.

(2) Includes perpetual preferred stock issued by domestic banks and bank holding companies and equity securities issued by fintech companies, without a readily determinable fair value, and Community Reinvestment Act ("CRA")-qualified mutual fund shares at December 31, 2025 and 2024. Impairments of $2.3 million have been recorded on certain equity securities without a readily determinable fair value during the year ended December 31, 2025 and included within other non-interest income on the consolidated statement of income. No impairments or measurement adjustments have been recorded on the equity securities without a readily determinable fair value since acquisition for the years ended December 31, 2024 and 2023.

Customers' transactions with unconsolidated VIEs include sales of consumer installment loans and investments in the securities issued by the VIEs. Customers is not the primary beneficiary of the VIEs because Customers has no right to make decisions that will most significantly affect the economic performance of the VIEs. Customers' continuing involvement with the unconsolidated VIEs is not significant. Customers' continuing involvement is not considered to be significant where Customers only invests in securities issued by the VIE and was not involved in the design of the VIE or where Customers has transferred financial assets to the VIE for only cash consideration. Customers' investments in the securities issued by the VIEs are classified as AFS or HTM debt securities on the consolidated balance sheets, and represent Customers' maximum exposure to loss.

Proceeds from the sale of AFS debt securities were $594.2 million, $624.9 million and $297.4 million for the years ended December 31, 2025, 2024 and 2023, respectively. The following table presents gross realized gains and realized losses from the sale of AFS debt securities for the periods presented:

	For the Years Ended December 31,		
(amounts in thousands)	2025	2024	2023
Gross realized gains	$ 4,969	$ 4,237	$ 1,430
Gross realized losses	(6,607)	(31,246)	(2,004)
Net realized gain (loss) on sale of available for sale debt securities	$ (1,638)	$ (27,009)	$ (574)

These gains (losses) were determined using the specific identification method and were reported as net gain (loss) on sale of investment securities within non-interest income on the consolidated statements of income.

The following table presents AFS debt securities by stated maturity. Debt securities backed by mortgages and other assets have expected maturities that differ from contractual maturities because borrowers have the right to call or prepay and, therefore, these debt securities are classified separately with no specific maturity date:

	December 31, 2025	
(amounts in thousands)	Amortized Cost	Fair Value
Due in one year or less	$ 98,348	$ 84,984
Due after one year through five years	138,817	108,168
Due after five years through ten years	96,628	85,662
Due after ten years	7,000	7,044
Asset-backed securities	239,259	237,813
Agency-guaranteed residential mortgage-backed securities	410,648	413,761
Agency-guaranteed residential collateralized mortgage obligations	496,595	493,507
Agency-guaranteed commercial collateralized mortgage obligations	118,049	115,576
Private label collateralized mortgage obligations	376,803	360,020
Total available for sale debt securities	$ 1,982,147	$ 1,906,535

Gross unrealized losses and fair value of Customers' AFS debt securities for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2025 and 2024 were as follows:

	December 31, 2025					
	Less than 12 months		12 months or more		Total	
(amounts in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for sale debt securities						
Asset-backed securities	$ —	$ —	$ 1,478	$ (176)	$ 1,478	$ (176)
Agency-guaranteed residential mortgage-backed securities	121,782	(95)	3,793	(30)	125,575	(125)
Agency-guaranteed residential collateralized mortgage obligations	171,773	(905)	92,018	(6,490)	263,791	(7,395)
Agency-guaranteed commercial collateralized mortgage obligations	21,190	(276)	75,013	(2,745)	96,203	(3,021)
Corporate notes	26,590	(910)	83,414	(9,086)	110,004	(9,996)
Private label collateralized mortgage obligations	—	—	360,020	(16,783)	360,020	(16,783)
Total	$ 341,335	$ (2,186)	$ 615,736	$ (35,310)	$ 957,071	$ (37,496)

	December 31, 2024					
	Less than 12 months		12 months or more		Total	
(amounts in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for sale debt securities						
Agency-guaranteed residential mortgage-backed securities	$ 266,568	$ (3,745)	$ —	$ —	$ 266,568	$ (3,745)
Agency-guaranteed residential collateralized mortgage obligations	126,602	(2,717)	100,144	(13,395)	226,746	(16,112)
Agency-guaranteed commercial collateralized mortgage obligations	85,902	(2,819)	—	—	85,902	(2,819)
Collateralized loan obligations	35,710	(265)	205,639	(1,928)	241,349	(2,193)
Commercial mortgage-backed securities	—	—	77,708	(999)	77,708	(999)
Corporate notes	74,373	(976)	239,509	(16,064)	313,882	(17,040)
Private label collateralized mortgage obligations	29,419	(581)	351,040	(24,552)	380,459	(25,133)
Total	$ 618,574	$ (11,103)	$ 974,040	$ (56,938)	$ 1,592,614	$ (68,041)

At December 31, 2025, there were 17 AFS debt securities with unrealized losses in the less-than-twelve-months category and 40 AFS debt securities with unrealized losses in the twelve-months-or-more category. Except for certain AFS debt securities where there was a change in future estimated cash flows as further discussed below, the unrealized losses were principally due to changes in market interest rates and credit spreads that resulted in a negative impact on the respective securities' fair value and expected to be recovered when market prices recover or at maturity. Customers does not intend to sell any of the 57 securities, and it is not more likely than not that Customers will be required to sell any of the 57 securities before recovery of the amortized cost basis. At December 31, 2024, there were 117 AFS debt securities in an unrealized loss position.

Customers recorded an allowance for credit losses on certain AFS debt securities where there was a change in future estimated cash flows during the years ended December 31, 2025, 2024 and 2023. A discounted cash flow approach is used to determine the amount of the allowance. The cash flows expected to be collected, after considering expected prepayments, are discounted at the original effective interest rate. The amount of the allowance is limited to the difference between the amortized cost basis of the security and its estimated fair value.

The following table presents the activity in the allowance for credit losses on AFS debt securities, by major security type, for the periods presented:

(amounts in thousands)	Asset-backed securities	Corporate notes	Private label CMOs	Total
Ending Balance, December 31, 2022	$ 578	$ —	$ —	$ 578
Credit losses on securities for which credit losses were not previously recorded	—	3,860	—	3,860
Decrease in allowance for credit losses on previously impaired securities	(95)	—	—	(95)
Reduction due to sales	—	(391)	—	(391)
Ending Balance, December 31, 2023	$ 483	$ 3,469	$ —	$ 3,952
Credit losses on securities for which credit losses were not previously recorded	224	665	107	996
Credit losses on previously impaired securities	—	4,675	—	4,675
Decrease in allowance for credit losses on previously impaired securities	(345)	(1,504)	—	(1,849)
Reduction due to sales	—	(170)	—	(170)
Ending Balance, December 31, 2024	$ 362	$ 7,135	$ 107	$ 7,604
Credit losses on securities for which credit losses were not previously recorded	318	10,815	—	11,133
Credit losses on previously impaired securities	6	10,511	—	10,517
Decrease in allowance for credit losses on previously impaired securities	(100)	(711)	—	(811)
Reduction due to sales and intent to sell	—	(1,436)	(107)	(1,543)
Allowance for credit losses on PCD debt securities	—	1,905	—	1,905
Ending Balance, December 31, 2025	$ 586	$ 28,219	$ —	$ 28,805

Customers acquired $5.1 million of corporate notes at a discount that are PCD debt securities classified as available for sale during the year ended December 31, 2025. The reconciliation between the purchase price and the par value of the PCD debt securities was as follows:

(amounts in thousands)	
Par value	$ 5,100
Unamortized discount	(1,165)
Allowance for credit losses	(1,905)
Purchase price	$ 2,030

Customers has elected to not estimate an ACL on accrued interest receivable on AFS debt securities, as it already has a policy in place to reverse or write-off accrued interest, through interest income, for debt securities in non-accrual status in a timely manner. Customers recorded a reversal of $4.8 million and $2.5 million in accrued interest income for the years ended December 31, 2025 and 2024. No accrued interest income was reversed for the year ended December 31, 2023.

At December 31, 2025 and 2024, no AFS investment securities holding of any one issuer, other than the U.S. government and its agencies, amounted to greater than 10% of shareholders' equity.

At December 31, 2025 and 2024, Customers Bank had pledged AFS investment securities aggregating $1.4 billion and $1.3 billion in fair value, respectively, as collateral primarily for immediately available liquidity from the FRB and the FHLB. The counterparty does not have the ability to sell or repledge these securities.

Investment securities held to maturity

The amortized cost, approximate fair value and allowance for credit losses of investment securities held to maturity as of December 31, 2025 and 2024 are summarized as follows:

	December 31, 2025 [1]					
(amounts in thousands)	Amortized Cost	Allowance for Credit Losses	Net Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held to maturity debt securities:						
Asset-backed securities	$ 258,371	$ —	$ 258,371	$ 678	$ (2,432)	$ 256,617
Agency-guaranteed residential mortgage-backed securities	6,708	—	6,708	—	(718)	5,990
Agency-guaranteed commercial mortgage-backed securities	1,687	—	1,687	—	(238)	1,449
Agency-guaranteed residential collateralized mortgage obligations	153,662	—	153,662	—	(10,629)	143,033
Agency-guaranteed commercial collateralized mortgage obligations	182,272	—	182,272	—	(22,242)	160,030
Private label collateralized mortgage obligations	126,434	—	126,434	—	(9,955)	116,479
Total held to maturity debt securities	$ 729,134	$ —	$ 729,134	$ 678	$ (46,214)	$ 683,598

	December 31, 2024 [1]					
(amounts in thousands)	Amortized Cost	Allowance for Credit Losses	Net Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held to maturity debt securities:						
Asset-backed securities	$ 471,996	$ —	$ 471,996	$ 1,775	$ (401)	$ 473,370
Agency-guaranteed residential mortgage-backed securities	6,880	—	6,880	—	(940)	5,940
Agency-guaranteed commercial mortgage-backed securities	1,770	—	1,770	—	(146)	1,624
Agency-guaranteed residential collateralized mortgage obligations	169,754	—	169,754	—	(21,984)	147,770
Agency-guaranteed commercial collateralized mortgage obligations	158,320	—	158,320	—	(22,689)	135,631
Private label collateralized mortgage obligations	183,217	—	183,217	574	(13,449)	170,342
Total held to maturity debt securities	$ 991,937	$ —	$ 991,937	$ 2,349	$ (59,609)	$ 934,677

(1) Accrued interest on HTM debt securities totaled $1.5 million and $2.4 million at December 31, 2025 and 2024, respectively, and is included in accrued interest receivable on the consolidated balance sheet.

During the year ended December 31, 2024, Customers sold consumer installment loans that were classified as held for sale with a carrying value of $202.5 million, inclusive of $53.0 million of personal installment loans transferred from held for investment to held for sale, accrued interest and unamortized deferred loan origination costs, to two third-party sponsored VIEs. As part of these sales, Customers recognized a loss on sale of $0.3 million, inclusive of transaction costs, in net gain (loss) on sale of loans and leases within non-interest income included in the consolidated statement of income for the year ended December 31, 2024. Customers provided financing to the purchasers for a portion of the sale price in the form of $160.0 million of asset-backed securities, presented in the table above, collateralized by the sold loans. Customers acts as the servicer for the sold consumer installment loans to the VIEs, and receives a servicing fee. Customers recognized a servicing asset of $2.1 million upon sale.

During the year ended December 31, 2023, Customers sold consumer installment loans that were classified as held for sale with a carrying value of $556.7 million, inclusive of $154.0 million of installment loans transferred from held for investment to held for sale, accrued interest and unamortized deferred loan origination costs, to two third-party sponsored VIEs. As part of these sales, Customers recognized a loss on sale of $1.2 million, inclusive of transaction costs, in net gain (loss) on sale of loans and leases within non-interest income included in the consolidated statement of income for the year ended December 31, 2023. Customers provided financing to the purchasers for a portion of the sale price in the form of $436.8 million of asset-backed securities, presented in the table above, collateralized by the sold loans. Customers acts as the servicer for the sold consumer installment loans to one of the VIEs, and receives a servicing fee. Customers recognized a servicing asset of $3.8 million upon sale.

At the time of the sale, and at each subsequent reporting period, Customers is required to evaluate its involvement with the VIEs to determine if it holds a variable interest in the VIEs and, if so, if Customers is the primary beneficiary of the VIEs. If Customers is both a variable interest holder and the primary beneficiary of the VIEs, it would be required to consolidate the VIEs. As of December 31, 2025 and 2024, Customers concluded that its investments in asset-backed securities as well as the servicing fees are considered variable interests in the VIEs as there is a possibility, even if remote, that would result in Customers' interests in the asset-backed securities or the servicing fees absorbing some of the losses of the VIEs.

After concluding that Customers has one or more variable interests in the VIEs, Customers must determine if it is the primary beneficiary of the VIEs. U.S. GAAP defines the primary beneficiary as the entity that has both an economic exposure to the VIE as well as the power to direct the activities that are determined to be most significant to the economic performance of the VIE. In order to make this determination, Customers needed to first establish which activities are the most significant to the economic performance of the VIEs. Based on a review of the VIEs' activities, Customers concluded that the servicing activities, specifically those performed for significantly delinquent loans contribute most significantly to the performance of the loans and thus the VIEs. The conclusion is based upon review of the historical performance of the types of consumer installment loans sold to the VIEs, as well as consideration of which activities performed by the owner or servicer of the loans contribute most significantly to the ultimate performance of the loans. The loan servicing agreements between Customers and the VIEs for a portion of the sold consumer loans provide that the VIEs have substantive kick-out rights to replace Customers as the servicer with or without cause. Accordingly, as a holder of the asset-backed securities and the servicer of the loans, Customers does not have the power to direct the servicing of significantly delinquent loans given the VIEs' substantive kick-out rights. Customers is not the servicer for the sold consumer loans to some of the VIEs and therefore does not have the power to direct the activities that most significantly impact the economic performance of these VIEs. As the activities which most significantly affect the performance of the VIEs are not controlled by Customers, Customers has concluded that it is therefore not the primary beneficiary and does not consolidate the VIEs. Customers accounted for its investments in the asset-backed securities as HTM debt securities on the consolidated balance sheet.

The following table presents HTM debt securities by stated maturity, including debt securities backed by mortgages and other assets with expected maturities that differ from contractual maturities because borrowers have the right to call or prepay and, therefore, are classified separately with no specific maturity date:

	December 31, 2025	
(amounts in thousands)	Amortized Cost	Fair Value
Asset-backed securities	$ 258,371	$ 256,617
Agency-guaranteed residential mortgage-backed securities	6,708	5,990
Agency-guaranteed commercial mortgage-backed securities	1,687	1,449
Agency-guaranteed residential collateralized mortgage obligations	153,662	143,033
Agency-guaranteed commercial collateralized mortgage obligations	182,272	160,030
Private label collateralized mortgage obligations	126,434	116,479
Total held to maturity debt securities	$ 729,134	$ 683,598

Customers recorded no allowance for credit losses on investment securities classified as held to maturity at December 31, 2025 and 2024. The U.S. government agency securities represent obligations issued by a U.S. government-sponsored enterprise or other federal government agency that are explicitly or implicitly guaranteed by the U.S. federal government and therefore, assumed to have zero credit losses. The private label collateralized mortgage obligations that are highly rated with sufficient overcollateralization are estimated to have no expected credit losses. Customers recorded no allowance for its investments in the asset-backed securities. Customers considered the seniority of its beneficial interests, which include overcollateralization of these asset-backed securities in the estimate of the ACL at December 31, 2025 and 2024. The unrealized losses on HTM debt securities with no ACL were primarily due to changes in market interest rates that resulted in a negative impact on the respective securities' fair value and are expected to be recovered when market prices recover or at maturity.

Credit Quality Indicators

Customers monitors the credit quality of HTM debt securities primarily through credit ratings provided by rating agencies. Investment grade debt securities are rated BBB- or higher by S&P Global Ratings, Baa3 or higher by Moody's Investors Service or equivalent ratings by other rating agencies, and are generally considered to be of low credit risk. Except for the asset-backed securities and a private label collateralized mortgage obligation, all of the HTM debt securities held by Customers were investment grade or U.S. government agency guaranteed securities that were not rated at December 31, 2025 and 2024. The asset-backed securities and a private label collateralized mortgage obligation are not rated by rating agencies. Customers monitors the credit quality of these asset-backed securities and a private label collateralized mortgage obligation by evaluating the performance of the sold consumer installment loans and other underlying loans against the overcollateralization available for these securities.

The following table presents the amortized cost of HTM debt securities based on their lowest credit rating available:

	December 31, 2025			
(amounts in thousands)	AAA	AA	Not Rated	Total
Held to maturity debt securities:				
Asset-backed securities	$ —	$ —	$ 258,371	$ 258,371
Agency-guaranteed residential mortgage-backed securities	—	—	6,708	6,708
Agency-guaranteed commercial mortgage-backed securities	—	—	1,687	1,687
Agency-guaranteed residential collateralized mortgage obligations	—	—	153,662	153,662
Agency-guaranteed commercial collateralized mortgage obligations	—	—	182,272	182,272
Private label collateralized mortgage obligations	77,447	9,362	39,625	126,434
Total held to maturity debt securities	$ 77,447	$ 9,362	$ 642,325	$ 729,134

Customers has elected to not estimate an ACL on accrued interest receivable on HTM debt securities, as it already has a policy in place to reverse or write-off accrued interest, through interest income, for debt securities in non-accrual status in a timely manner. At December 31, 2025 and 2024, there were no HTM debt securities past due under the terms of their agreements or in non-accrual status.

At December 31, 2025 and 2024, Customers Bank had pledged HTM investment securities aggregating $406.5 million and $386.4 million in fair value, respectively, as collateral primarily for immediately available liquidity from the FRB and the FHLB. The counterparties do not have the ability to sell or repledge these securities.

NOTE 6 – LOANS HELD FOR SALE

The composition of loans held for sale as of December 31, 2025 and 2024 was as follows:

	December 31,	
(amounts in thousands)	2025	2024
Residential mortgage loans, at fair value	$ 1,851	$ 1,836
Personal installment loans, at lower of cost or fair value	23,357	40,903
Other installment loans, at fair value	894	162,055
Total loans held for sale	$ 26,102	$ 204,794

Total loans held for sale included non-performing loans ("NPLs") of $0.3 million and $2.8 million as of December 31, 2025 and 2024, respectively.

During the year ended December 31, 2024, Customers sold $202.5 million of personal and other installment loans that were classified as held for sale, inclusive of $53.0 million of installment loans transferred from held for investment to held for sale, accrued interest and unamortized deferred loan origination costs to two third-party sponsored VIEs. Customers provided financing to the purchasers for a portion of the sales price in the form of $160.0 million of asset-backed securities while $40.2 million of the remaining sales proceeds were paid in cash. Refer to NOTE 5 – INVESTMENT SECURITIES for additional information.

Refer to NOTE 7 – LOANS AND LEASES RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES ON LOANS AND LEASES for additional information on the transfer of other consumer installment loans, at fair value, from loans held for sale to held for investment during the year ended December 31, 2025.

NOTE 7 – LOANS AND LEASES RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES ON LOANS AND LEASES

The following table presents loans and leases receivable as of December 31, 2025 and 2024:

(amounts in thousands)	December 31, 2025	December 31, 2024
Loans and leases receivable:		
Commercial:		
Commercial and industrial:		
Specialized lending [1]	$ 7,090,087	$ 5,842,420
Other commercial and industrial	1,121,087	1,182,350
Multifamily	2,490,336	2,252,246
Commercial real estate owner occupied	1,135,119	1,100,944
Commercial real estate non-owner occupied	1,738,821	1,359,130
Construction	162,966	147,209
Total commercial loans and leases receivable	13,738,416	11,884,299
Consumer:		
Residential real estate	497,567	496,559
Manufactured housing	27,452	33,123
Installment:		
Personal	581,340	463,854
Other	196,565	249,799
Total consumer loans receivable	1,302,924	1,243,335
Loans and leases receivable	15,041,340	13,127,634
Loans receivable, mortgage finance, at fair value	1,612,997	1,321,128
Loans receivable, installment, at fair value	102,077	—
Allowance for credit losses on loans and leases	(155,656)	(136,775)
Total loans and leases receivable, net of allowance for credit losses on loans and leases [2]	$ 16,600,758	$ 14,311,987

(1) Includes direct finance and sales-type equipment leases of $306.5 million and $262.7 million at December 31, 2025 and 2024, respectively.
(2) Includes deferred (fees) costs and unamortized (discounts) premiums, net of $30.3 million and $(20.8) million at December 31, 2025 and 2024, respectively.

Customers' total loans and leases receivable includes loans receivable reported at fair value based on an election made to account for these loans at fair value and loans and leases receivable predominately reported at their outstanding unpaid principal balance, net of charge-offs, deferred costs and fees and unamortized premiums and discounts, and evaluated for impairment. The total amount of accrued interest recorded for total loans was $89.9 million and $88.2 million at December 31, 2025 and 2024, respectively, and is presented in accrued interest receivable in the consolidated balance sheet. At December 31, 2025 and 2024, there were $34.2 million and $31.9 million of individually evaluated loans that were collateral-dependent, respectively. Substantially all individually evaluated loans are collateral-dependent and consisted primarily of commercial and industrial, commercial real estate, and residential real estate loans. Collateral-dependent commercial and industrial loans were secured by accounts receivable, inventory and equipment; collateral-dependent commercial real estate loans were secured by commercial real estate assets; and residential real estate loans were secured by residential real estate assets.

Loans and leases receivable

The following tables summarize loans and leases receivable by loan and lease type and performance status as of December 31, 2025 and 2024:

	December 31, 2025					
(amounts in thousands)	30-59 Days past due [1]	60-89 Days past due [1]	90 Days or more past due [2]	Total past due	Loans and leases not past due [3][4]	Total loans and leases [4]
Commercial and industrial, including specialized lending	$ 9,212	$ 12,888	$ 7,359	$ 29,459	$ 8,177,047	$ 8,206,506
Multifamily	17,506	—	2,092	19,598	2,470,738	2,490,336
Commercial real estate owner occupied	3,124	158	3,875	7,157	1,127,962	1,135,119
Commercial real estate non-owner occupied	65	—	168	233	1,738,588	1,738,821
Construction	—	—	—	—	162,966	162,966
Residential real estate	11,259	4,376	5,197	20,832	476,735	497,567
Manufactured housing	533	205	1,466	2,204	25,248	27,452
Installment	8,744	3,519	4,483	16,746	761,159	777,905
Total	$ 50,443	$ 21,146	$ 24,640	$ 96,229	$ 14,940,443	$ 15,036,672

	December 31, 2024					
(amounts in thousands)	30-59 Days past due [1]	60-89 Days past due [1]	90 Days or more past due [2]	Total past due	Loans and leases not past due [3][4]	Total loans and leases [4]
Commercial and industrial, including specialized lending	$ 3,655	$ 19,854	$ 3,606	$ 27,115	$ 6,974,904	$ 7,002,019
Multifamily	—	—	11,834	11,834	2,240,412	2,252,246
Commercial real estate owner occupied	11,395	—	8,071	19,466	1,081,478	1,100,944
Commercial real estate non-owner occupied	—	—	17,007	17,007	1,342,123	1,359,130
Construction	—	—	—	—	147,209	147,209
Residential real estate	9,541	4,560	3,384	17,485	479,074	496,559
Manufactured housing	766	155	2,262	3,183	29,940	33,123
Installment	7,918	5,108	5,613	18,639	695,014	713,653
Total	$ 33,275	$ 29,677	$ 51,777	$ 114,729	$ 12,990,154	$ 13,104,883

(1) Includes past due loans and leases that are accruing interest because collection is considered probable.
(2) Includes loans amounting to $4.0 million and $17.1 million as of December 31, 2025 and 2024, respectively, that are still accruing interest because collection is considered probable.
(3) Loans and leases where next payment due is less than 30 days from the report date. The tables exclude the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") loans, as claims for guarantee payments are submitted to the SBA for eligible PPP loans that are more than 60 days past due.
(4) Includes PCD loans of $118.5 million and $126.4 million at December 31, 2025 and 2024, respectively. Customers acquired $32.1 million of PCD commercial and industrial loans and recognized $1.0 million of allowance for credit losses upon acquisition during the year ended December 31, 2025.

Non-accrual Loans and Leases

The following table presents the amortized cost of loans and leases held for investment on non-accrual status:

	December 31, 2025			December 31, 2024		
(amounts in thousands)	Non-accrual loans with no related allowance	Non-accrual loans with related allowance	Total non-accrual loans	Non-accrual loans with no related allowance	Non-accrual loans with related allowance	Total non-accrual loans
Commercial and industrial, including specialized lending	$ 8,108	$ 11,682	$ 19,790	$ 4,041	$ —	$ 4,041
Multifamily	2,092	—	2,092	11,834	—	11,834
Commercial real estate owner occupied	3,876	—	3,876	8,090	—	8,090
Commercial real estate non-owner occupied	168	—	168	354	—	354
Residential real estate	9,513	158	9,671	8,274	440	8,714
Manufactured housing	—	1,192	1,192	—	1,852	1,852
Installment	—	4,483	4,483	—	5,613	5,613
Total	$ 23,757	$ 17,515	$ 41,272	$ 32,593	$ 7,905	$ 40,498

Interest income recognized on non-accrual loans was insignificant during the years ended December 31, 2025, 2024 and 2023. Accrued interest reversed when the loans went to non-accrual status was insignificant during the years ended December 31, 2025, 2024 and 2023.

Loans receivable, mortgage finance, at fair value

Mortgage finance loans consist of commercial loans to mortgage companies. These mortgage finance lending transactions are subject to master repurchase agreements. As a result of the contractual provisions, for accounting purposes, control of the underlying mortgage loan has not transferred and the rewards and risks of the mortgage loans are not assumed by Customers. The mortgage finance loans are designated as loans held for investment and reported at fair value based on an election made to account for the loans at fair value. Pursuant to the agreements, Customers funds the pipelines for these mortgage lenders by sending payments directly to the closing agents for funded mortgage loans and receives proceeds directly from third party investors when the underlying mortgage loans are sold into the secondary market. The fair value of the mortgage finance loans is estimated as the amount of cash initially advanced to fund the mortgage, plus accrued interest and fees, as specified in the respective agreements. The interest rates on these loans are variable, and the lending transactions are short-term, with an average life under 30 days from purchase to sale. The primary goal of these lending transactions is to provide liquidity to mortgage companies.

At December 31, 2025 and 2024, all of Customers' mortgage finance loans were current in terms of payment. As these loans are reported at their fair value, they do not have an ACL and are therefore excluded from ACL-related disclosures.

Loans receivable, installment, at fair value

Customers had a lending arrangement with a fintech company, which was acquired by a bank, whereby Customers originated consumer installment loans and held these loans prior to sale. These consumer installment loans were designated as loans held for sale and reported at fair value based on an election made to account for the loans at fair value. The lending arrangement with this fintech company expired during the year ended December 31, 2025. Customers transferred these consumer installment loans from held for sale to held for investment during the year ended December 31, 2025, and continue to be reported at fair value based on an election made to account for the loans at fair value.

At December 31, 2025, Customers had $2.1 million of consumer installment loans, at fair value, in non-accrual status. As these loans are reported at their fair value, they do not have an ACL and are therefore excluded from ACL-related disclosures.

Allowance for credit losses on loans and leases

The changes in the ACL on loans and leases by loan and lease type for the years ended December 31, 2025, 2024 and 2023 are presented in the table below:

(amounts in thousands)	Commercial and industrial (1)(2)	Multifamily	Commercial real estate owner occupied	Commercial real estate non-owner occupied	Construction	Residential real estate	Manufactured housing	Installment	Total
Ending Balance, December 31, 2022	$ 17,582	$ 14,541	$ 6,454	$ 11,219	$ 1,913	$ 6,094	$ 4,430	$ 68,691	$ 130,924
Allowance for credit losses on PCD loans, net of charge-offs (3)	2,576	—	—	—	—	—	—	—	2,576
Charge-offs	(16,915)	(3,574)	(39)	(4,527)	—	(69)	—	(69,942)	(95,066)
Recoveries	8,472	—	34	315	116	35	—	17,059	26,031
Provision (benefit) for credit losses on loans and leases	11,788	5,376	3,433	9,852	(547)	526	(191)	40,609	70,846
Ending Balance, December 31, 2023	$ 23,503	$ 16,343	$ 9,882	$ 16,859	$ 1,482	$ 6,586	$ 4,239	$ 56,417	$ 135,311
Charge-offs	(23,735)	(4,073)	(365)	(145)	—	(38)	—	(56,109)	(84,465)
Recoveries	5,689	—	—	—	10	79	—	10,352	16,130
Provision (benefit) for credit losses on loans and leases	23,922	6,241	1,238	691	(242)	(659)	(410)	39,018	69,799
Ending Balance, December 31, 2024	$ 29,379	$ 18,511	$ 10,755	$ 17,405	$ 1,250	$ 5,968	$ 3,829	$ 49,678	$ 136,775
Allowance for credit losses on PCD loans, net of charge-offs (4)	1,000	—	—	—	—	—	—	—	1,000
Charge-offs	(14,732)	(8,446)	(1,186)	(3,073)	—	(56)	—	(44,803)	(72,296)
Recoveries	3,830	—	464	225	6	19	—	8,373	12,917
Provision (benefit) for credit losses on loans and leases	18,206	9,268	398	4,371	969	568	(438)	43,918	77,260
Ending Balance, December 31, 2025	$ 37,683	$ 19,333	$ 10,431	$ 18,928	$ 2,225	$ 6,499	$ 3,391	$ 57,166	$ 155,656

(1) Includes specialized lending.
(2) PPP loans include an embedded credit enhancement from the SBA, which guarantees 100% of the principal and interest owed by the borrower provided that the SBA's eligibility criteria are met. As a result, the eligible PPP loans do not have an ACL.
(3) Represents $8.7 million of allowance for credit losses on PCD loans recognized upon acquisition of a venture banking loan portfolio (included within specialized lending) on June 15, 2023, net of $6.2 million of charge-offs for certain of these PCD loans upon acquisition.
(4) Represents $1.0 million of allowance for credit losses on PCD loans recognized upon acquisition of commercial and industrial loans during the year ended December 31, 2025.

At December 31, 2025, the ACL on loans and leases was $155.7 million, an increase of $18.9 million from the December 31, 2024 balance of $136.8 million. The increase in ACL for the year ended December 31, 2025 was primarily attributable to an increase in loan balances held for investment. At December 31, 2024, the ACL was $136.8 million, an increase of $1.5 million from the December 31, 2023 balance of $135.3 million. The increase in ACL for the year ended December 31, 2024 resulted primarily from an increase in commercial and industrial loan balances held for investment, partially offset by the recognition of improvement in macroeconomic forecasts and a decrease in consumer installment loan balances held for investment. ACL as of December 31, 2025, 2024 and 2023 is calculated in accordance with the CECL methodology as described in NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION.

Loan Modifications for Borrowers Experiencing Financial Difficulty

A borrower is considered to be experiencing financial difficulty when there is a significant doubt about the borrower's ability to make the required principal and interest payments on the loan or to get an equivalent financing from another creditor at a market rate for a similar loan.

When borrowers are experiencing financial difficulty, Customers may make certain loan modifications as part of loss mitigation strategies to maximize expected payment. To be classified as a modification made to a borrower experiencing financial difficulty, the modification must be in the form of an interest rate reduction, principal forgiveness, or an other-than-insignificant payment delay (payment deferral), term extension, or combinations thereof.

Customers will generally try other forms of relief before principal forgiveness. Any contractual reduction in the amount of principal due without receiving payment or assets is considered forgiveness. For the purpose of this disclosure, Customers considers any contractual change in interest rate that results in a reduction in interest rate relative to the current stated interest rate as an interest rate reduction. Generally, Customers considers any delay in payment of greater than 90 days in the last twelve months to be significant. Term extensions extend the original contractual maturity of the loan. For the purpose of this disclosure, modification of contingent payment features or covenants that would have accelerated payment are not considered term extensions.

The following tables present the amortized cost of loans that were modified to borrowers experiencing financial difficulty for the years ended December 31, 2025, 2024 and 2023, disaggregated by class of financing receivable and type of modification granted:

	For the Year Ended December 31, 2025					
(dollars in thousands)	Term Extension	Payment Deferral	Debt Forgiveness	Interest Rate Reduction	Total	Percentage of Total by Financing Class
Commercial and industrial, including specialized lending	$ 10,271	$ 3,081	$ —	$ —	$ 13,352	0.16 %
Personal installment	3,630	1,723	1,441	713	7,507	1.29 %
Total	$ 13,901	$ 4,804	$ 1,441	$ 713	$ 20,859	

	For the Year Ended December 31, 2024					
(dollars in thousands)	Term Extension	Payment Deferral	Debt Forgiveness	Interest Rate Reduction and Term Extension	Total	Percentage of Total by Financing Class
Commercial and industrial, including specialized lending	$ 1,999	$ 9,114	$ —	$ —	$ 11,113	0.16 %
Multifamily	—	10,694	—	—	10,694	0.47 %
Residential real estate	—	51	—	303	354	0.07 %
Manufactured housing	100	—	—	217	317	0.96 %
Personal installment	4,937	171	73	—	5,181	1.12 %
Total	$ 7,036	$ 20,030	$ 73	$ 520	$ 27,659	

	For the Year Ended December 31, 2023					
(dollars in thousands)	Term Extension	Payment Deferral	Debt Forgiveness	Interest Rate Reduction and Term Extension	Total	Percentage of Total by Financing Class
Commercial and industrial, including specialized lending	$ 250	$ 14,791	$ —	$ —	$ 15,041	0.24 %
Commercial real estate owner occupied	169	—	—	—	169	0.02 %
Residential real estate	46	—	—	—	46	0.01 %
Manufactured housing	158	—	—	664	822	2.13 %
Personal installment	14,075	756	312	—	15,143	2.73 %
Total	$ 14,698	$ 15,547	$ 312	$ 664	$ 31,221	

As of December 31, 2025, there were no commitments to lend additional funds to debtors experiencing financial difficulty whose loans have been modified during the year ended December 31, 2025.

The following tables summarize the impacts of loan modifications made to borrowers experiencing financial difficulty for the years ended December 31, 2025, 2024 and 2023:

	For the Year Ended December 31, 2025			
	Weighted Average			
(dollars in thousands)	Interest Rate Reduction (%)	Term Extension (in months)	Payment Deferral (in months)	Debt Forgiven
Commercial and industrial, including specialized lending	—%	21	4	$ —
Personal installment	11.1	5	8	2,627

(dollars in thousands)	For the Year Ended December 31, 2024			
	Weighted Average			
	Interest Rate Reduction (%)	Term Extension (in months)	Payment Deferral (in months)	Debt Forgiven
Commercial and industrial, including specialized lending	—%	1	8	$ —
Multifamily	—	0	5	—
Residential real estate	2.8	13	5	—
Manufactured housing	3.0	83	0	—
Personal installment	—	6	7	158

(dollars in thousands)	For the Year Ended December 31, 2023			
	Weighted Average			
	Interest Rate Reduction (%)	Term Extension (in months)	Payment Deferral (in months)	Debt Forgiven
Commercial and industrial, including specialized lending	—%	56	10	$ —
Commercial real estate owner occupied	—	4	0	—
Residential real estate	—	228	0	—
Manufactured housing	2.5	56	0	—
Personal installment	—	5	6	462

The performance of loans made to borrowers experiencing financial difficulty in which modifications were made is closely monitored to understand the effectiveness of modification efforts. Loans are considered to be in payment default at 90 days or more past due. The following tables present an aging analysis of loan modifications made to borrowers experiencing financial difficulty during the years ended December 31, 2025, 2024 and 2023:

(dollars in thousands)	December 31, 2025				
	30-59 Days past due	60-89 Days past due	90 Days or more past due	Current	Total
Commercial and industrial, including specialized lending	$ —	$ —	$ 203	$ 13,149	$ 13,352
Personal installment	358	586	530	6,033	7,507
Total	$ 358	$ 586	$ 733	$ 19,182	$ 20,859

(dollars in thousands)	December 31, 2024				
	30-59 Days past due	60-89 Days past due	90 Days or more past due	Current	Total
Commercial and industrial, including specialized lending	$ —	$ —	$ —	$ 11,113	$ 11,113
Multifamily	—	—	—	10,694	10,694
Residential real estate	—	—	—	354	354
Manufactured housing	17	31	—	269	317
Personal installment	356	302	121	4,402	5,181
Total	$ 373	$ 333	$ 121	$ 26,832	$ 27,659

(dollars in thousands)	December 31, 2023				
	30-59 Days past due	60-89 Days past due	90 Days or more past due	Current	Total
Commercial and industrial, including specialized lending	$ —	$ —	$ —	$ 15,041	$ 15,041
Commercial real estate owner occupied	—	—	169	—	169
Residential real estate	—	—	—	46	46
Manufactured housing	51	31	—	740	822
Personal installment	1,000	785	518	12,840	15,143
Total	$ 1,051	$ 816	$ 687	$ 28,667	$ 31,221

The loans to borrowers experiencing financial difficulty that were modified during the years ended December 31, 2025, 2024 and 2023, respectively, that subsequently defaulted were not material. Customers' ACL is influenced by loan level characteristics that inform the assessed propensity to default. As such, the provision for credit losses is impacted by changes in such loan level characteristics, such as payment performance. Loans made to borrowers experiencing financial difficulty can be classified as either accrual or non-accrual.

Credit Quality Indicators

The ACL represents management's estimate of expected losses in Customers' loans and leases receivable portfolio, excluding mortgage finance loans and consumer installment loans reported at fair value pursuant to a fair value option election and PPP loans as these loans are fully guaranteed by the SBA, provided that the eligibility criteria are met. Commercial and industrial including specialized lending, multifamily, owner occupied commercial real estate, non-owner occupied commercial real estate, and construction loans are rated based on an internally assigned risk rating system which is assigned at the time of loan origination and reviewed on a periodic, or on an "as needed" basis. Residential real estate loans, manufactured housing and installment loans are evaluated based on the payment activity of the loan.

To facilitate the monitoring of credit quality within the commercial and industrial including specialized lending, multifamily, owner occupied commercial real estate, non-owner occupied commercial real estate, and construction loan portfolios, and as an input in the ACL lifetime loss rate model for the commercial and industrial portfolio, the Bank utilizes the following categories of risk ratings: pass/satisfactory (includes risk rating 1 through 6), special mention, substandard, doubtful and loss. The risk rating categories, which are derived from standard regulatory rating definitions, are assigned upon initial approval of credit to borrowers and updated periodically thereafter. Pass ratings, which are assigned to those borrowers who do not have identified potential or well-defined weaknesses and for whom there is a high likelihood of orderly repayment, are updated periodically based on the size and credit characteristics of the borrower. All other categories are updated on a quarterly basis during the month preceding the end of the calendar quarter. While assigning risk ratings involves judgment, the risk-rating process allows management to identify riskier credits in a timely manner and allocate the appropriate resources to manage those loans and leases.

The risk rating grades are defined as follows:

"1" – *Pass/Excellent*

Loans and leases rated 1 represent a credit extension of the highest quality. The borrower's historic (at least five years) cash flows manifest extremely large and stable margins of coverage. Balance sheets are conservative, well capitalized, and liquid. After considering debt service for proposed and existing debt, projected cash flows continue to be strong and provide ample coverage. The borrower typically reflects broad geographic and product diversification and has access to alternative financial markets.

"2" – *Pass/Superior*

Loans and leases rated 2 are those for which the borrower has a strong financial condition, balance sheet, operations, cash flow, debt capacity and coverage with ratios better than industry norms. The borrowers of these loans and leases exhibit a limited leverage position, are virtually immune to local economies, and are in stable growing industries. The management team is well respected, and the company has ready access to public markets.

"3" – *Pass/Strong*

Loans and leases rated 3 are those loans and leases for which the borrowers have above average financial condition and flexibility; more than satisfactory debt service coverage; balance sheet and operating ratios are consistent with or better than industry peers; operate in industries with little risk; move in diversified markets; and are experienced and competent in their industry. These borrowers' access to capital markets is limited mostly to private sources, often secured, but the borrower typically has access to a wide range of refinancing alternatives.

"4" – *Pass/Good*

Loans and leases rated 4 have a sound primary and secondary source of repayment. The borrower may have access to alternative sources of financing, but sources are not as widely available as they are to a higher-grade borrower. These loans and leases carry a normal level of risk with very low loss exposure. The borrower has the ability to perform according to the terms of the credit facility. The margins of cash flow coverage are satisfactory but vulnerable to more rapid deterioration than the higher-quality loans and leases.

"5" – *Satisfactory*

Loans and leases rated 5 are extended to borrowers who are considered to be a reasonable credit risk and demonstrate the ability to repay the debt from normal business operations. Risk factors may include reliability of margins and cash flows, liquidity, dependence on a single product or industry, cyclical trends, depth of management, or limited access to alternative financing sources. The borrower's historical financial information may indicate erratic performance, but current trends are positive and the quality of financial information is adequate, but is not as detailed and sophisticated as information found on higher grade loans. If adverse circumstances arise, the impact on the borrower may be significant.

"6" – *Satisfactory/Bankable with Care*

Loans and leases rated 6 are those for which the borrower has higher than normal credit risk; however, cash flow and asset values are generally intact. These borrowers may exhibit declining financial characteristics, with increasing leverage and decreasing liquidity and may have limited resources and access to financial alternatives. Signs of weakness in these borrowers may include delinquent taxes, trade slowness and eroding profit margins.

"7" – *Special Mention*

Loans and leases rated 7 are credit facilities that may have potential developing weaknesses and deserve extra attention from the account manager and other management personnel. In the event potential weaknesses are not corrected or mitigated, deterioration in the ability of the borrower to repay the debt in the future may occur. This grade is not assigned to loans and leases that bear certain peculiar risks normally associated with the type of financing involved, unless circumstances have caused the risk to increase to a level higher than would have been acceptable when the credit was originally approved. Loans and leases where significant actual, not potential, weaknesses or problems are clearly evident are graded in the category below.

"8" – *Substandard*

Loans and leases are rated 8 when the loans and leases are inadequately protected by the current sound worth and payment capacity of the obligor or of the collateral pledged, if any. Loans and leases so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that the company will sustain some loss if the weaknesses are not corrected.

"9" – *Doubtful*

The Bank assigns a doubtful rating to loans and leases that have all the attributes of a substandard rating with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonable specific pending factors that may work to the advantage of and strengthen the credit quality of the loan or lease, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors may include a proposed merger or acquisition, liquidation proceeding, capital injection, perfecting liens on additional collateral or refinancing plans.

"10" – *Loss*

The Bank assigns a loss rating to loans and leases considered uncollectible and of such little value that their continuance as an active asset is not warranted. Amounts classified as loss are immediately charged off.

Risk ratings are not established for certain consumer loans, including residential real estate, home equity, manufactured housing, and installment loans, mainly because these portfolios consist of a larger number of homogeneous loans with smaller balances. Instead, these portfolios are evaluated for risk mainly based upon aggregate payment history through the monitoring of delinquency levels and trends and are classified as performing and non-performing. PPP loans are excluded in the tables below as these loans are fully guaranteed by the SBA, provided that the eligibility criteria are met. The following tables present the credit ratings of loans and leases receivable and current period gross write-offs as of December 31, 2025 and 2024:

(amounts in thousands)	Term Loans Amortized Cost Basis by Origination Year as of December 31, 2025								
	2025	2024	2023	2022	2021	Prior	Revolving loans amortized cost basis	Revolving loans converted to term	Total
Commercial and industrial loans and leases, including specialized lending:									
Pass	$ 2,609,580	$ 1,280,152	$ 609,744	$ 839,184	$ 233,753	$ 129,958	$ 2,131,707	$ 167,916	$ 8,001,994
Special mention	7,511	4,778	—	37,976	3,633	—	9,658	7,150	70,706
Substandard	—	10,267	1,116	18,927	15,226	84,462	797	3,011	133,806
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial and industrial loans and leases	$ 2,617,091	$ 1,295,197	$ 610,860	$ 896,087	$ 252,612	$ 214,420	$ 2,142,162	$ 178,077	$ 8,206,506
Commercial and industrial loans and leases charge-offs:									
For the Year Ended December 31, 2025	$ —	$ 1,064	$ 881	$ 10,880	$ 600	$ 1,307	$ —	$ —	$ 14,732
Multifamily loans:									
Pass	$ 467,366	$ 233,998	$ 775	$ 1,148,681	$ 242,865	$ 290,416	$ —	$ —	$ 2,384,101
Special mention	—	—	—	14,556	20,471	16,920	—	—	51,947
Substandard	—	—	—	7,182	16,974	30,132	—	—	54,288
Doubtful	—	—	—	—	—	—	—	—	—
Total multifamily loans	$ 467,366	$ 233,998	$ 775	$ 1,170,419	$ 280,310	$ 337,468	$ —	$ —	$ 2,490,336
Multifamily loans charge-offs:									
For the Year Ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ 8,446	$ —	$ —	$ 8,446
Commercial real estate owner occupied loans:									
Pass	$ 217,893	$ 335,437	$ 52,517	$ 195,951	$ 161,739	$ 124,346	$ 7,604	$ 32	$ 1,095,519
Special mention	17,785	—	—	10,676	1,214	43	—	—	29,718
Substandard	—	—	2,928	170	—	6,784	—	—	9,882
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial real estate owner occupied loans	$ 235,678	$ 335,437	$ 55,445	$ 206,797	$ 162,953	$ 131,173	$ 7,604	$ 32	$ 1,135,119
Commercial real estate owner occupied loans charge-offs:									
For the Year Ended December 31, 2025	$ —	$ —	$ 15	$ 417	$ 361	$ 393	$ —	$ —	$ 1,186
Commercial real estate non-owner occupied loans:									
Pass	$ 524,297	$ 163,771	$ 14,136	$ 354,528	$ 86,017	$ 525,878	$ 3,300	$ —	$ 1,671,927
Special mention	—	—	24,048	28,407	6,010	5,626	—	—	64,091
Substandard	—	—	—	1,754	—	1,049	—	—	2,803
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial real estate non-owner occupied loans	$ 524,297	$ 163,771	$ 38,184	$ 384,689	$ 92,027	$ 532,553	$ 3,300	$ —	$ 1,738,821
Commercial real estate non-owner occupied loans charge-offs:									
For the Year Ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ 3,073	$ —	$ —	$ 3,073

(amounts in thousands)	Term Loans Amortized Cost Basis by Origination Year as of December 31, 2025								
	2025	2024	2023	2022	2021	Prior	Revolving loans amortized cost basis	Revolving loans converted to term	Total
Construction loans:									
Pass	$ 36,844	$ 55,389	$ 49,156	$ 21,577	$ —	$ —	$ —	$ —	$ 162,966
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total construction loans	$ 36,844	$ 55,389	$ 49,156	$ 21,577	$ —	$ —	$ —	$ —	$ 162,966
Construction loans charge-offs:									
For the Year Ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total commercial loans and leases receivable	$ 3,881,276	$ 2,083,792	$ 754,420	$ 2,679,569	$ 787,902	$ 1,215,614	$ 2,153,066	$ 178,109	$ 13,733,748
Total commercial loans and leases receivable charge-offs:									
For the Year Ended December 31, 2025	$ —	$ 1,064	$ 896	$ 11,297	$ 961	$ 13,219	$ —	$ —	$ 27,437
Residential real estate loans:									
Performing	$ 49,521	$ 32,347	$ 18,124	$ 152,771	$ 114,934	$ 75,589	$ 44,794	$ —	$ 488,080
Non-performing	—	133	962	1,225	1,040	4,990	1,137	—	9,487
Total residential real estate loans	$ 49,521	$ 32,480	$ 19,086	$ 153,996	$ 115,974	$ 80,579	$ 45,931	$ —	$ 497,567
Residential real estate loans charge-offs:									
For the Year Ended December 31, 2025	$ —	$ —	$ 53	$ —	$ —	$ 3	$ —	$ —	$ 56
Manufactured housing loans:									
Performing	$ —	$ —	$ —	$ —	$ —	$ 25,845	$ —	$ —	$ 25,845
Non-performing	—	—	—	—	—	1,607	—	—	1,607
Total manufactured housing loans	$ —	$ —	$ —	$ —	$ —	$ 27,452	$ —	$ —	$ 27,452
Manufactured housing loans charge-offs:									
For the Year Ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Installment loans:									
Performing	$ 245,697	$ 76,563	$ 178,863	$ 159,650	$ 40,057	$ 32,671	$ 39,981	$ 1	$ 773,483
Non-performing	364	467	1,532	1,610	258	61	130	—	4,422
Total installment loans	$ 246,061	$ 77,030	$ 180,395	$ 161,260	$ 40,315	$ 32,732	$ 40,111	$ 1	$ 777,905
Installment loans charge-offs:									
For the Year Ended December 31, 2025	$ 2,621	$ 4,713	$ 12,790	$ 15,413	$ 6,457	$ 2,809	$ —	$ —	$ 44,803
Total consumer loans	$ 295,582	$ 109,510	$ 199,481	$ 315,256	$ 156,289	$ 140,763	$ 86,042	$ 1	$ 1,302,924
Total consumer loans charge-offs:									
For the Year Ended December 31, 2025	$ 2,621	$ 4,713	$ 12,843	$ 15,413	$ 6,457	$ 2,812	$ —	$ —	$ 44,859
Loans and leases receivable	$ 4,176,858	$ 2,193,302	$ 953,901	$ 2,994,825	$ 944,191	$ 1,356,377	$ 2,239,108	$ 178,110	$ 15,036,672
Loans and leases receivable charge-offs:									
For the Year Ended December 31, 2025	$ 2,621	$ 5,777	$ 13,739	$ 26,710	$ 7,418	$ 16,031	$ —	$ —	$ 72,296

(amounts in thousands)	Term Loans Amortized Cost Basis by Origination Year as of December 31, 2024								
	2024	2023	2022	2021	2020	Prior	Revolving loans amortized cost basis	Revolving loans converted to term	Total
Commercial and industrial loans and leases, including specialized lending:									
Pass	$ 2,103,150	$ 738,456	$ 1,278,246	$ 333,068	$ 107,840	$ 6,742	$ 1,907,480	$ 336,100	$ 6,811,082
Special mention	16,905	—	6,933	1,522	—	62	8,144	3,630	37,196
Substandard	—	1,631	43,668	11,525	4,178	62,095	27,830	2,814	153,741
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial and industrial loans and leases	$ 2,120,055	$ 740,087	$ 1,328,847	$ 346,115	$ 112,018	$ 68,899	$ 1,943,454	$ 342,544	$ 7,002,019
Commercial and industrial loans and leases charge-offs:									
For the Year Ended December 31, 2024 [1]	$ 312	$ 2,765	$ 5,833	$ 4,865	$ 2,429	$ 7,531	$ —	$ —	$ 23,735
Multifamily loans:									
Pass	$ 235,685	$ 813	$ 1,182,371	$ 288,055	$ 124,779	$ 314,967	$ —	$ —	$ 2,146,670
Special mention	—	—	14,040	12,093	—	32,316	—	—	58,449
Substandard	—	—	—	—	—	47,127	—	—	47,127
Doubtful	—	—	—	—	—	—	—	—	—
Total multifamily loans	$ 235,685	$ 813	$ 1,196,411	$ 300,148	$ 124,779	$ 394,410	$ —	$ —	$ 2,252,246
Multifamily loans charge-offs:									
For the Year Ended December 31, 2024	$ —	$ —	$ —	$ —	$ —	$ 4,073	$ —	$ —	$ 4,073
Commercial real estate owner occupied loans:									
Pass	$ 395,522	$ 54,356	$ 211,300	$ 195,169	$ 42,078	$ 118,677	$ 7,605	$ 104	$ 1,024,811
Special mention	—	—	159	16,429	10,000	15,885	—	11,136	53,609
Substandard	—	2,944	703	—	—	18,877	—	—	22,524
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial real estate owner occupied loans	$ 395,522	$ 57,300	$ 212,162	$ 211,598	$ 52,078	$ 153,439	$ 7,605	$ 11,240	$ 1,100,944
Commercial real estate owner occupied loans charge-offs:									
For the Year Ended December 31, 2024	$ —	$ —	$ —	$ —	$ —	$ 365	$ —	$ —	$ 365
Commercial real estate non-owner occupied loans:									
Pass	$ 163,429	$ 30,367	$ 412,352	$ 96,656	$ 165,111	$ 413,336	$ 2,000	$ —	$ 1,283,251
Special mention	—	12,000	4,277	—	—	431	—	—	16,708
Substandard	—	—	—	—	—	59,171	—	—	59,171
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial real estate non-owner occupied loans	$ 163,429	$ 42,367	$ 416,629	$ 96,656	$ 165,111	$ 472,938	$ 2,000	$ —	$ 1,359,130
Commercial real estate non-owner occupied loans charge-offs:									
For the Year Ended December 31, 2024	$ —	$ —	$ —	$ —	$ 145	$ —	$ —	$ —	$ 145
Construction loans:									
Pass	$ 16,103	$ 22,610	$ 94,957	$ —	$ —	$ 4,446	$ —	$ —	$ 138,116
Special mention	—	9,093	—	—	—	—	—	—	9,093
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total construction loans	$ 16,103	$ 31,703	$ 94,957	$ —	$ —	$ 4,446	$ —	$ —	$ 147,209
Construction loans charge-offs:									
For the Year Ended December 31, 2024	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total commercial loans and leases receivable	$ 2,930,794	$ 872,270	$ 3,249,006	$ 954,517	$ 453,986	$ 1,094,132	$ 1,953,059	$ 353,784	$ 11,861,548
Total commercial loans and leases receivable charge-offs:									
For the Year Ended December 31, 2024	$ 312	$ 2,765	$ 5,833	$ 4,865	$ 2,574	$ 11,969	$ —	$ —	$ 28,318

(amounts in thousands)	Term Loans Amortized Cost Basis by Origination Year as of December 31, 2024								
	2024	2023	2022	2021	2020	Prior	Revolving loans amortized cost basis	Revolving loans converted to term	Total
Residential real estate loans:									
Performing	$ 45,757	$ 20,701	$ 163,473	$ 123,170	$ 5,827	$ 77,989	$ 50,807	$ —	$ 487,724
Non-performing	138	273	925	1,077	317	5,425	680	—	8,835
Total residential real estate loans	$ 45,895	$ 20,974	$ 164,398	$ 124,247	$ 6,144	$ 83,414	$ 51,487	$ —	$ 496,559
Residential real estate loans charge-offs:									
For the Year Ended December 31, 2024	$ —	$ —	$ —	$ —	$ —	$ 38	$ —	$ —	$ 38
Manufactured housing loans:									
Performing	$ —	$ —	$ —	$ —	$ —	$ 31,570	$ —	$ —	$ 31,570
Non-performing	—	—	—	—	—	1,553	—	—	1,553
Total manufactured housing loans	$ —	$ —	$ —	$ —	$ —	$ 33,123	$ —	$ —	$ 33,123
Manufactured housing loans charge-offs:									
For the Year Ended December 31, 2024	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Installment loans:									
Performing	$ 86,018	$ 164,223	$ 255,777	$ 98,375	$ 31,808	$ 25,733	$ 46,126	$ 5	$ 708,065
Non-performing	238	1,829	1,698	918	260	504	141	—	5,588
Total installment loans	$ 86,256	$ 166,052	$ 257,475	$ 99,293	$ 32,068	$ 26,237	$ 46,267	$ 5	$ 713,653
Installment loans charge-offs:									
For the Year Ended December 31, 2024	$ 2,797	$ 8,791	$ 22,707	$ 15,211	$ 2,811	$ 3,792	$ —	$ —	$ 56,109
Total consumer loans	$ 132,151	$ 187,026	$ 421,873	$ 223,540	$ 38,212	$ 142,774	$ 97,754	$ 5	$ 1,243,335
Consumer loans charge-offs:									
For the Year Ended December 31, 2024	$ 2,797	$ 8,791	$ 22,707	$ 15,211	$ 2,811	$ 3,830	$ —	$ —	$ 56,147
Loans and leases receivable	$ 3,062,945	$ 1,059,296	$ 3,670,879	$ 1,178,057	$ 492,198	$ 1,236,906	$ 2,050,813	$ 353,789	$ 13,104,883
Loans and leases receivable charge-offs:									
For the Year Ended December 31, 2024	$ 3,109	$ 11,556	$ 28,540	$ 20,076	$ 5,385	$ 15,799	$ —	$ —	$ 84,465

(1) Charge-offs for the year ended December 31, 2024 included $5.0 million of commercial and industrial loans originated under the PPP that were subsequently determined to be ineligible for SBA forgiveness and guarantee and were ultimately deemed uncollectible.

Loan Purchases and Sales

Purchases and sales of loans held for investment were as follows for the years ended December 31, 2025, 2024 and 2023:

(amounts in thousands)	For the Years Ended December 31, 2025	2024	2023
Purchases [1]			
Specialized lending	$ —	$ —	$ 631,252
Other commercial and industrial	55,543	9,019	22,073
Commercial real estate owner occupied	—	—	2,867
Construction	10,080	—	—
Residential real estate	—	—	4,238
Personal installment [2]	347,234	189,374	—
Other installment [2]	—	—	96,758
Total	$ 412,857	$ 198,393	$ 757,188
Sales [3]			
Specialized lending [4]	$ —	$ —	$ 287,185
Other commercial and industrial [5]	3,846	23,708	54,083
Multifamily	8,000	—	—
Commercial real estate owner occupied [5]	—	—	24,522
Commercial real estate non-owner occupied	—	—	16,000
Personal installment	281	53,598	—
Other installment	552	—	154,042
Total	$ 12,679	$ 77,306	$ 535,832

(1) Amounts reported in the above table are the unpaid principal balance at time of purchase. The purchase price was 92.9%, 97.5% and 87.9% of the loans' unpaid principal balance for the years ended December 31, 2025, 2024 and 2023, respectively.
(2) Installment loan purchases for the years ended December 31, 2025, 2024 and 2023 consist of third-party originated unsecured consumer loans. None of the loans held for investment are considered sub-prime at the time of origination. Customers considers sub-prime borrowers to be those with FICO scores below 660.
(3) For the years ended December 31, 2025, 2024 and 2023, net gain (loss) on sales of loans held for investment included in net gain (loss) on sale of loans and leases in the consolidated statements of income was insignificant.
(4) Includes a loss of 5.0 million from the sale of $670.0 million of short-term syndicated capital call lines of credit ($280.7 million of loans held for investment in unpaid principal balance and $389.3 million of unfunded loan commitments) included in loss on sale of capital call lines of credit in the consolidated statement of income for the year ended December 31, 2023.
(5) Primarily sales of SBA loans for the year ended December 31, 2023.

$32.1 million of the other commercial and industrial loans purchased during the year ended December 31, 2025 were classified as PCD. The reconciliation between the purchase price and the unpaid principal balance was as follows:

(amounts in thousands)	
Par value	$ 32,050
Unamortized discount	(16,217)
Allowance for credit losses	(1,000)
Purchase price	$ 14,833

Loans Pledged as Collateral

Customers has pledged eligible commercial and residential real estate, multifamily, commercial and industrial and consumer installment loans as collateral for borrowings outstanding or available immediately from the FHLB and FRB in the amount of $9.4 billion and $8.0 billion at December 31, 2025 and 2024, respectively.

NOTE 8 – LEASES

Lessee

Customers has operating leases for its branches, certain limited purpose offices ("LPOs"), and administrative offices, with remaining lease terms ranging between two months and ten years. These operating leases comprise substantially all of Customers' obligations in which Customers is the lessee. These lease agreements typically consist of initial lease terms ranging between one and ten years, with options to renew the leases or extend the term up to ten years at Customers' sole discretion. Some operating leases include variable lease payments that are based on an index or rate, such as the Consumer Price Index ("CPI"). Variable lease payments are not included in the liability or ROU asset and are recognized in the period in which the obligation for those payments are incurred. Customers' operating lease agreements do not contain any material residual value guarantees or material restrictive covenants. Pursuant to these agreements, Customers does not have any commitments that would meet the definition of a finance lease.

As most of Customers' operating leases do not provide an implicit rate, Customers utilized its incremental borrowing rate when determining the present value of lease payments.

The following table summarizes operating lease ROU assets and operating lease liabilities and their corresponding balance sheet location:

(amounts in thousands)	Classification	December 31, 2025	December 31, 2024
ASSETS			
Operating lease ROU assets	Other assets	$ 34,347	$ 35,322
LIABILITIES			
Operating lease liabilities	Other liabilities	$ 41,719	$ 37,882

The following table summarizes operating lease cost and its corresponding income statement location for the periods presented:

		For the Years Ended December 31,		
(amounts in thousands)	Classification	2025	2024	2023
Operating lease cost [1]	Occupancy expenses	$ 7,599	$ 6,264	$ 5,050

(1) There were no variable lease costs for the years ended December 31, 2025, 2024 and 2023, and sublease income for operating leases was immaterial.

Maturities of non-cancelable operating lease liabilities were as follows at December 31, 2025:

(amounts in thousands)	December 31, 2025
2026	$ 7,438
2027	7,524
2028	7,276
2029	6,335
2030	4,720
Thereafter	14,629
Total minimum payments	47,922
Less: interest	6,203
Present value of lease liabilities	$ 41,719

Customers does not have leases where it is involved with the construction or design of an underlying asset. Cash paid pursuant to operating lease liabilities was $6.2 million, $5.6 million and $5.4 million for the years ended December 31, 2025, 2024 and 2023, respectively. These payments were reported as cash flows used in operating activities in the consolidated statement of cash flows.

The following table summarizes the weighted average remaining lease term and discount rate for Customers' operating leases at December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Weighted average remaining lease term (years)		
Operating leases	7.4 years	8.2 years
Weighted average discount rate		
Operating leases	4.20 %	4.22 %

Equipment Lessor

Customers' commercial equipment financing group goes to market through the following origination platforms: vendors, intermediaries, direct and capital markets. Lease terms typically range from 24 months to 120 months. Customers' commercial equipment financing group leases equipment under direct finance, sales-type or operating leases.

The estimated residual values for direct finance, sales-type and operating leases are established by utilizing internally developed analyses, external studies, and/or third-party appraisals to establish a residual position. Expected credit losses on direct financing and sales-type leases and the related estimated residual values are included in the ACL on loans and leases.

Direct finance and sales-type equipment leases, are included in commercial and industrial loans and leases receivable and are recorded at the discounted amounts of lease payments receivable and the estimated residual value of the leased assets. Interest income on direct finance and sales-type leases is recognized over the term of the leases using the effective interest method. Any difference between the lower of the fair value of the underlying leased asset or the sum of the lease receivables and the carrying amount of the underlying leased asset would result to a gain or loss at the lease commencement date. Customers' direct finance and sales-type lease activity primarily relates to leasing of new equipment.

Customers' commercial equipment financing group has executed leases of commercial clean vehicles that qualified for investment tax credits in 2024. Customers accounted for these leases as sales-type leases and were included in loans and leases receivable on the balance sheet. Customers recognized a loss on sales-type leases of $14.9 million within net gain (loss) on sale of loans and leases and the corresponding investment tax credits within income tax expense in the consolidated statement of income for the year ended December 31, 2024. Customers did not enter into sales-type leases of commercial clean vehicles that qualified for investment tax credits during the year ended December 31, 2025.

Customers' commercial equipment financing group had total interest income, including from direct financing and sales-type leases of $63.2 million, $45.7 million and $32.0 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Leased assets under operating leases are reported at amortized cost, net of accumulated depreciation and any impairment charges, and are presented in other assets. The depreciation expense of the leased assets is recognized on a straight-line basis over the contractual term of the leases up to the expected residual value. The expected residual value and, accordingly, the monthly depreciation expense, may change throughout the term of the lease. Operating lease rental income for leased assets is recognized in commercial lease income on a straight-line basis over the lease term. Customers periodically reviews its operating leased assets for impairment. An impairment loss is recognized if the carrying amount of the operating leased asset exceeds its fair value and is not recoverable. The carrying amount of operating leased assets is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the lease payments and the estimated residual value upon the eventual disposition of the equipment.

The following table summarizes lease receivables and investment in operating leases and their corresponding balance sheet location at December 31, 2025 and 2024:

(amounts in thousands)	Classification	December 31, 2025	December 31, 2024
ASSETS			
Direct financing and sales-type leases			
Lease receivables	Loans and leases receivable	$ 301,753	$ 251,507
Guaranteed residual assets	Loans and leases receivable	26,859	24,045
Unguaranteed residual assets	Loans and leases receivable	11,788	10,463
Deferred initial direct costs	Loans and leases receivable	1,717	1,352
Unearned income	Loans and leases receivable	(35,575)	(24,673)
Net investment in direct financing and sales-type leases		$ 306,542	$ 262,694
Operating leases			
Investment in operating leases	Other assets	$ 407,987	$ 308,993
Accumulated depreciation	Other assets	(105,706)	(95,053)
Deferred initial direct costs	Other assets	1,094	978
Net investment in operating leases		303,375	214,918
Total lease assets		$ 609,917	$ 477,612

Maturities of operating and direct financing and sales-type lease receivables were as follows at December 31, 2025:

(amounts in thousands)	Operating leases	Direct financing and sales-type leases
2026	$ 57,336	$ 83,877
2027	50,976	72,596
2028	41,892	53,418
2029	31,348	40,898
2030	18,632	25,351
Thereafter	10,930	25,613
Total lease payments	$ 211,114	301,753
Less: interest		35,575
Present value of lease receivables		$ 266,178

NOTE 9 – BANK PREMISES AND EQUIPMENT

The components of bank premises and equipment as of December 31, 2025 and 2024 were as follows:

(amounts in thousands)	Expected Useful Life	December 31, 2025	December 31, 2024
Leasehold improvements	3 to 25 years	$ 22,564	$ 13,953
Furniture, fixtures and equipment	5 to 10 years	9,757	6,656
IT equipment	3 to 5 years	12,219	10,359
Automobiles	3 to 5 years	516	367
		45,056	31,335
Accumulated depreciation and amortization		(28,311)	(24,667)
Total		$ 16,745	$ 6,668

Depreciation expense and amortization of leasehold improvements, which are included on the consolidated statements of income in occupancy expenses, were $3.6 million, $2.2 million and $2.2 million for the years ended December 31, 2025, 2024 and 2023, respectively.

NOTE 10 – DEPOSITS

The components of deposits at December 31, 2025 and 2024 were as follows:

(amounts in thousands)	December 31, 2025	December 31, 2024
Demand, non-interest bearing	$ 6,303,748	$ 5,608,288
Demand, interest bearing	5,049,151	5,553,698
Savings, including money market deposit accounts	6,129,837	4,976,270
Time	3,295,968	2,708,205
Total deposits	$ 20,778,704	$ 18,846,461

The scheduled maturities for time deposits at December 31, 2025 were as follows:

(amounts in thousands)	December 31, 2025
2026	$ 1,691,016
2027	550,874
2028	535,145
2029	394,853
2030	100,577
Thereafter	23,503
Total time deposits	$ 3,295,968

Time deposits greater than the FDIC limit of $250,000 totaled $1.2 billion and $803.1 million at December 31, 2025 and 2024, respectively.

Demand deposit overdrafts reclassified as loans were $1.2 million at December 31, 2025 and 2024, respectively.

At December 31, 2025 and 2024, the Bank had $1.8 billion and $1.5 billion in deposits, respectively, to which it had pledged $1.8 billion and $1.5 billion of available borrowing capacity through the FHLB to the depositors through a standby letter of credit arrangement, respectively.

NOTE 11 – BORROWINGS

Short-term debt

Short-term debt at December 31, 2025 and 2024 was as follows:

	December 31,			
	2025		2024	
(dollars in thousands)	Amount	Rate	Amount	Rate
FHLB advances	$ —	— %	$ 100,000	4.61 %
Total short-term debt	$ —		$ 100,000	

The following is a summary of additional information relating to Customers' short-term debt:

	December 31,		
(dollars in thousands)	2025	2024	2023
FRB advances [1]			
Maximum outstanding at any month end	$ —	$ —	$ —
Average balance during the year	—	—	120,099
Weighted-average interest rate during the year	— %	— %	5.23 %
FHLB advances			
Maximum outstanding at any month end	$ 200,000	$ 150,000	$ —
Average balance during the year	61,781	8,880	87,407
Weighted-average interest rate during the year	4.55 %	5.71 %	5.16 %
Federal funds purchased			
Maximum outstanding at any month end	$ —	$ —	$ —
Average balance during the year	—	—	3,781
Weighted-average interest rate during the year	— %	— %	4.97 %

(1) Included advances under the Bank Term Funding Program ("BTFP"). The BTFP offered loans of up to one year to eligible depository institutions pledging any collateral valued at par, that are eligible for purchase by the Federal Reserve Banks in open market operations, such as U.S. Treasuries, U.S. agency securities, and U.S. agency mortgage-backed securities. The BTFP ended on March 11, 2024.

At December 31, 2025 and 2024, Customers Bank had aggregate availability under federal funds lines totaling $1.6 billion and $1.7 billion, respectively.

Long-term debt

FHLB and FRB advances

Long-term FHLB and FRB advances at December 31, 2025 and 2024 were as follows:

	December 31,			
	2025		2024	
(dollars in thousands)	Amount	Rate	Amount	Rate
FHLB advances [1]	$ 1,325,068 [2]	4.04 % [3]	$ 1,028,352 [2]	4.11 % [3]
Total long-term FHLB and FRB advances	$ 1,325,068		$ 1,028,352	

(1) Amounts reported in the above table include fixed rate long-term advances from FHLB of $750.0 million with maturities ranging from March 2026 to March 2028, and variable rate long-term advances from FHLB of $570.0 million with maturities ranging from March 2027 to December 2028 with a returnable option that can be repaid without penalty on certain predetermined dates at Customers Bank's option, at December 31, 2025.
(2) Includes $5.1 million and $(1.6) million of unamortized basis adjustments from interest rate swaps designated as fair value hedges of long-term advances from FHLB at December 31, 2025 and 2024, respectively. Refer to NOTE 20 — DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES for additional information.
(3) Excludes the effect of interest rate swaps designated as fair value hedges of long-term advances from FHLB.

Maturities of long-term FHLB advances were as follows at December 31, 2025:

(dollars in thousands)	December 31, 2025 Amount [1]	Rate [2]
2026	$ 200,000	4.32 %
2027	940,000	3.95 %
2028	180,000	4.25 %
2029	—	— %
2030	—	— %
Thereafter	—	— %
Total long-term FHLB advances	$ 1,320,000	

(1) Amounts reported in the above table include variable rate long-term advances from FHLB of $570.0 million with maturities ranging from March 2027 to December 2028 with a returnable option that can be repaid without penalty on certain predetermined dates at Customers Bank's option.
(2) Excludes the effect of interest rate swaps designated as fair value hedges of long-term advances from FHLB.

The maximum borrowing capacity with the FHLB and FRB at December 31, 2025 and 2024 was as follows:

(amounts in thousands)	December 31, 2025	2024
Total maximum borrowing capacity with the FHLB	$ 4,639,436	$ 3,562,171
Total maximum borrowing capacity with the FRB	4,742,290	4,357,519
Qualifying loans and securities serving as collateral against FHLB and FRB	11,200,653	9,722,736

Senior and Subordinated Debt

Long-term senior notes and subordinated debt at December 31, 2025 and 2024 were as follows:

(dollars in thousands)		Carrying Amount at December 31,						
Issued by	Ranking	2025	2024	Rate	Issued Amount	Date Issued	Maturity	Price
Customers Bancorp	Senior [1]	$ 99,208	$ 99,068	2.875 %	$ 100,000	August 2021	August 2031	100.000 %
Total other borrowings		$ 99,208	$ 99,068					
Customers Bancorp	Subordinated [2][3]	$ 98,359	$ —	6.875 %	$ 100,000	December 2025	January 2036	100.000 %
Customers Bancorp	Subordinated [2][4]	73,129	72,947	5.375 %	$ 74,750	December 2019	December 2034	100.000 %
Customers Bank	Subordinated [2][5]	109,659	109,562	6.125 %	110,000	June 2014	June 2029	100.000 %
Total subordinated debt		$ 281,147	$ 182,509					

(1) The senior notes will bear an annual fixed rate of 2.875% until August 15, 2026. From August 15, 2026 until maturity, the notes will bear an annual interest rate equal to a benchmark rate, which is expected to be the three-month term SOFR, plus 235 basis points. Customers Bancorp has the ability to call the senior notes, in whole, or in part, at a redemption price equal to 100% of the principal balance at certain times on or after August 15, 2026.
(2) The subordinated notes qualify as Tier 2 capital for regulatory capital purposes.
(3) The subordinated notes will bear an annual fixed rate of 6.875% until January 15, 2031. From January 15, 2031 until maturity, the notes will bear an annual interest rate equal to a benchmark rate, which is expected to be the three-month term SOFR, plus 342 basis points. Customers Bancorp has the ability to call the subordinated notes, in whole, or in part, at a redemption price equal to 100% of the principal balance at certain times on or after January 15, 2031.
(4) Customers Bancorp has the ability to call the subordinated notes, in whole, or in part, at a redemption price equal to 100% of the principal balance at certain times on or after December 30, 2029.
(5) The subordinated notes had an annual fixed rate of 6.125% until June 26, 2024. From June 26, 2024 until maturity, the notes bear an annual interest rate equal to the three-month LIBOR plus 344.3 basis points. Pursuant to the Adjustable Interest Rate (LIBOR) Act enacted by Congress on March 15, 2022, Customers substituted three-month term SOFR plus a tenor spread adjustment of 26.161 basis points for three-month LIBOR as the benchmark reference rate in order to calculate the annual interest rate after June 26, 2024. Customers Bank has the ability to call the subordinated notes, in whole, or in part, at a redemption price equal to 100% of the principal balance at certain times on or after June 26, 2024.

NOTE 12 – SHAREHOLDERS' EQUITY

Common Stock

On August 25, 2021, the Board of Directors of Customers Bancorp authorized a share repurchase program (the "Share Repurchase Program") to repurchase up to 3,235,326 shares of the Company's common stock (representing 10% of the Company's outstanding shares of common stock on June 30, 2021). Purchases of shares under the Share Repurchase Program may be executed through open market purchases, privately negotiated transactions, through the use of Rule 10b5-1 plans, or otherwise. The exact number of shares, timing for such purchases, and the price and terms at and on which such purchases are to be made were at the discretion of the Company and complied with all applicable regulatory limitations. Customers Bancorp purchased 1,379,883 shares of its common stock for $39.8 million under the Share Repurchase Program during the year ended December 31, 2023. On September 27, 2023, the Share Repurchase Program expired. At expiration, the Share Repurchase Program had 497,509 shares that had not been repurchased.

On June 26, 2024, the Board of Directors of Customers Bancorp authorized a new common stock repurchase program (the "2024 Share Repurchase Program") to repurchase up to 497,509 shares of the Company's common stock. The term of the 2024 Share Repurchase Program will extend for one year from June 26, 2024, unless earlier terminated. Purchases of shares under the 2024 Share Repurchase Program may be executed through open market purchases, privately negotiated transactions, through the use of Rule 10b5-1 plans, or otherwise. The exact number of shares, timing for such purchases, and the price and terms at and on which such purchases are to be made will be at the discretion of the Company and will comply with all applicable regulatory limitations. Customers Bancorp purchased 104,206 shares of its common stock for $5.6 million and 393,303 shares of its common stock for $19.2 million under the 2024 Share Repurchase Program during the years ended December 31, 2025 and 2024, respectively. Customers had purchased all shares authorized under the 2024 Share Repurchase Program.

On September 5, 2025, Customers Bancorp sold 2,189,781 shares of its common stock held as treasury stock in an underwritten public offering at a price of $68.50 per share. Customers Bancorp granted the underwriters a 30-day option to purchase up to an additional 328,467 shares of its common stock in the offering at the public offering price, less underwriting discounts and commissions, which option was exercised in full. The net proceeds after deducting underwriting discounts and commissions and offering expenses were $163.5 million. The sales proceeds received in excess of the carrying value of the treasury stock of $84.8 million is included in additional paid-in capital in the consolidated statement of changes in shareholders' equity for the year ended December 31, 2025. During 2024 and 2023, Customers Bancorp did not issue any shares of its common stock other than in connection with share-based compensation programs.

Preferred Stock

As of December 31, 2025, Customers Bancorp had no series of preferred stock outstanding. On June 16, 2025 and December 15, 2025, Customers redeemed all of the outstanding shares of Series E and Series F Preferred Stock, respectively, for an aggregate payment of $142.5 million at a redemption price of $25.00 per share. The redemption price paid in excess of the carrying value of Series E and Series F Preferred Stock of $4.7 million is included as a loss on redemption of preferred stock in the consolidated statement of income for the year ended December 31, 2025. After giving effect to the redemption, no shares of the Series E and Series F Preferred Stock remained outstanding. As of December 31, 2024, Customers Bancorp had two series of preferred stock outstanding.

The table below summarizes Customers' issuances of preferred stock that remain outstanding at December 31, 2025 and 2024 and the dividends paid per share:

(amounts in thousands except share and per share data)		Shares at December 31,		Carrying value at December 31,					
Fixed-to-floating rate:	Issue Date	2025	2024	2025	2024	Initial Fixed Rate	Date at which dividend rate became floating and earliest redemption date	Floating rate of Three-Month SOFR [1] Plus:	Dividend Paid Per Share in 2025
Series E	April 28, 2016	—	2,300,000	$ —	$ 55,593	6.45 %	June 15, 2021	5.140 %	$ 1.23
Series F	September 16, 2016	—	3,400,000	—	82,201	6.00 %	December 15, 2021	4.762 %	$ 2.35
Totals		—	5,700,000	$ —	$ 137,794				

(1) Pursuant to the Adjustable Interest Rate (LIBOR) Act enacted by Congress on March 15, 2022, Customers substituted three-month term SOFR plus a tenor spread adjustment of 26.161 basis points for three-month LIBOR as the benchmark reference rate on Series E and F Preferred Stock, plus 5.14% and 4.762%, respectively, beginning with dividends declared on October 25, 2023.

NOTE 13 – EMPLOYEE BENEFIT PLANS

401(k) Plan

Customers has a 401(k) profit sharing plan whereby eligible team members may contribute amounts up to the annual Internal Revenue Service ("IRS") statutory contribution limit. Customers provides a matching contribution equal to 50% of the first 6% of the contribution made by the team member. Customers' employer contributions for the years ended December 31, 2025, 2024 and 2023 were $3.8 million, $3.4 million, and $2.5 million, respectively.

Supplemental Executive Retirement Plans

Customers entered into a supplemental executive retirement plan ("SERP") with its Executive Chairman that provides annual retirement benefits for a 15-year period upon the later of him reaching the age of 65 or when he terminates employment. The SERP is a defined-contribution type of deferred-compensation arrangement that is designed to provide a target annual retirement benefit of $300,000 per year for 15 years starting at age 65, based on an assumed constant rate of return of 7% per year. The level of retirement benefit is not guaranteed by Customers, and the ultimate retirement benefit can be less than or greater than the target. Customers funds its obligations under the SERP with the increase in cash surrender value of a life insurance policy on the life of the Executive Chairman which it owns. The present value of the amount owed as of December 31, 2025 and 2024 was $9.8 million and $8.4 million, respectively, and was included in other liabilities.

During the years ended December 31, 2024, 2022 and 2021, Customers entered into additional SERPs with several senior executives that provide lifetime retirement benefits upon reaching the age of 65 or when the executives terminate employment; early termination benefits; change in control benefits; and certain disability and death benefits as described in these SERPs. These SERPs are deferred-compensation arrangements that are designed to provide benefits based on the account value of the annuity contracts purchased by Customers to fund its obligations under the SERPs. The present value of the amount owed under these SERPs as of December 31, 2025 and 2024 was $1.2 million and $1.0 million, respectively, and was included in other liabilities.

NOTE 14 – SHARE-BASED COMPENSATION PLANS

Summary

During 2019, the shareholders of Customers Bancorp approved the 2019 Plan, during 2010, the shareholders of Customers Bancorp approved the 2010 Plan, and during 2012, the shareholders of Customers Bancorp approved the 2004 Plan. The purpose of these plans is to promote the success and enhance the value of Customers Bancorp by linking the personal interests of the members of the Board of Directors, team members, officers and executives of Customers to those of the shareholders of Customers and by providing such individuals with an incentive for outstanding performance in order to generate superior returns to shareholders of Customers. The 2019 Plan, 2010 Plan and 2004 Plan are intended to provide flexibility to Customers in its ability to motivate, attract and retain the services of members of the Board of Directors, team members, officers and executives of Customers. Stock options and restricted stock units normally vest on the third or fifth anniversary of the grant date provided the grantee remains employed by Customers or continues to serve on the Board. With respect to certain stock options granted under the 2010 Plan, vested options shall be exercisable only when Customers' fully diluted tangible book value will have increased by 50% from the date of grant. Share-based awards generally provide for accelerated vesting if there is a change in control (as defined in the respective plan agreements). No stock options may be exercisable for more than 10 years from the date of grant, except as permitted under the plans.

The 2019, 2010 and 2004 Plans are administered by the Leadership Development and Compensation Committee of the Board of Directors. The 2019 Plan provides for the grant of options, some or all of which may be structured to qualify as Incentive Stock Options if granted to team members, stock appreciation rights, restricted stock, restricted stock units and unrestricted stock to team members, officers, executives, members of the Board of Directors, consultants, and advisors. During the years ended December 31, 2024 and 2023, the shareholders of Customers Bancorp approved amendments to the 2019 Plan increasing the number of shares of common stock to be issued by additional 750,000 shares and 740,325 shares, respectively. The maximum number of shares of common stock which may be issued under the 2019 Plan, as amended, is 3,320,325 shares. The 2010 Plan provided exclusively for the grant of stock options, some or all of which might be structured to qualify as Incentive Stock Options, to team members, officers and executives. The maximum number of shares of common stock which might be issued under the 2010 Plan was 3,666,667 shares. The 2004 Plan provided for the grant of options, some or all of which might be structured to qualify as Incentive Stock Options if granted to team members, stock appreciation rights, restricted stock, restricted stock units and unrestricted stock to team members, officers, executives and members of the Board of Directors. The maximum number of shares of common stock which might be issued under the 2004 Plan was 2,750,000 shares. The 2010 and 2004 Plans were terminated by December 31, 2021 in accordance with the respective plan agreements. At December 31, 2025, the aggregate number of shares of common stock available for grant under the 2019 Plan was 283,983 shares. During the year ended December 31, 2020, Customers granted an initial inducement award of 300,000 restricted stock units in connection with an executive appointment, outside of the 2019 and 2004 Plans and approved by the independent members of the Board of Directors including all of the members of its Leadership Development and Compensation Committee. These restricted stock units vested on January 22, 2025. During the year ended December 31, 2023, Customers granted one-time employment inducement awards under the New York Stock Exchange listing rules of 22,300 restricted stock units in connection with the onboarding of the venture banking team, outside of the 2019 Plan and approved by Customers Board of Directors, including all of its independent directors present at the meeting, comprising a majority of the independent directors.

Share-based compensation expense relating to stock options and restricted stock units is recognized on a straight-line basis over the vesting periods of the awards and is a component of salaries and employee benefits expense. Total share-based compensation expense for the team members' incentives for the years ended December 31, 2025, 2024 and 2023 was $17.1 million, $13.2 million and $11.2 million, respectively. At December 31, 2025, there was $32.5 million of unrecognized compensation cost related to all non-vested share-based compensation awards. This cost is expected to be recognized through 2031.

Employee Stock Purchase Plan

In 2014, the shareholders of Customers Bancorp approved an Employee Stock Purchase Plan ("ESPP"). The ESPP is intended to encourage team member participation in the ownership and economic progress of Customers. This plan is intended to qualify as an ESPP within the meaning of the Internal Revenue Code ("Code"), as amended, and is administered by the Leadership Development and Compensation Committee of Customers Board of Directors.

Under the ESPP, team members may elect to purchase shares of Customers' common stock through payroll deductions. Because the purchase price under the plan is 85% of the fair market value of a share of common stock on the first day of each quarterly subscription period (a 15% discount to the market price), Customers' ESPP is considered to be a compensatory plan under current accounting guidance. Therefore, the entire amount of the discount is recognizable compensation expense. ESPP expense for the years ended December 31, 2025, 2024 and 2023 was $0.2 million, respectively.

Stock Options

Customers estimated the fair value of each option on the date of grant generally using the Black-Scholes option pricing model. The risk-free interest rate was based upon the zero-coupon Treasury rates in effect on the grant date of the options based on the expected life of the option. Expected volatility was based on historical information. Expected life was management's estimate which took into consideration the vesting requirement, generally three or five years.

The exercise price for the options granted was equal to the closing price of Customers Bancorp's common stock on the date of grant. The options issued are subject to a three or five-year waterfall or cliff vesting and expire after ten years, except as permitted under the plans. No options were granted to officers and team members to purchase shares of Customers Bancorp common stock during the years ended December 31, 2025 and 2023. 19,164 options were granted to certain officers and team members to purchase shares of Customers Bancorp common stock during the year ended December 31, 2024. The exercise price for the options granted was equal to the closing price of Customers Bancorp's voting common stock on the date of grant. The options issued are subject to a five-year cliff vesting and expire after ten years, except as permitted under the plans.

The following table presents the weighted-average assumptions used and the resulting weighted-average fair value of each option granted for the years ended December 31, 2025, 2024 and 2023:

	For the Years Ended December 31,		
	2025	2024	2023
Weighted-average risk-free interest rate	—%	4.46%	—%
Expected dividend yield	—%	—%	—%
Weighted-average expected volatility	—%	54.71%	—%
Weighted-average expected life (in years)	0	7	0
Weighted-average fair value of each option granted	$ —	$ 28.31	$ —

The following table summarizes stock option activity for the year ended December 31, 2025:

(dollars in thousands, except weighted-average exercise price)	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding, December 31, 2024	1,292,015	$ 28.10		
Granted	—	—		
Exercised	(39,633)	19.40		$ 1,639
Forfeited	(1,904)	46.98		
Outstanding, December 31, 2025	1,250,478	$ 28.35	3.52	$ 55,985
Exercisable at December 31, 2025	683,218	$ 26.25	2.01	$ 32,024

Cash received from the exercise of the stock options during the year ended December 31, 2025 was $0.9 million. The tax benefit resulting from option exercises was $0.2 million in 2025.

A summary of the status of Customers' non-vested options at December 31, 2025, and changes during the year ended December 31, 2025 was as follows:

	Number of Options	Weighted-Average exercise price
Non-vested at December 31, 2024	569,164	$ 30.93
Granted	—	—
Vested	—	—
Forfeited	(1,904)	46.98
Non-vested at December 31, 2025	567,260	30.88

Restricted Stock Units

The fair value of restricted stock units granted under the 2019 Plan is determined based on the closing market price of Customers' common stock on the date of grant, except for the performance based restricted stock units with market conditions. The fair value of the performance based restricted stock units with market conditions is determined using the Monte-Carlo simulation model as of the date of grant.

Customers' long-term incentive compensation plan incorporates performance metrics into the restricted stock awards for certain of Customers' key officers. Specifically, 40% of the restricted stock units granted as long term incentive compensation will vest ratably over three years. The number of restricted stock units that will vest for the remaining 60% is dependent upon Customers meeting certain performance metrics, including total shareholder return, return on average common equity, and average non-performing assets ("NPAs") to total assets over a three-year period relative to the performance of its peer group. The performance conditions are considered probable.

There were 607,525 restricted stock units granted under the 2019 Plan during the year ended December 31, 2025. The grants are mostly subject to either a three-year waterfall vesting (with one third of the amount vesting annually) or a three-year cliff vesting, with 41,823 of those units also subject to the performance metrics described above. In addition, during the year ended December 31, 2025, an incentive award of 225,000 performance-based restricted stock units were granted, subject to certain performance conditions under the 2019 Plan in connection with an executive appointment. These restricted stock units vest if the executive is employed by the Company as of January 1, 2031 and, at any time during a five-year period commencing on January 1, 2026, the average closing price of Customers' common stock is, for 20 consecutive trading days, equal to or greater than $125.00.

The table below presents the status of the restricted stock units at December 31, 2025, and changes during the year ended December 31, 2025:

	Restricted Stock Units	Weighted-Average Grant-Date Fair Value
Outstanding and unvested at December 31, 2024	1,110,122	$ 32.61
Granted	607,525	50.88
Vested	(617,384)	28.52
Forfeited	(71,337)	44.03
Outstanding and unvested at December 31, 2025	1,028,926	42.63

Customers has a policy that permits its directors to elect to receive shares of common stock in lieu of their cash retainers. During the year ended December 31, 2025, Customers issued 23,246 shares of common stock with a fair value of $1.4 million to the directors as compensation for their services. The fair values were generally determined based on the closing price of the common stock the day before the shares were issued.

NOTE 15 – INCOME TAXES

The components of income tax expense, disaggregated by federal, state and local jurisdictions, were as follows:

	For the Years Ended December 31,		
(amounts in thousands)	2025	2024	2023
Current			
Federal	$ 52,698	$ 23,723	$ 42,485
State and local	22,635	20,324	15,935
Total current expense	75,333	44,047	58,420
Deferred			
Federal	(8,727)	(1,204)	17,478
State and local	(2,263)	61	4,699
Total deferred expense (benefit)	(10,990)	(1,143)	22,177
Total			
Federal	43,971	22,519	59,963
State and local	20,372	20,385	20,634
Total income tax expense	$ 64,343	$ 42,904	$ 80,597

Customers did not have any income tax expense (benefit) in foreign jurisdictions for the years ended December 31, 2025, 2024 and 2023.

Effective tax rates differ from the federal statutory rate of 21% at December 31, 2025, 2024, and 2023, which was applied to income before income tax expense, due to the following:

	For the Years Ended December 31,					
	2025		2024		2023	
(dollars in thousands)	Amount	% of pretax income	Amount	% of pretax income	Amount	% of pretax income
Federal income tax at statutory rate	$ 60,571	21.00 %	$ 47,118	21.00 %	$ 69,455	21.00 %
State and local income tax, net of federal income tax benefit [1]	15,605	5.41	10,656	4.75	16,893	5.11
Tax credits [2]						
Low income housing tax credits [3]	(1,157)	(0.40)	(1,859)	(0.83)	241	0.07
Energy-related tax credits	(11,428)	(3.96)	(17,835)	(7.95)	(8,450)	(2.55)
Other tax credits	—	—	(38)	(0.02)	—	—
Nontaxable or nondeductible items						
Tax-exempt interest, net of disallowance	(739)	(0.26)	(769)	(0.34)	(769)	(0.23)
Bank-owned life insurance [4]	(2,527)	(0.88)	(2,442)	(1.09)	1,286	0.39
Non-deductible executive compensation	5,276	1.83	2,572	1.15	1,725	0.52
FDIC premium limitation	2,614	0.91	2,440	1.09	1,604	0.49
Other	354	0.12	138	0.06	83	0.03
Changes in unrecognized tax benefits	510	0.18	4,993	2.23	(785)	(0.24)
Other adjustments						
Equity-based compensation	(4,460)	(1.55)	(1,888)	(0.84)	(679)	(0.21)
Other	(276)	(0.09)	(182)	(0.09)	(7)	(0.01)
Effective income tax rate	$ 64,343	22.31 %	$ 42,904	19.12 %	$ 80,597	24.37 %

(1) For the years ended December 31, 2025 and 2024, state taxes in New York and local taxes in New York City made up the majority (greater than 50 percent) of the tax effect of this category. For the year ended December 31, 2023, state taxes in California and New York and local taxes in New York City made up the majority (greater than 50 percent) of the tax effect of this category.
(2) Tax credits are net of associated investment impacts, such as proportional amortization, tax benefits of flow through losses, and tax basis reductions.
(3) Low income housing tax credits for the year ended December 31, 2023 includes adjustments related to prior years.
(4) Bank-owned life insurance for the year ended December 31, 2023 includes tax on the surrender of bank-owned life insurance policies.

Deferred income taxes reflect temporary differences in the recognition of revenue and expenses for tax reporting and financial statement purposes, principally because certain items are recognized in different periods for financial reporting and tax return purposes. The following represents Customers' deferred tax assets and liabilities as December 31, 2025 and 2024:

	December 31,	
(amounts in thousands)	2025	2024
Deferred tax assets		
Allowance for credit losses on loans and leases	$ 40,470	$ 35,733
Impairment losses	10,033	—
Net operating losses	460	551
Compensation and benefits	12,646	12,716
Net deferred loan fees and costs	5,186	2,032
Lease liability	10,932	9,951
Net unrealized losses on securities	20,549	34,203
Accrued severance	123	797
Other reserves	9,413	3,364
Other	2,147	4,103
Total deferred tax assets	111,959	103,450
Deferred tax liabilities		
Tax qualified lease adjustments	(97,122)	(86,522)
Right of use asset	(9,000)	(9,278)
Net unrealized gains on cash flow hedges	(1,065)	—
Other	(6,824)	(5,974)
Total deferred tax liabilities	(114,011)	(101,774)
Net deferred tax asset (liability)	$ (2,052)	$ 1,676

The net deferred tax asset (liability) is recorded in other assets and other liabilities at December 31, 2025 and 2024.

Customers had approximately $2.2 million of federal net operating loss carryovers subject to the annual limitation under Section 382 of the Code at December 31, 2025, that begin to expire in 2030. At December 31, 2025, Customers had approximately $133.6 million of Pennsylvania net operating loss carryovers for which a deferred tax asset was not established because realization of the loss carryovers was considered remote.

The following table presents changes in unrecognized tax benefits for the years ended December 31, 2025, 2024, and 2023:

	For the Years Ended December 31,		
(amounts in thousands)	2025	2024	2023
Balance at January 1	$ 6,738	$ 1,796	$ 4,065
Increases related to prior year tax positions	1,435	4,987	—
Decreases related to prior year tax positions	(134)	(104)	(1,474)
Increases related to current year tax positions	364	289	361
Settlements	—	(230)	(1,156)
Lapse of statute	(1,540)	—	—
Balance at December 31	$ 6,863	$ 6,738	$ 1,796

As of December 31, 2025, all of Customers' unrecognized tax benefits, if recognized, would impact the effective tax rate. Not included in the table above is $1.8 million of federal income tax benefit on unrecognized state and local tax benefits recognized in deferred taxes. Customers recognizes interest related to unrecognized tax benefits in income tax expense and penalties in other non-interest expense. During the years ended December 31, 2025, 2024 and 2023, Customers recognized $0.5 million, $1.3 million and $0.1 million, respectively, of interest related to unrecognized tax benefits in income tax expense.

The following table presents income taxes paid, net of refunds received, disaggregated by federal, state and local jurisdictions for the years ended December 31, 2025, 2024 and 2023. Customers did not have any income taxes paid to foreign jurisdictions for the years ended December 31, 2025, 2024, and 2023.

	For the Years Ended December 31,		
(amounts in thousands)	2025	2024	2023
Federal	$ 16,272	$ 36,560	$ 32,365
State:			
California	2,000	*	3,232
New York	7,957	8,307	2,602
Other	3,625	9,496	5,187
Total state	13,582	17,803	11,021
Local:			
New York City	6,226	3,210	*
Other	—	20	1,586
Total local	6,226	3,230	1,586
Total income taxes paid, net of refunds received	$ 36,080	$ 57,593	$ 44,972

* The amount of income taxes paid during the year does not meet the 5% disaggregation threshold.

Customers is subject to U.S. federal income tax as well as income tax in various state and local taxing jurisdictions. Generally, Customers is no longer subject to examination by federal, state and local taxing authorities for years prior to the year ended December 31, 2022, with the exception of California, New York State, and New York City. In 2023, Customers settled the audit examination with New York State for the 2015-2017 tax years and with New York City for the 2016-2018 tax years. In 2025, Customers settled the audit examination with New Jersey for the 2018 tax year. Customers is currently under audit by New York City for the 2019-2021 tax years. Any potential adjustments for open audits have been considered in the balance of unrecognized tax benefits as of December 31, 2025.

NOTE 16 – TRANSACTIONS WITH EXECUTIVE OFFICERS, DIRECTORS AND PRINCIPAL SHAREHOLDERS

Customers has had, and may be expected to have in the future, banking transactions in the ordinary course of business with its executive officers, directors, principal shareholders, their immediate families and affiliated companies (commonly referred to as related parties). Some current directors, nominees for director and executive officers of Customers and entities or organizations in which they were executive officers or the equivalent or owners of more than 10% of the equity, were customers of and had transactions with or involving Customers in the ordinary course of business during the years ended December 31, 2025, 2024 and 2023. None of these transactions involved amounts in excess of 5% of Customers' total shareholders' equity at December 31, 2025, 2024 and 2023. Additional transactions with such persons and entities may be expected to take place in the ordinary course of business in the future.

NOTE 17 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

Customers is involved with financial instruments and other commitments with off-balance sheet risks. Financial instruments with off-balance sheet risks are incurred in the normal course of business to meet the financing needs of the Bank's customers. These financial instruments include commitments to extend credit, including unused portions of lines of credit, and standby letters of credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized on the balance sheet.

With commitments to extend credit, exposures to credit loss in the event of non-performance by the other party to the financial instrument is represented by the contractual amount of those instruments. The same credit policies are used in making commitments and conditional obligations as for on-balance sheet instruments. Because they involve credit risk similar to extending a loan and lease, commitments to extend credit are subject to the Bank's credit policy and other underwriting standards.

As of December 31, 2025 and 2024, the following off-balance sheet commitments, financial instruments and other arrangements were outstanding:

(amounts in thousands)	December 31, 2025	2024
Commitments to fund loans and leases	$ 190,268	$ 165,881
Unfunded commitments to fund mortgage finance loans	1,379,938	1,562,593
Unfunded commitments under lines of credit and credit cards	3,912,704	3,825,727
Letters of credit	43,345	31,832
Other unused and unfunded commitments	37,308	28,904

Commitments to fund loans and leases, unfunded commitments to fund mortgage finance loans, unfunded commitments under lines of credit, letters of credit, and credit cards are agreements to extend credit to or for the benefit of a customer in the ordinary course of the Bank's business.

Commitments to fund loans and leases and unfunded commitments under lines of credit may be obligations of the Bank as long as there is no violation of any condition established in the contract. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if the Bank deems it necessary upon extension of credit, is based upon management's credit evaluation. Collateral held varies but may include personal or commercial real estate, securities, accounts receivable, inventory and equipment.

Mortgage finance loan commitments are agreements to fund the pipelines of mortgage banking businesses from closing of individual mortgage loans until their sale into the secondary market. Most of the individual mortgage loans are insured or guaranteed by the U.S. government through one of its programs such as the Federal Housing Administration ("FHA"), the U.S. Department of Veterans Affairs ("VA"), or are conventional loans eligible for sale to Fannie Mae and Freddie Mac. These commitments generally fluctuate monthly based on changes in interest rates, refinance activity, new home sales and laws and regulation.

Outstanding letters of credit written are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Letters of credit may obligate the Bank to fund draws under those letters of credit whether or not a customer continues to meet the conditions of the extension of credit. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan and lease facilities to customers.

Allowance For Credit Losses on Lending- Related Commitments

As described in NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION, ACL on lending related commitments is a liability account, calculated in accordance with ASC 326, representing expected credit losses over the contractual period for which Customers is exposed to credit risk resulting from a contractual obligation to extend credit. No ACL is recognized if Customers has the unconditional right to cancel the obligation. Off-balance-sheet credit commitments primarily consist of amounts available under outstanding lines of credit and letters of credit disclosed above. For the period of exposure, the estimate of expected credit losses considers both the likelihood that funding will occur and the amount expected to be funded over the estimated remaining life of the commitment or other off-balance-sheet exposure. Customers estimates the expected credit losses for undrawn or unfunded commitments using a usage given default calculation. The lifetime loss rates for off-balance sheet credit exposures are calculated in the same manner as on-balance sheet credit exposures, using the same models and economic forecasts, adjusted for the estimated likelihood that funding will occur. Customers recognized a provision for credit losses of $4.1 million during the year ended December 31, 2025 resulting in an ACL of $9.0 million as of December 31, 2025. Customers recognized a provision for credit losses of $2.0 million during the year ended December 31, 2024 resulting in an ACL of $4.9 million as of December 31, 2024. The ACL on lending-related commitments is recorded in accrued interest payable and other liabilities in the consolidated balance sheet and the credit loss expense is recorded as a provision for credit losses within other non-interest expense in the consolidated statement of income.

NOTE 18 – REGULATORY CAPITAL

The Bank and the Bancorp are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet the minimum capital requirements can result in certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on Customers' financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and the Bancorp must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance sheet items, as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

In first quarter 2020, the U.S. federal banking regulatory agencies permitted banking organizations to phase-in, for regulatory capital purposes, the day-one impact of the new CECL accounting rule on retained earnings over a period of three years. As part of its response to the impact of COVID-19, on March 31, 2020, the U.S. federal banking regulatory agencies issued an interim final rule that provided the option to temporarily delay certain effects of CECL on regulatory capital for two years, followed by a three-year transition period. The interim final rule allowed banking organizations to delay for two years 100% of the day-one impact of adopting CECL and 25% of the cumulative change in the reported allowance for credit losses since adopting CECL. Customers elected to adopt the interim final rule, which is reflected in the regulatory capital data presented below. The cumulative CECL capital transition impact as of December 31, 2021 which amounted to $61.6 million will be phased in at 25% per year beginning on January 1, 2022 through December 31, 2024. As of December 31, 2025, our regulatory capital ratios reflected the full impact of the CECL transition provisions.

Quantitative measures established by regulation to ensure capital adequacy require the Bank and the Bancorp to maintain minimum amounts and ratios (set forth in the following table) of common equity Tier 1, Tier 1, and total capital to risk-weighted assets, and Tier 1 capital to average assets (as defined in the regulations). At December 31, 2025 and 2024, the Bank and the Bancorp satisfied all capital requirements to which they were subject.

Generally, to comply with the regulatory definition of adequately capitalized, or well capitalized, respectively, or to comply with the Basel III capital requirements, an institution must at least maintain the common equity Tier 1, Tier 1 and total risk-based capital ratios and the Tier 1 leverage ratio in excess of the related minimum ratios set forth in the following table:

	Actual		Minimum Capital Levels to be Classified as:					
			Adequately Capitalized		Well Capitalized		Basel III Compliant	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2025:								
Common equity Tier 1 capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 2,164,010	12.992 %	$ 749,547	4.500 %	N/A	N/A	$ 1,165,962	7.000 %
Customers Bank	$ 2,203,933	13.252 %	$ 748,412	4.500 %	$ 1,081,040	6.500 %	$ 1,164,197	7.000 %
Tier 1 capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 2,164,010	12.992 %	$ 999,396	6.000 %	N/A	N/A	$ 1,415,811	8.500 %
Customers Bank	$ 2,203,933	13.252 %	$ 997,883	6.000 %	$ 1,330,510	8.000 %	$ 1,413,667	8.500 %
Total capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 2,563,309	15.389 %	$ 1,332,528	8.000 %	N/A	N/A	$ 1,748,943	10.500 %
Customers Bank	$ 2,431,744	14.621 %	$ 1,330,510	8.000 %	$ 1,663,138	10.000 %	$ 1,746,295	10.500 %
Tier 1 capital (to average assets)								
Customers Bancorp, Inc.	$ 2,164,010	8.724 %	$ 992,221	4.000 %	N/A	N/A	$ 992,221	4.000 %
Customers Bank	$ 2,203,933	8.895 %	$ 991,061	4.000 %	$ 1,238,827	5.000 %	$ 991,061	4.000 %
As of December 31, 2024:								
Common equity Tier 1 capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 1,803,601	12.087 %	$ 671,841	4.500 %	N/A	N/A	$ 1,044,526	7.000 %
Customers Bank	$ 1,930,951	12.955 %	$ 670,719	4.500 %	$ 968,817	6.500 %	$ 1,043,341	7.000 %
Tier 1 capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 1,941,394	13.011 %	$ 895,308	6.000 %	N/A	N/A	$ 1,268,353	8.500 %
Customers Bank	$ 1,930,951	12.955 %	$ 894,292	6.000 %	$ 1,192,390	8.000 %	$ 1,266,914	8.500 %
Total capital (to risk-weighted assets)								
Customers Bancorp, Inc.	$ 2,219,984	14.878 %	$ 1,193,744	8.000 %	N/A	N/A	$ 1,566,789	10.500 %
Customers Bank	$ 2,136,594	14.335 %	$ 1,192,390	8.000 %	$ 1,490,487	10.000 %	$ 1,565,012	10.500 %
Tier 1 capital (to average assets)								
Customers Bancorp, Inc.	$ 1,941,394	8.694 %	$ 893,254	4.000 %	N/A	N/A	$ 893,254	4.000 %
Customers Bank	$ 1,930,951	8.652 %	$ 892,755	4.000 %	$ 1,115,944	5.000 %	$ 892,755	4.000 %

The Basel III Capital Rules require that we maintain a 2.500% capital conservation buffer with respect to each of common equity Tier 1, Tier 1 and total capital to risk-weighted assets, which provides for capital levels that exceed the minimum risk-based capital adequacy requirements. A financial institution with a conservation buffer of less than the required amount is subject to limitations on capital distributions, including dividend payments and stock repurchases, and certain discretionary bonus payments to executive officers.

NOTE 19 – DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Customers uses fair value measurements to record fair value adjustments to certain assets and liabilities and to disclose the fair value of its financial instruments. ASC 825, *Financial Instruments*, requires disclosure of the estimated fair value of an entity's assets and liabilities considered to be financial instruments. For Customers, as for most financial institutions, the majority of its assets and liabilities are considered to be financial instruments. Many of these instruments lack an available trading market as characterized by a willing buyer and willing seller engaging in an exchange transaction. For fair value disclosure purposes, Customers utilized certain fair value measurement criteria under ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820") as explained below.

In accordance with ASC 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for Customers' various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, focusing on an exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

The fair value guidance also establishes a fair value hierarchy and describes the following three levels used to classify fair value measurements:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require adjustments to inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used to estimate the fair values of Customers' financial instruments as of December 31, 2025 and 2024:

Financial Instruments Recorded at Fair Value on a Recurring Basis

Investment securities:

The fair values of equity securities with a readily determinable fair value, AFS debt securities and debt securities reported at fair value based on a fair value option election are determined by obtaining quoted market prices on nationally recognized and foreign securities exchanges (Level 1), quoted prices in markets that are not active (Level 2), matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices, or internally and externally developed models that use unobservable inputs due to limited or no market activity of the instrument (Level 3).

When quoted market prices are not available, Customers employs an independent pricing service that utilizes matrix pricing to calculate fair value. Such fair value measurements consider observable data such as dealer quotes, market spreads, cash flows, yield curves, live trading levels, trade execution data, market consensus prepayments speeds, credit information, and respective terms and conditions for debt instruments. Management maintains procedures to monitor the pricing service's results and has an established process to challenge their valuations, or methodologies, that appear unusual or unexpected.

Customers also utilizes internally and externally developed models that use unobservable inputs due to limited or no market activity of the instrument. These models use unobservable inputs that are inherently judgmental and reflect our best estimates of the assumptions a market participant would use to calculate fair value. Certain unobservable inputs in isolation may have either a directionally consistent or opposite impact on the fair value of the instrument for a given change in that input. When multiple inputs are used within the valuation techniques, a change in one input in a certain direction may be offset by an opposite change from another input. These assets are classified as Level 1, 2 or 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

Loans held for sale - Residential mortgage loans (fair value option):

Customers generally estimates the fair values of residential mortgage loans held for sale based on commitments on hand from investors within the secondary market for loans with similar characteristics. These assets are classified as Level 2 fair values, based upon the lowest level of input that is significant to the fair value measurements.

Loans held for sale and Loans receivable - Consumer other installment loans (fair value option):

The fair value of medical and home improvement installment loans within consumer other installment loans is the amount of cash initially advanced to fund the loan, as specified in the agreements with fintech companies, and generally held for up to 90 days prior to sale. During the year ended December 31, 2025, Customers transferred medical installment loans from held for sale to held for investment in connection with a lending arrangement with a fintech company that expired in 2025. These assets are classified as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

Loans receivable - Mortgage finance loans (fair value option):

The fair value of mortgage finance loans is the amount of cash initially advanced to fund the mortgage, plus accrued interest and fees, as specified in the respective agreements. The loan is used by mortgage companies as short-term bridge financing between the funding of mortgage loans and the finalization of the sale of the loans to an investor. Changes in fair value are not generally expected to be recognized because at inception of the transaction the underlying mortgage loans have already been sold to an approved investor. Additionally, the interest rate is variable, and the transaction is short-term, with an average life of under 30 days from purchase to sale. These assets are classified as Level 2 fair values, based upon the lowest level of input that is significant to the fair value measurements.

Derivatives (assets and liabilities):

The fair values of interest rate swaps, caps, collars and credit derivatives are determined using models that incorporate readily observable market data into a market standard methodology. This methodology nets the discounted future cash receipts and the discounted expected cash payments. The discounted variable cash receipts and payments are based on expectations of future interest rates derived from observable market interest rate curves. In addition, fair value is adjusted for the effect of nonperformance risk by incorporating credit valuation adjustments for Customers and its counterparties. These assets and liabilities are classified as Level 2 fair values, based upon the lowest level of input that is significant to the fair value measurements.

Derivative assets and liabilities are presented in other assets and accrued interest payable and other liabilities on the consolidated balance sheet.

Financial Instruments Recorded at Fair Value on a Nonrecurring Basis

Collateral-dependent loans:

Collateral-dependent loans are those loans that are accounted for under ASC 326, in which the Bank has measured impairment generally based on the fair value of the loan's collateral or DCF analysis. Fair value is generally determined based upon independent third-party appraisals of the properties that collateralize the loans, DCF based upon the expected proceeds, sales agreements or letters of intent with third parties. These assets are generally classified as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

Other real estate owned:

The fair value of OREO is determined by using appraisals, which may be discounted based on management's review and changes in market conditions or sales agreements with third parties. All appraisals must be performed in accordance with the Uniform Standards of Professional Appraisal Practice. Appraisals are certified to the Bank and performed by appraisers on the Bank's approved list of appraisers. Evaluations are completed by a person independent of management. The content of the appraisal depends on the complexity of the property. Appraisals are completed on a "retail value" and an "as is value". These assets are classified as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

The following information should not be interpreted as an estimate of Customers' fair value in its entirety because fair value calculations are only provided for a limited portion of Customers' assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making these estimates, comparisons between Customers' disclosures and those of other companies may not be meaningful.

The estimated fair values of Customers' financial instruments at December 31, 2025 and 2024 were as follows:

			Fair Value Measurements at December 31, 2025		
(amounts in thousands)	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:					
Cash and cash equivalents	$ 4,411,463	$ 4,411,463	$ 4,411,463	$ —	$ —
Debt securities, available for sale	1,906,535	1,906,535	—	1,668,722	237,813
Debt securities, held to maturity	729,134	683,598	—	426,981	256,617
Loans held for sale	26,102	26,102	—	1,851	24,251
Total loans and leases receivable, net of allowance for credit losses on loans and leases	16,600,758	16,307,551	—	1,612,997	14,694,554
FHLB, Federal Reserve Bank, and other restricted stock	110,411	110,411	—	110,411	—
Derivatives	11,369	11,369	—	11,325	44
Liabilities:					
Deposits	$ 20,778,704	$ 20,806,081	$ 17,482,736	$ 3,323,345	$ —
FHLB advances	1,325,068	1,327,565	—	1,327,565	—
Other borrowings	99,208	93,834	—	93,834	—
Subordinated debt	281,147	277,105	—	277,105	—
Derivatives	15,799	15,799	—	15,799	—

			Fair Value Measurements at December 31, 2024		
(amounts in thousands)	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:					
Cash and cash equivalents	$ 3,785,931	$ 3,785,931	$ 3,785,931	$ —	$ —
Debt securities, available for sale	1,985,438	1,985,438	—	1,972,202	13,236
Debt securities, held to maturity	991,937	934,677	—	461,307	473,370
Loans held for sale	204,794	204,794	—	1,836	202,958
Total loans and leases receivable, net of allowance for credit losses on loans and leases	14,311,987	14,104,884	—	1,321,128	12,783,756
FHLB, Federal Reserve Bank, and other restricted stock	96,214	96,214	—	96,214	—
Derivatives	15,263	15,263	—	15,223	40
Liabilities:					
Deposits	$ 18,846,461	$ 18,842,810	$ 16,138,256	$ 2,704,554	$ —
FHLB advances	1,128,352	1,103,324	—	1,103,324	—
Other borrowings	99,068	88,000	—	88,000	—
Subordinated debt	182,509	167,601	—	167,601	—
Derivatives	22,570	22,570	—	22,570	—

For financial assets and liabilities measured at fair value on a recurring and non-recurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2025 and 2024 were as follows:

	December 31, 2025			
	Fair Value Measurements at the End of the Reporting Period Using			
(amounts in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Measured at Fair Value on a Recurring Basis:				
Assets				
Available for sale securities:				
Asset-backed securities	$ —	$ —	$ 237,813	$ 237,813
Agency-guaranteed residential mortgage-backed securities	—	413,761	—	413,761
Agency-guaranteed residential collateralized mortgage obligations	—	493,507	—	493,507
Agency-guaranteed commercial collateralized mortgage obligations	—	115,576	—	115,576
Corporate notes	—	285,858	—	285,858
Private label collateralized mortgage obligations	—	360,020	—	360,020
Derivatives	—	11,325	44	11,369
Loans held for sale – fair value option	—	1,851	894	2,745
Loans receivable, mortgage finance – fair value option	—	1,612,997	—	1,612,997
Loans receivable, installment – fair value option	—	—	102,077	102,077
Total assets – recurring fair value measurements	$ —	$ 3,294,895	$ 340,828	$ 3,635,723
Liabilities				
Derivatives	$ —	$ 15,799	$ —	$ 15,799
Measured at Fair Value on a Nonrecurring Basis:				
Assets				
Collateral-dependent loans	$ —	$ —	$ 20,668	$ 20,668
Other real estate owned	—	—	12,432	12,432
Total assets – nonrecurring fair value measurements	$ —	$ —	$ 33,100	$ 33,100

(amounts in thousands)	December 31, 2024 Fair Value Measurements at the End of the Reporting Period Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Measured at Fair Value on a Recurring Basis:				
Assets				
Available for sale securities:				
Asset-backed securities	$ —	$ —	$ 13,236	$ 13,236
Agency-guaranteed residential mortgage-backed securities	—	327,038	—	327,038
Agency-guaranteed residential collateralized mortgage obligations	—	226,746	—	226,746
Agency-guaranteed commercial collateralized mortgage obligations	—	93,075	—	93,075
Collateralized loan obligations	—	255,407	—	255,407
Commercial mortgage-backed securities	—	77,708	—	77,708
Corporate notes	—	516,330	—	516,330
Private label collateralized mortgage obligations	—	475,898	—	475,898
Derivatives	—	15,223	40	15,263
Loans held for sale – fair value option	—	1,836	162,055	163,891
Loans receivable, mortgage finance – fair value option	—	1,321,128	—	1,321,128
Total assets - recurring fair value measurements	$ —	$ 3,310,389	$ 175,331	$ 3,485,720
Liabilities				
Derivatives	$ —	$ 22,570	$ —	$ 22,570
Measured at Fair Value on a Nonrecurring Basis:				
Assets				
Collateral-dependent loans	$ —	$ —	$ 18,048	$ 18,048
Total assets – nonrecurring fair value measurements	$ —	$ —	$ 18,048	$ 18,048

The changes in asset-backed securities (Level 3 assets) measured at fair value on a recurring basis for the years ended December 31, 2025, 2024 and 2023 are summarized in the table below:

(amounts in thousands)	Asset-backed securities For the Years Ended December 31, 2025	2024	2023
Balance at January 1	$ 13,236	$ 34,949	$ 73,266
Purchases	322,032	—	—
Principal payments and premium amortization	(97,594)	(23,867)	(40,041)
Increase in allowance for credit losses	(421)	(224)	(1,487)
Decrease in allowance for credit losses	196	345	1,582
Change in fair value recognized in OCI	364	2,033	1,629
Balance at December 31	$ 237,813	$ 13,236	$ 34,949

The changes in other installment loans (Level 3 assets) classified as held for sale and held for investment, and measured at fair value on a recurring basis, based on an election made to account for the loans at fair value for the years ended December 31, 2025, 2024 and 2023 are summarized in the table below:

	Other Installment Loans		
	For the Years Ended December 31,		
(amounts in thousands)	2025	2024	2023
Balance at January 1	$ 162,055	$ 188,062	$ —
Originations	198,156	924,183	218,794
Sales	(177,323)	(743,682)	—
Principal payments	(81,955)	(206,508)	(30,732)
Change in fair value recognized in earnings	2,038	—	—
Balance at December 31	$ 102,971	$ 162,055	$ 188,062

There were no transfers between levels during the years ended December 31, 2025, 2024 and 2023.

The following tables summarize financial assets and financial liabilities measured at fair value as of December 31, 2025 and 2024 on a recurring and nonrecurring basis for which Customers utilized Level 3 inputs to measure fair value. The unobservable Level 3 inputs noted below contain a level of uncertainty that may differ from what is realized in an immediate settlement of the assets. Therefore, Customers may realize a value higher or lower than the current estimated fair value of the assets.

	Quantitative Information about Level 3 Fair Value Measurements			
(dollars in thousands)	Fair Value Estimate	Valuation Technique	Unobservable Input	Range (Weighted Average)[4]
December 31, 2025				
			Discount rate	8% - 9% (8%)
			Annualized loss rate	3% - 13% (4%)
Asset-backed securities	$ 237,813	Discounted cash flow	Constant prepayment rate	17% - 20% (19%)
Other real estate owned	12,432	Collateral appraisal[1]	Liquidation expenses[2]	6% - 7% (6%)

	Quantitative Information about Level 3 Fair Value Measurements			
(dollars in thousands)	Fair Value Estimate	Valuation Technique	Unobservable Input	Range (Weighted Average)[4]
December 31, 2024				
			Discount rate	9% - 10% (10%)
			Annualized loss rate	5% - 10% (7%)
Asset-backed securities	$ 13,236	Discounted cash flow	Constant prepayment rate	19% - 20% (19%)

(1) Obtained from approved independent appraisers. Appraisals are current and in compliance with credit policy. Customers does not generally discount appraisals. Fair value is also estimated based on sale agreements or letters of intent with third parties.
(2) Appraisals are adjusted by management for liquidation expenses. The range and weighted average of liquidation expense adjustments are presented as a percentage of the appraisal.

NOTE 20 – DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objectives of Using Derivatives

Customers is exposed to certain risks arising from both its business operations and economic conditions. Customers manages economic risks, including interest rate, liquidity and credit risk, primarily by managing the amount, sources and durations of its assets and liabilities. Specifically, Customers enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the values of which are determined by interest rates. Customers' derivative financial instruments are used to manage differences in the amount, timing and duration of Customers' known or expected cash receipts and its known or expected cash payments principally related to certain loans, borrowings and deposits. Customers also has interest-rate derivatives resulting from an accommodation provided to certain qualifying customers, and therefore, they are not used to manage Customers' interest-rate risk in assets or liabilities. Customers manages a matched book with respect to its derivative instruments used in this customer service in order to minimize its net risk exposure resulting from such transactions.

Cash Flow Hedges of Interest-Rate Risk

Customers' objectives in using interest-rate derivatives include managing exposure to interest rate movements. To accomplish this objective, Customers primarily uses interest rate swaps as part of its interest rate risk management strategy. In the past, such derivatives were used to hedge the variable cash flows associated with the forecasted issuances of debt and a certain variable-rate deposit relationship. During the year ended December 31, 2025, Customers entered into two interest rate derivatives with notional amounts totaling $800 million that were designated as cash flow hedges of interest-rate risk associated with variable-rate commercial and industrial loans. The outstanding cash flow hedges expire between July 2027 and July 2028. Interest rate swaps designated as cash flow hedges of forecasted issuance of debt and variable-rate deposit relationship involve the receipt of variable amounts from a counterparty in exchange for Customers making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate swaps designated as cash flow hedges of loans receivable involve the receipt of fixed amounts from a counterparty in exchange for Customers making variable-rate payments over the life of the agreements without exchange of the underlying notional amount. The changes in the fair value of derivatives designated and qualifying as cash flow hedges are recorded in AOCI and subsequently reclassified into earnings in the period that the hedged item affects earnings. At December 31, 2024, Customers had no outstanding interest rate derivatives designated as cash flow hedges of interest-rate risk.

Customers discontinues cash flow hedge accounting if it is probable the forecasted hedged transactions will not occur in the initially identified time period. At such time, the associated gains and losses deferred in AOCI are reclassified immediately into earnings and any subsequent changes in the fair value of such derivatives are recognized directly in earnings.

Amounts reported in AOCI related to derivatives will be reclassified to interest income as interest payments are received on Customers' variable-rate commercial and industrial loans. During the next twelve months, Customers estimates that an additional $1.3 million will be reclassified from AOCI as an increase to interest income. Customers is hedging its exposure to the variability in future cash flows for forecasted transactions (interest payments on commercial and industrial loans) over a maximum period of three years.

Fair Value Hedges of Benchmark Interest-Rate Risk

Customers is exposed to changes in the fair value of certain of its fixed rate AFS debt securities, deposits and FHLB advances due to changes in the benchmark interest rate. Customers uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate such as the Fed Funds Effective Swap Rate. Interest rate swaps designated as fair value hedges of certain fixed rate AFS debt securities involve the payment of fixed-rate amounts to a counterparty in exchange for Customers receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount. Interest rate swaps designated as fair value hedges of certain deposits and FHLB advances involve the payment of variable-rate amounts to a counterparty in exchange for Customers receiving fixed-rate payments over the life of the agreements without the exchange of the underlying notional amount. For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in net interest income.

At December 31, 2025, Customers had 44 outstanding interest rate derivatives with notional amounts totaling $2.4 billion that were designated as fair value hedges of certain deposits and FHLB advances. During the year ended December 31, 2025, Customers entered into three interest rate derivatives with notional amounts totaling $320.2 million that were designated as fair value hedges of certain deposits. During the year ended December 31, 2024, Customers entered into 44 interest rate derivatives with notional amounts totaling $2.0 billion that were designated as fair value hedges of certain deposits and FHLB advances, and terminated one interest rate derivative with notional amount of $5.7 million. At December 31, 2024, Customers had 46 outstanding interest rate derivatives with notional amounts totaling $2.4 billion that were designated as fair value hedges of certain deposits and FHLB advances. During the year ended December 31, 2023, Customers entered into five interest rate derivatives with notional amounts totaling $1.0 billion, two of which were terminated with notional amounts totaling $550.0 million that were designated as fair value hedges of certain deposits and FHLB advances resulting in $4.6 million of basis adjustments being amortized over the remaining terms of the hedged items as a reduction in interest expense.

As of December 31, 2025 and 2024, the following amounts were recorded on the consolidated balance sheet related to cumulative basis adjustments for fair value hedges:

(amounts in thousands)	Amortized Cost		Cumulative Amount of Fair Value Hedging Adjustment to Hedged Items	
	December 31,		December 31,	
	2025	2024	2025	2024
Deposits	$ 1,697,282	$ 1,794,923	$ 20,232	$ (6,042)
FHLB advances	750,000	1,200,000	5,068	(1,648)

Derivatives Not Designated as Hedging Instruments

Customers executes interest rate swaps (typically the loan customers will swap a floating-rate loan for a fixed-rate loan), caps and collars with commercial banking customers to facilitate their respective risk management strategies. The customer interest rate swaps, caps and collars are simultaneously offset by interest rate swaps, caps and collars that Customers executes with a third party in order to minimize interest-rate risk exposure resulting from such transactions. As the interest rate swaps, caps and collars associated with this program do not meet the hedge accounting requirements, changes in the fair value of both the customer swaps, caps and collars and the offsetting third-party market swaps, caps and collars are recognized directly in earnings. At December 31, 2025, Customers had 118 interest rate swaps with an aggregate notional amount of $1.1 billion and ten interest rate caps and collars with an aggregate notional amount of $432.2 million related to this program. At December 31, 2024, Customers had 128 interest rate swaps with an aggregate notional amount of $1.2 billion and two interest rate caps with an aggregate notional amount of $150.0 million related to this program.

Fair Value of Derivative Instruments on the Balance Sheet

The following tables present the fair value of Customers' derivative financial instruments as well as their presentation on the consolidated balance sheets as of December 31, 2025 and 2024:

	December 31, 2025			
	Derivative Assets		Derivative Liabilities	
(amounts in thousands)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments:				
Interest rate swaps, caps and collars [1]	Other assets	$ 11,325	Other liabilities	$ 15,700

	December 31, 2024			
	Derivative Assets		Derivative Liabilities	
(amounts in thousands)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments:				
Interest rate swaps and caps [1]	Other assets	$ 15,223	Other liabilities	$ 22,567

(1) Customers' centrally cleared derivatives are legally settled through variation margin payments and these payments are reflected as a reduction of the related derivative asset or liability, including accrued interest, on the consolidated balance sheet.

Effect of Derivative Instruments on Net Income

The following table presents amounts included in the consolidated statements of income related to derivatives designated as fair value hedges and derivatives not designated as hedges for the years ended December 31, 2025, 2024 and 2023:

		Amount of Income (Loss) Recognized in Earnings For the Years Ended December 31,		
(amounts in thousands)	Income Statement Location	2025	2024	2023
Derivatives designated as fair value hedges:				
Recognized on interest rate swaps	Net interest income	$ (6,286)	$ (8,512)	$ (1,187)
Recognized on hedged AFS debt securities	Net interest income	—	(1,049)	(1,120)
Recognized on hedged deposits	Net interest income	3,906	3,791	—
Recognized on hedged FHLB advances	Net interest income	3,049	7,878	2,307
Total		$ 669	$ 2,108	$ —
Derivatives not designated as hedging instruments:				
Interest rate swaps, caps and collars	Other non-interest income	$ 1,635	$ 1,869	$ (30)

Effect of Derivative Instruments on Comprehensive Income

The following table presents the effect of Customers' derivative financial instruments on comprehensive income for the years ended December 31, 2025, 2024 and 2023:

	Amount of Gain (Loss) Recognized in OCI on Derivatives [1]			Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income		
	For the Years Ended December 31,				For the Years Ended December 31,		
(amounts in thousands)	2025	2024	2023		2025	2024	2023
Derivatives in cash flow hedging relationships:							
Interest rate swaps	$ 1,235	$ —	$ —	Interest income	$ (2,347)	$ —	$ —

(1) Amounts presented are net of taxes. Refer to NOTE 4 – CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) for the total effect on other comprehensive income (loss) from derivatives designated as cash flow hedges for the periods presented.

Credit-risk-related Contingent Features

By entering into derivative contracts, Customers is exposed to credit risk. The credit risk associated with derivatives executed with customers is the same as that involved in extending the related loans and is subject to the same standard credit policies. To mitigate the credit-risk exposure to major derivative dealer counterparties, Customers only enters into agreements with those counterparties that maintain credit ratings of high quality or with central clearing parties.

Agreements with major derivative dealer counterparties contain provisions whereby default on any of Customers' indebtedness would be considered a default on its derivative obligations. Customers also has entered into agreements that contain provisions under which the counterparty could require Customers to settle its obligations if Customers fails to maintain its status as a well/adequately capitalized institution. As of December 31, 2025, the fair value of derivatives in a net asset position related to these agreements was $1.1 million. In addition, Customers, which has collateral posting thresholds with certain of these counterparties, had received $1.0 million of cash as collateral at December 31, 2025. Customers records cash posted or received as collateral with these counterparties, except with a central clearing entity, as a reduction or an increase in the outstanding balance of cash and cash equivalents and an increase in the balance of other assets or other liabilities.

Disclosures about Offsetting Assets and Liabilities

The following tables present derivative instruments that are subject to enforceable master netting arrangements. Customers' interest rate swaps, caps and collars with institutional counterparties are subject to master netting arrangements and are included in the tables below. Interest rate swaps, caps and collars with commercial banking customers are not subject to master netting arrangements and are excluded from the tables below. Customers has not made a policy election to offset its derivative positions.

(amounts in thousands)	Gross Amounts Recognized on the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheet		Net Amount
		Financial Instruments	Cash Collateral Received/Posted	
December 31, 2025				
Interest rate derivative assets with institutional counterparties	$ 6,294	$ (5,219)	$ (1,075)	$ —
Interest rate derivative liabilities with institutional counterparties	$ 5,219	$ (5,219)	$ —	$ —

(amounts in thousands)	Gross Amounts Recognized on the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheet		Net Amount
		Financial Instruments	Cash Collateral Received/Posted	
December 31, 2024				
Interest rate derivative assets with institutional counterparties	$ 14,782	$ (577)	$ (14,205)	$ —
Interest rate derivative liabilities with institutional counterparties	$ 577	$ (577)	$ —	$ —

NOTE 21 – LOSS CONTINGENCIES

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there are any such matters that will have a material effect on the consolidated financial statements that are not currently accrued for. However, in light of the uncertainties inherent in these matters, it is possible that the ultimate resolution may have a material adverse effect on Customers' results of operations for a particular period, and future changes in circumstances or additional information could result in accruals or resolution in excess of established accruals, which could adversely affect Customers' results of operations, potentially materially.

Chun Yao Chang Matter

On December 2, 2024, a federal securities class action complaint was filed in the U.S. District Court for the Eastern District of Pennsylvania, captioned Chang v. Customers Bancorp, Inc. et al., Case No. 2:24-cv-06416-JS, by Chun Yao Chang against Customers Bancorp, Jay Sidhu, its Chief Executive Officer and Executive Chairman of the Company's Board of Directors, and Carla Leibold, its former Chief Financial Officer. The action alleges that Customers Bancorp and the individual defendants made materially false and/or misleading statements and/or omissions during the class period of March 1, 2024 through August 8, 2024, and that such statements violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. The action also alleges that the individual defendants are liable pursuant to Section 20(a) of the Exchange Act as controlling persons of Customers Bancorp. The suit seeks to recover damages caused by the alleged violations of federal securities laws, along with the plaintiffs' costs incurred in the lawsuit, including their reasonable attorneys' and experts' witness fees and other costs. On January 31, 2025, Chun Yao Chang filed the only application for appointment as lead plaintiff with The Rosen Law Firm, P.A. as counsel. On June 24, 2025, the court denied plaintiff's motion for appointment as lead counsel, finding that plaintiff had not made the required prima facie showing that he will be an adequate class representative. On October 28, 2025, the plaintiff filed a notice to voluntarily dismiss his case without prejudice against all defendants.

Demand Letter

On or about June 17, 2025, the Company's Board of Directors received a letter demanding it investigate and pursue causes of action, purportedly on behalf of the Company, against certain current and former directors and/or officers of the Company based on alleged deficiencies in the Company's disclosures concerning anti-money laundering and bank secrecy compliance (the "Demand Letter"). In response to the Demand Letter, on July 23, 2025, the Board approved the formation of a Special Litigation Committee comprised entirely of independent directors to investigate the allegations raised.

NOTE 22 – CONDENSED FINANCIAL STATEMENTS OF PARENT COMPANY

The following tables present the condensed financial statements for Customers Bancorp, Inc. (parent company only) as of December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023:

Balance Sheets

(amounts in thousands)	December 31, 2025	2024
Assets		
Cash in bank subsidiary	$ 215,077	$ 167,326
Investment securities [1]	21,472	24,998
Investments in and receivables due from bank subsidiary	2,155,427	1,826,227
Other assets	5,789	2,336
Total assets	$ 2,397,765	$ 2,020,887
Liabilities and Shareholders' equity		
Borrowings	$ 270,696	$ 172,015
Other liabilities	11,552	12,189
Total liabilities	282,248	184,204
Shareholders' equity	2,115,517	1,836,683
Total Liabilities and Shareholders' Equity	$ 2,397,765	$ 2,020,887

(1) Includes perpetual preferred stock issued by domestic banks or bank holding companies and equity securities issued by fintech companies, without a readily determinable fair value, at December 31, 2025 and 2024. Impairments of $2.3 million have been recorded on certain equity securities without a readily determinable fair value during the year ended December 31, 2025. No impairments or measurement adjustments have been recorded on the equity securities without a readily determinable fair value since acquisition for the year ended December 31, 2024.

Income and Comprehensive Income Statements

(amounts in thousands)	For the Years Ended December 31, 2025	2024	2023
Operating income:			
Dividends from bank subsidiary	$ 45,000	$ 125,000	$ 90,000
Other	(765)	900	1,643
Total operating income	44,235	125,900	91,643
Operating expense:			
Interest	7,414	8,130	8,459
Other	5,365	3,961	2,251
Total operating expense	12,779	12,091	10,710
Income before taxes and undistributed income of subsidiaries	31,456	113,809	80,933
Income tax benefit	3,047	2,445	2,026
Income before undistributed income of subsidiaries	34,503	116,254	82,959
Equity in undistributed income of subsidiaries	189,585	65,215	167,184
Net income	224,088	181,469	250,143
Preferred stock dividends	10,198	15,040	14,695
Loss on redemption of preferred stock	4,707	—	—
Net income available to common shareholders	209,183	166,429	235,448
Comprehensive income	$ 266,598	$ 221,478	$ 276,670

One of the principal sources of the Bancorp's liquidity is the dividends it receives from the Bank, which may be impacted by the following: bank-level capital needs, laws and regulations, corporate policies, contractual restrictions and other factors. There are statutory and regulatory limitations on the ability of the Bank to pay dividends or make other capital distributions or to extend credit to the Bancorp or its non-bank subsidiaries.

Statements of Cash Flows

(amounts in thousands)	For the Years Ended December 31, 2025	2024	2023
Cash Flows from Operating Activities			
Net income	$ 224,088	$ 181,469	$ 250,143
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Equity in undistributed earnings of subsidiaries, net of dividends received from bank subsidiary	(189,585)	(65,215)	(167,184)
(Increase) decrease in other assets	967	(366)	2,023
Increase (decrease) in other liabilities	455	110	10,802
Net Cash Provided By (Used in) Operating Activities	35,925	115,998	95,784
Cash Flows from Investing Activities			
Purchases of investment securities	—	(510)	(1,831)
Payments for investments in bank subsidiary	(80,000)	—	—
Other, net	—	92	72
Net Cash Provided By (Used in) Investing Activities	(80,000)	(418)	(1,759)
Cash Flows from Financing Activities			
Proceeds from issuance of common stock	165,920	2,638	3,947
Proceeds from issuance of subordinated long-term debt	98,350	—	—
Repayments of other borrowings	—	(25,000)	—
Redemption of preferred stock	(142,501)	—	—
Preferred stock dividends paid	(10,802)	(15,147)	(14,636)
Purchase of treasury stock	(5,641)	(19,243)	(39,806)
Payments of employee taxes withheld from share-based awards	(13,500)	(5,452)	(2,433)
Net Cash Provided by (Used in) Financing Activities	91,826	(62,204)	(52,928)
Net Increase (Decrease) in Cash and Cash Equivalents	47,751	53,376	41,097
Cash and Cash Equivalents - Beginning Balance	167,326	113,950	72,853
Cash and Cash Equivalents - Ending Balance	$ 215,077	$ 167,326	$ 113,950

NOTE 23 – BUSINESS SEGMENTS

Customers has one reportable segment. Customers derives its revenues from customers by providing loans and deposit products in the United States, and manages the business on a consolidated basis. Customers' accounting policies of the reportable segment are the same as those described in NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION.

Customers' CODM is the Executive Committee that includes the Executive Chairman, Chief Executive Officer, Chief Financial Officer, Chief Banking Officer, Chief Risk Officer, Chief Credit Officer, Chief Operating Officer and the Head of Corporate Development and Investor Relations. The Executive Committee assesses performance of Customers on a consolidated basis, and decides how to allocate resources based on net income that is also reported as net income available to common shareholders on the consolidated statement of income.

The Executive Committee uses net income, which is the measure of segment profit and loss, to evaluate income generated from segment assets (return on assets) and other measures, such as net interest margin, tax equivalent, return on average assets, return on common equity and tangible common equity per common share, in deciding how to reinvest profits, such as originating loans and leases, investing in investment securities, or to redeem shares in Customers' preferred stock or repurchase shares in Customers' common stock.

Net income available to common shareholders is used to monitor budget versus actual results. The Executive Committee also uses net income available to common shareholders and other measures in comparing to Customers' peer banks. The comparison of Customers' net income available to common shareholders and other measures to its peer banks, along with the comparison of budgeted versus actual results are used in assessing Customers' performance and in establishing management compensation.

The following table presents Customers' reported segment revenues, profit or loss and significant segment expenses for the years ended December 31, 2025, 2024 and 2023:

Segment profit or loss

	For the Years Ended December 31,		
(amounts in thousands, except per share data)	2025	2024	2023
Total interest income	$ 1,359,587	$ 1,327,834	$ 1,367,360
Total interest expense	609,098	673,430	679,911
Net interest income	750,489	654,404	687,449
Provision for credit losses	97,958	73,451	74,611
Net interest income after provision for credit losses	652,531	580,953	612,838
Total non-interest income [1]	67,823	60,434	70,565
Non-interest expense:			
Salaries and employee benefits	188,989	175,836	133,275
Technology, communication and bank operations	43,497	65,154	65,550
Commercial lease depreciation	38,337	32,543	29,898
Professional services	50,378	34,978	35,177
Loan servicing	16,900	15,909	17,075
Occupancy [2]	15,624	11,789	10,070
FDIC assessments, non-income taxes, and regulatory fees	41,184	41,684	35,036
Advertising and promotion	2,437	4,489	3,095
Legal settlement expense	—	—	4,096
Other [3]	34,577	34,632	19,391
Total non-interest expense	431,923	417,014	352,663
Income before income tax expense	288,431	224,373	330,740
Income tax expense	64,343	42,904	80,597
Segment net income	224,088	181,469	250,143
Preferred stock dividends	10,198	15,040	14,695
Loss on redemption of preferred stock	4,707	—	—
Segment net income available to common shareholders	$ 209,183	$ 166,429	$ 235,448
Reconciliation of profit or loss			
Adjustments and reconciling items	—	—	—
Consolidated net income available to common shareholders	$ 209,183	$ 166,429	$ 235,448
Basic earnings per common share	$ 6.46	$ 5.28	$ 7.49
Diluted earnings per common share	6.26	5.09	7.32

(1) Includes Customers' equity in the net income of investees accounted for under the equity method consisting primarily of investments in the SBA's small business investment companies, and income from investments in affordable housing projects.
(2) Includes depreciation expense for furniture, fixture and equipment and amortization of leasehold improvements of $3.6 million, $2.2 million and $2.2 million for the years ended December 31, 2025, 2024 and 2023, respectively.
(3) Other expenses include fees paid to a fintech company related to consumer installment loans, provision for credit losses on unfunded lending-related commitments, loan workout and non-capitalizable origination costs, provision for operating losses, insurance expenses, charitable contributions and other miscellaneous expenses.

Substantially all revenues generated and long-lived assets held by Customers are derived from customers that reside in the United States. Customers did not earn revenues from a single external customer that represents ten percent or more of consolidated total revenues.

The measure of segment assets is reported as total assets on the consolidated balance sheet. The following table presents Customers' reported segment assets as of December 31, 2025 and 2024:

Segment assets

	December 31,	
(amounts in thousands)	2025	2024
Segment total assets	$ 24,895,868	$ 22,308,241
Adjustments and reconciling items	—	—
Consolidated total assets	$ 24,895,868	$ 22,308,241

NOTE 24 – SUBSEQUENT EVENTS

On February 11, 2026, the Board of Directors of Customers Bancorp authorized a new common stock repurchase program (the "2026 Share Repurchase Program") to repurchase up to $100.0 million of the Company's common stock. The term of the 2026 Share Repurchase Program will extend for one year from February 12, 2026, unless earlier terminated. Purchases of shares under the 2026 Share Repurchase Program may be executed through open market purchases, privately negotiated transactions, through the use of Rule 10b5-1 plans, or otherwise. The exact number of shares, timing for such purchases, and the price and terms at and on which such purchases are to be made will be at the discretion of the Company and will comply with all applicable regulatory limitations.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS AND REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Customers Bancorp is responsible for the integrity and objectivity of all information presented in this report. The consolidated financial statements were prepared in conformity with United States generally accepted accounting principles. Management believes that the consolidated financial statements of Customers Bancorp fairly reflect the form and substance of transactions and that the financial statements fairly represent Customers Bancorp's financial position and results of operations. Management has included in Customers Bancorp's financial statements amounts that are based on estimates and judgments which it believes are reasonable under the circumstances.

Beginning with the 2019 consolidated financial statements, the independent registered public accounting firm of Deloitte & Touche LLP audits Customers Bancorp's consolidated financial statements in accordance with the standards of the PCAOB.

The Board of Directors of Customers Bancorp has an Audit Committee composed of four independent directors. The Audit Committee meets periodically with financial management, the internal auditors and the independent registered public accounting firm to review accounting, internal control, auditing, corporate governance and financial reporting matters. The Audit Committee is responsible for the engagement of the independent auditors. The independent auditors and internal auditors have access to the Audit Committee.

Management of Customers Bancorp is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control – Integrated Framework, management concluded that our internal control over financial reporting was effective as of December 31, 2025. The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Management's Evaluation of Disclosure Controls and Procedures. Customers Bancorp maintains disclosure controls and procedures designed to ensure that information required to be disclosed in its periodic filings under the Exchange Act, including this Annual Report on Form 10-K, is recorded, processed, summarized and reported on a timely basis. These disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed under the Exchange Act is accumulated and communicated to its management on a timely basis to allow decisions regarding required disclosure. Customers Bancorp carried out an evaluation, under the supervision and with the participation of Customers Bancorp's management, including Customers Bancorp's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of Customers Bancorp's disclosure controls and procedures as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e) as of December 31, 2025. Based upon that evaluation, Customers Bancorp's management concluded that its disclosure controls and procedures are effective as of December 31, 2025.

Management's Annual Report on Internal Control over Financial Reporting. Under the supervision and with the participation of management, including Customers Bancorp's Chief Executive Officer and Chief Financial Officer, Customers Bancorp's management assessed the effectiveness of Customers Bancorp's internal control over financial reporting as of December 31, 2025. In making that assessment, management used the criteria set forth in the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon that evaluation, Customers Bancorp's management concluded that its internal control over financial reporting was effective as of December 31, 2025.

Management's Responsibility for Financial Statements and its Report on Internal Control over Financial Reporting is included in Part II, Item 8, "Financial Statements and Supplementary Data," and is incorporated by reference herein. The Reports of Deloitte & Touche LLP, an independent registered public accounting firm, on the Consolidated Financial Statements, and Internal Control over Financial Reporting are included in Part II, Item 8, "Financial Statements and Supplementary Data," and is incorporated by reference herein.

(b) Changes in Internal Control Over Financial Reporting. During the quarter ended December 31, 2025, there have been no changes in Customers Bancorp's internal control over financial reporting that have materially affected, or are reasonably likely to material affect, Customers Bancorp's internal control over financial reporting.

Item 9B. Other Information

During the fourth quarter of 2025, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) adopted, terminated or modified any "Rule 10b5-1 trading arrangements" or "non-Rule 10b5-1 trading arrangements," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The Company has adopted an insider trading policy governing the purchase, sale and other dispositions of the Company's securities that applies to the Company's directors, officers, employees, and other covered persons, and to the Company itself. The Company believes its insider trading policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, and the listing standards of the New York Stock Exchange. A copy of the Company's insider trading policy is filed as Exhibit 19.1 to this Form 10-K.

The information required by this Item will be included in the Proxy Statement for the 2026 Annual Meeting of Shareholders in the sections titled "Board of Directors and Executive Management," and "Board and Corporate Governance," and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item will be included in the Proxy Statement for the 2026 Annual Meeting of Shareholders in the sections titled "Director Compensation," "Executive Compensation," and "Board and Corporate Governance," and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

EQUITY COMPENSATION PLANS

The following table provides certain summary information as of December 31, 2025, concerning our compensation plans (including individual compensation arrangements) under which shares of our common stock may be issued:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options and Rights (#)	Weighted-Average Exercise Price of Outstanding Options ($) (2)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column) (#)
Equity Compensation Plans			
Approved by Security Holders (1)	2,279,404	$ 28.35	283,983
Equity Compensation Plans Not			
Approved by Security Holders (3)	6,663	N/A	—

(1) Includes shares of common stock that may be issued upon the exercise of awards granted or rights accrued under the Amended and Restated Customers Bancorp, Inc. 2004 Incentive Equity and Deferred Compensation Plan, Customers Bancorp, Inc. 2010 Plan, Customers Bancorp, Inc. Amended and Restated 2014 ESPP, and the Customers Bancorp, Inc. 2019 Plan, as amended. The Amended and Restated Customers Bancorp, Inc. 2004 Incentive Equity and Deferred Compensation Plan and the Customers Bancorp, Inc. 2010 Plan have been terminated by December 31, 2021.

(2) Does not include restricted stock units and stock awards for which, by definition, there exists no exercise price.

(3) Includes one-time employment inducement awards under the New York Stock Exchange listing rules of 22,300 restricted stock units in connection with the onboarding of the venture banking team in 2023, of which 6,663 unvested restricted stock units remain outstanding as of December 31, 2025. The grant of the restricted stock units was made outside of the Customers Bancorp Inc. 2019 Plan and approved by Customers Board of Directors, including all of its independent directors present at the meeting, comprising a majority of the independent directors.

The information required by this Item will be included in the Proxy Statement for the 2026 Annual Meeting of Shareholders in the sections titled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be included in the Proxy Statement for the 2026 Annual Meeting of Shareholders in the sections titled "Certain Relationships and Related Transactions" and "Board Governance" and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item will be included in the Proxy Statement for the 2026 Annual Meeting of Shareholders in the section titled "Proposal 2 — Ratification of Appointment of Independent Registered Public Accounting Firm," and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. Financial Statements - Consolidated financial statements are included under Item 8 of Part II of this Form 10-K.

2. Financial Statements Schedules - All financial statement schedules have been included in the consolidated financial statements or the related footnotes, or are either not applicable or not required.

3. Exhibits

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Customers Bancorp, incorporated by reference to Exhibit 3.1 to the Customers Bancorp's Form 8-K filed with the SEC on April 30, 2012
3.2	Amended and Restated Bylaws of Customers Bancorp, incorporated by reference to Exhibit 3.2 to the Customers Bancorp's Form 8-K filed with the SEC on April 30, 2012
3.3	Articles of Amendment to the Amended and Restated Articles of Incorporation of Customers Bancorp, Inc., incorporated by reference to Exhibit 3.1 to the Customers Bancorp Form 8-K filed with the SEC on July 2, 2012
3.4	Articles of Amendment to the Amended and Restated Articles of Incorporation of Customers Bancorp, Inc., incorporated by reference to Exhibit 3.1 to the Customers Bancorp's Form 8-K filed with the SEC on June 3, 2019
3.5	Amendment to Amended and Restated Bylaws of Customers Bancorp, Inc., incorporated by reference to Exhibit 3.1 to the Customers Bancorp's Form 8-K filed with the SEC on June 19, 2019
4.1	Specimen stock certificate of Customers Bancorp, Inc. Voting Common Stock and Class B Non-Voting Common Stock, incorporated by reference to Exhibit 4.1 to the Customers Bancorp Form S-1/A filed with the SEC on May 1, 2012
4.2	Indenture, dated as of July 30, 2013, by and between Customers Bancorp, Inc., as Issuer, and Wilmington Trust, National Association, as Trustee, incorporated by reference to Exhibit 4.1 to the Customers Bancorp Form 8-K filed with the SEC on July 31, 2013
4.3	Form of 4.50% Senior Note due 2024, incorporated by reference to Exhibit 4.2 to the Customers Bancorp Form 8-K filed with the SEC on September 25, 2019
4.4	First Supplemental Indenture, dated as of December 9, 2019, between Customers Bancorp, Inc., as Issuer, and Wilmington Trust, National Association, as Trustee, incorporated by reference to Exhibit 4.2 to the Customers Bancorp Form 8-K filed with the SEC on December 9, 2019
4.5	Form of 5.375% Subordinated Note due 2034, incorporated by reference to Exhibit 4.3 to the Customers Bancorp Form 8-K filed with the SEC on December 9, 2019
4.6	Description of Securities Registered under Section 12 of the Securities Exchange Act of 1934
4.7	Form of Note Subscription Agreement (including form of Subordinated Note Certificate and Senior Note Certificate), incorporated by reference to Exhibit 10.1 to the Customers Bancorp Form 8-K filed with the SEC on June 26, 2014
4.8	Third Supplemental Indenture, dated as of September 25, 2019, by and between Customers Bancorp, Inc., as Issuer and Wilmington Trust, National Association, as Trustee, incorporated by reference to Exhibit 4.1 to the Customers Bancorp Form 8-K filed with the SEC on September 25, 2019
4.9	Subordinated Indenture, dated as of December 9, 2019, between the Registrant and Wilmington Trust, National Association, as Trustee incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed December 9, 2019
4.10	Fourth Supplemental Indenture dated as of August 6, 2021 between Customers Bancorp, Inc., as Issuer, and Wilmington Trust, National Association, as Trustee, incorporated by reference to Exhibit 4.1 to Customers Bancorp's Form 8-K filed with the SEC on August 6, 2021
4.11	Form of 2.875% Fixed-to-Floating Rate Senior Note incorporated by reference to Exhibit 4.2 to the Customers Bancorp's Form 8-K filed with the SEC on August 6, 2021
4.12	Second Supplemental Indenture dated as of December 22, 2025 between Customers Bancorp, Inc., as Issuer, and Wilmington Trust, National Association, as Trustee, incorporated by reference to Exhibit 4.2 to Customers Bancorp's Form 8-K filed with the SEC on December 22, 2025

Exhibit No.	Description
4.13	Form of 6.875% Fixed-to-Floating Rate Subordinated Note incorporated by reference to Exhibit 4.3 to the Customers Bancorp's Form 8-K filed with the SEC on December 22, 2025
10.1+	Customers Bancorp, Inc. 2010 Stock Option Plan, incorporated by reference to Exhibit 10.2 to the Customers Bancorp Form 10-K filed with the SEC on March 21, 2012
10.2+	Amended and Restated Customers Bancorp, Inc. 2004 Incentive Equity and Deferred Compensation Plan, incorporated by reference to Exhibit 10.7 to the Customers Bancorp Form 10-K filed with the SEC on March 21, 2012
10.3+	Customers Bancorp, Inc. 2014 Employee Stock Purchase Plan, incorporated by reference to Exhibit 4.4 to the Customers Bancorp Form S-8 filed with the SEC on August 8, 2014
10.4+	Customers Bancorp, Inc. 2019 Stock Incentive Plan, incorporated by reference to Exhibit 4.6 to the Customers Bancorp Form S-8 filed with the SEC on July 25, 2019
10.5+	Form of Stock Option Agreement, incorporated by reference to Exhibit 10.18 to the Customers Bancorp Form 10-K filed with the SEC on March 21, 2012
10.6+	Form of Restricted Stock Unit Award Agreement relating to the 2019 Stock Incentive Plan, incorporated by reference to Exhibit 10.7 to the Customers Bancorp Form 10-K filed with the SEC on March 2, 2020
10.7+	Change of Control Agreement, dated as of January 30, 2013, by and between Customers Bancorp, Inc. and Glenn Hedde, incorporated by reference to Exhibit 10.29 to Customers Bancorp's Form 10-K filed with the SEC on March 18, 2013
10.8+	Supplemental Executive Retirement Plan of Jay S. Sidhu, incorporated by reference to Exhibit 10.15 to the Customers Bancorp Form S-1/A filed with the SEC on April 18, 2011
10.9+	Customers Bank Death Benefit Plan, dated as of October 23, 2019, incorporated by reference to Exhibit 10.3 to the Customers Bancorp Form 10-Q filed with the SEC on November 7, 2019
10.10+	Supplemental Executive Retirement Plan of Samvir Sidhu, incorporated by reference to Exhibit 10.3 to Customers Bancorp's Form 8-K filed with the SEC on May 18, 2021
10.11+	Supplemental Executive Retirement Plan of Lyle Cunningham, incorporated by reference to Exhibit 10.1 to Customers Bancorp's Form 8-K filed with the SEC on May 6, 2022
10.12+	Amendment to Customers Bancorp, Inc. 2019 Stock Incentive Plan, incorporated by reference to Appendix B to the Customers Bancorp Proxy Statement on Schedule 14A with the SEC on April 20, 2022
10.13+	Change of Control Agreement, dated as of May 19, 2019 by and between Customers Bancorp, Inc. and Lyle Cunningham incorporated by reference to Exhibit 10.4 to Customers Bancorp's Form 10-Q filed with the SEC on August 8, 2022
10.14+	Change of Control Agreement, dated as of May 31, 2022 by and between Customers Bancorp, Inc. and Jessie John D. Velasquez incorporated by reference to Exhibit 10.5 to Customers Bancorp's Form 10-Q filed with the SEC on August 8, 2022
10.15+	Second Amendment to Customers Bancorp, Inc. 2019 Stock Incentive Plan, incorporated by reference to Appendix B to the Customers Bancorp Proxy Statement on Schedule 14A with the SEC on April 19, 2023
10.16+	Third Amendment to Customers Bancorp, Inc. 2019 Stock Incentive Plan, incorporated by reference to Appendix B to the Customers Bancorp Proxy Statement on Schedule 14A with the SEC on April 17, 2024
10.17+	Agreement and Mutual General Release, dated April 25, 2024, by and between Customers Bancorp, Inc. and Carla A. Leibold, incorporated by reference to Exhibit 10.1 to Customers Bancorp's Form 10-Q filed with the SEC on May 9, 2024
10.18+	Form of Split Dollar Life Insurance Agreement, incorporated by reference to Exhibit 10.2 to Customers Bancorp's Form 10-Q filed with the SEC on May 9, 2024
10.19	Written Agreement by and among Customers Bancorp, Inc., Customers Bank and Federal Reserve Bank of Philadelphia, dated August 5, 2024, incorporated by reference to Exhibit 10.2 to Customers Bancorp's Form 10-Q filed with the SEC on August 8, 2024
10.20	Consent Order by the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Bank Supervision, dated August 5, 2024, incorporated by reference to Exhibit 10.3 to Customers Bancorp's Form 10-Q filed with the SEC on August 8, 2024

Exhibit No.	Description
10.21+	Supplemental Executive Retirement Plan of Thomas H. Kasulka, incorporated by reference to Exhibit 10.30 to Customers Bancorp's Form 10-K filed with the SEC on February 28, 2025
10.22+	Form of Amended Stock Option Agreement relating to the 2019 Stock Incentive Plan, incorporated by reference to Exhibit 10.1 to Customers Bancorp's Form 10-Q filed with the SEC on May 9, 2025
10.23+	Form of Amended Restricted Stock Unit Award Agreement relating to the 2019 Stock Incentive Plan, incorporated by reference to Exhibit 10.2 to Customers Bancorp's Form 10-Q filed with the SEC on May 9, 2025
10.24+	Form of Amended Long-Term Incentive Performance Stock Unit Award Agreement relating to the 2019 Stock Incentive Plan, incorporated by reference to Exhibit 10.2 to Customers Bancorp's Form 10-Q filed with the SEC on August 7, 2025
10.25+	Employment Agreement, dated as of June 10, 2025, by and between Customers Bancorp, Inc. and Mark R. McCollom, incorporated by reference to Exhibit 10.1 to Customers Bancorp's Form 8-K/A filed with the SEC on June 11, 2025
10.26+	Employment Agreement, dated as of January 1, 2026, by and between Customers Bancorp, Inc. and Jay S. Sidhu, incorporated by reference to Exhibit 10.1 to Customers Bancorp's Form 8-K filed with the SEC on January 5, 2026
10.27+	Employment Agreement, dated as of January 1, 2026, by and between Customers Bancorp, Inc. and Samvir S. Sidhu, incorporated by reference to Exhibit 10.2 to Customers Bancorp's Form 8-K filed with the SEC on January 5, 2026
10.28+	Performance Share Unit Agreement, dated as of July 25, 2025, by and between Customers Bancorp, Inc. and Samvir S. Sidhu, incorporated by reference to Exhibit 10.3 to Customers Bancorp's Form 8-K filed with the SEC on January 5, 2026
10.29+	Offer Letter, dated as of January 8, 2026, by and between Customers Bank and Stephen Wyremski, incorporated by reference to Exhibit 10.1 to Customers Bancorp's Form 8-K filed with the SEC on January 26, 2026
19.1	Insider Trading Policy, filed herewith
21.1	List of Subsidiaries of Customers Bancorp, Inc.
23.1	Consent of Deloitte & Touche LLP, filed herewith
31.1	Certification of the Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification of the Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1	Incentive Compensation Clawback Policy dated October 1, 2023, incorporated by reference to Exhibit 97.1 to Customers Bancorp's Form 10-K filed with the SEC on February 29, 2024
101	The following financial statements from the Customers' Annual Report on Form 10-K as of and for the year ended December 31, 2025, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Shareholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) the Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document
+	Management Contract or compensatory plan or arrangement

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Customers Bancorp, Inc.

February 27, 2026

By: /s/ Samvir S. Sidhu
Name: Samvir S. Sidhu
Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature:	Title(s):	Date:
/s/ Samvir S. Sidhu Samvir S. Sidhu	President, Chief Executive Officer and Director (principal executive officer)	February 27, 2026
/s/ Mark R. McCollom Mark R. McCollom	Executive Vice President - Chief Financial Officer (principal financial officer)	February 27, 2026
/s/ Jessie John D. Velasquez Jessie John D. Velasquez	Executive Vice President - Chief Accounting Officer (principal accounting officer)	February 27, 2026
/s/ Andrea R. Allon Andrea R. Allon	Director	February 27, 2026
/s/ Bernard B. Banks Bernard B. Banks	Director	February 27, 2026
/s/ Robert J. Buford Robert J. Buford	Director	February 27, 2026
/s/ M. Michael Gill M. Michael Gill	Director	February 27, 2026
/s/ Robert M. Krasne Robert M. Krasne	Director	February 27, 2026
/s/ Susan D. Looney Susan D. Looney	Director	February 27, 2026
/s/ Robert N. Mackay Robert N. Mackay	Director	February 27, 2026

Signature:	Title(s):	Date:
/s/ Daniel K. Rothermel Daniel K. Rothermel	Director	February 27, 2026
/s/ Jay S. Sidhu Jay S. Sidhu	Executive Chairman and Director	February 27, 2026
/s/ Dalton T. Sirmans Dalton T. Sirmans	Director	February 27, 2026
/s/ T. Lawrence Way T. Lawrence Way	Director	February 27, 2026
/s/ Steven J. Zuckerman Steven J. Zuckerman	Director	February 27, 2026