

Customers Bancorp, Inc.  
Form S-1/A  
July 29, 2011

Registration No. 333-166225

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Amendment No. 8 to  
FORM S-1  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933

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

Pennsylvania  
(State of Incorporation)

27-2290659  
(I.R.S. Employer I.D. No.)

6022  
(Primary Standard Industrial  
Classification Code No.)

1015 Penn Avenue  
Suite 103  
Wyomissing PA 19610  
(610) 933-2000  
(Address and telephone number of principal executive offices)

Jay S. Sidhu  
Customers Bank  
1015 Penn Avenue  
Suite 103  
Wyomissing PA 19610  
(610) 933-2000  
(Name, address, telephone no. of agent for service)

With a Copy to:

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Stradley Ronon Stevens & Young, LLP  
30 Valley Stream Parkway  
Malvern, Pennsylvania 19355  
(610) 640-5806

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1017 Mumma Road, Suite 302  
Lemoyne, Pennsylvania 17043  
(717) 731-1700

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effectiveness of this Registration Statement and the completion of the transactions described herein.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer   
 Non-accelerated filer   
 (Do not check if a smaller reporting company)

Accelerated filer   
 Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be Registered	Proposed maximum offering price per share	Proposed maximum aggregate Offering price	Amount of registration fee (9)
Common Stock, \$1.00 par value (1)	8,834,574 (3)	\$12.60 (6)	\$111,315,637	\$12,924
Common Stock, \$1.00 par value (2)	804,272 (4)	\$11.22 (7)	\$9,023,936	\$1,048
Class B Non-Voting Common Stock, \$1.00 par value	2,397,561 (5)	\$12.60 (8)	\$30,209,273	\$3,507

- (1) Common Stock of Customers Bancorp, Inc. to be registered in connection with the reorganization transaction.
- (2) Common Stock of Customers Bancorp, Inc. to be registered in connection with the merger transaction.
- (3) Based upon the maximum number of shares of Common Stock that Customers Bancorp, Inc. may be required to issue in the reorganization transaction, including for stock options and warrants to acquire Common Stock that will be exercisable prior to the closing of the reorganization.
- (4) Based upon the maximum number of shares of Common Stock that Customers Bancorp, Inc. may be required to issue in the merger transaction, including for stock options and warrants to acquire Common Stock outstanding prior to the closing of the merger.
- (5) Based upon the maximum number of shares of Class B Non-Voting Common Stock that Customers Bancorp, Inc. may be required to issue in the reorganization transaction, including warrants to acquire Class B Non-Voting Common Stock outstanding prior to the closing of the reorganization.

- (6) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933 on the basis of the book value of the shares of Customers Bank Common Stock to be cancelled in the reorganization, computed, in accordance with Rule 457(f)(2), as the product of (i) \$4.20 (the book value of a share of Customers Bank Common Stock as of June 30, 2011), and (ii) 3 (the exchange ratio of shares of Customers Bank Common Stock to Customers Bancorp, Inc. Common Stock to be used in the reorganization).
- (7) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933 on the basis of the book value of the shares of Berkshire Bancorp, Inc. Common Stock to be cancelled in the merger, computed, in accordance with Rule 457(f)(2), as the product of (i) \$1.87 (the book value of a share of Berkshire Bancorp, Inc. Common Stock as of December 31, 2010 (the latest practicable date prior to the filing of the amendment to the registration statement in which the merger was introduced), and (ii) 6 (an estimate of the exchange ratio of shares of Berkshire Bancorp, Inc. Common Stock to Customers Bancorp, Inc. Common Stock to be used in the merger).
- (8) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933 on the basis of the book value of the shares of Customers Bank Class B Non-Voting Common Stock to be cancelled in the reorganization, computed, in accordance with Rule 457(f)(2), as the product of (i) \$4.2 (the book value of a share of Customers Bank Class B Non-Voting Common Stock as of June 30, 2011), and (ii) 3 (the exchange ratio of shares of Customers Bank Class B Non-Voting Common Stock to Customers Bancorp, Inc. Class B Non-Voting Common Stock to be used in the reorganization).
- (9) Pursuant to Rules 457(a) and 457(p), the total dollar amount of the fee set forth below is offset against a fee previously paid to the Securities and Exchange Commission by the Registrant. The Registrant previously paid \$5,193 in connection with this registration statement on Form S-1 (Registration No. 333-166225), which was filed on April 22, 2010, however, the number of shares to be offered was subsequently increased by amendment prior to effectiveness of the registration statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this Joint Proxy Statement-Prospectus is not complete and may be changed. CBI may not sell these securities until the Securities and Exchange Commission declares the registration statement effective. This Joint Proxy Statement-Prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated July 29, 2011

Preliminary Joint Proxy Statement-Prospectus

Prospectus of Customers Bancorp, Inc.  
\_\_\_\_\_ Shares of Voting Common Stock and  
\_\_\_\_\_ Shares of Class B Non-Voting Common Stock

Proxy Statement of Customers Bank and Berkshire Bancorp, Inc.

PROPOSED REORGANIZATION AND MERGER – YOUR VOTE IS VERY IMPORTANT

Special Meeting of Shareholders

For each of:

Customers Bank  
99 Bridge Street  
Phoenixville, Pennsylvania 19460  
(610) 933-2000

Berkshire Bancorp, Inc.  
1101 Woodland Road  
Wyomissing, Pennsylvania 19610  
(610) 376-7200

The Boards of Directors of Customers Bank and Berkshire Bancorp, Inc. have each scheduled a special meeting of shareholders for the respective entities. The Customers Bank shareholder meeting is for the purpose of approving the reorganization, pursuant to a Plan of Merger and Reorganization, of Customers Bank into a holding company structure (which is referred to as the “reorganization” in this Joint Proxy Statement-Prospectus), and approving a merger transaction in accordance with that certain Agreement and Plan of Merger, dated as of August 24, 2010, as amended April 27, 2011, by and among Customers Bank, Customers Bancorp, Inc., Berkshire Bank and Berkshire Bancorp, Inc., pursuant to which Berkshire Bancorp, Inc. will be merged with and into Customers Bancorp, Inc., and Berkshire Bank will thereafter be merged with and into Customers Bank (in this Joint Proxy Statement-Prospectus, the agreement is referred to as the “Merger Agreement,” and the transactions contemplated by the Merger Agreement as the “merger”).

The special meeting of shareholders for Berkshire Bancorp, Inc. is for the purpose of approving and adopting the Merger Agreement and the merger. Both the reorganization and the merger are contingent upon receipt of approval from various bank regulatory agencies, and the merger is contingent upon the earlier effectuation of the reorganization. Therefore, if the shareholders of Customers Bank do not approve the reorganization or if the required bank regulatory approvals are not received, the merger will not occur.

This Joint Proxy Statement-Prospectus registers shares of Customers Bancorp, Inc. Voting Common Stock and Class B Non-Voting Common Stock to be issued in connection with both the reorganization and the merger.

With respect to the reorganization, shares of Customers Bancorp, Inc. Voting Common Stock will be issued to shareholders of record of Customers Bank as of \_\_\_\_\_, 2011 on the basis of one share of Customers Bancorp, Inc. Voting Common Stock for every three shares of Customers Bank Voting Common Stock outstanding at the effective time of the reorganization, and one share of Customers Bancorp, Inc. Class B Non-Voting Common Stock for every three shares of Customers Bank Class B Non-Voting Common Stock outstanding at the effective time of the reorganization. The reorganization will only occur if the holders of two-thirds of the outstanding shares of Customers Bank Voting Common Stock vote in favor of the reorganization.

With respect to the merger, if and after the reorganization is completed, each share of Berkshire Bancorp, Inc. common stock will be converted into the right to receive a certain fraction of a share of Customers Bancorp, Inc. Voting Common Stock, based upon the exchange ratio, calculated as the Berkshire Bancorp, Inc. valuation divided by three times Customers Bank valuation, each as established in the Merger Agreement, plus cash in lieu of fractional shares, as discussed in the attached Joint Proxy Statement-Prospectus. The merger will only occur if the holders of two-thirds of the outstanding shares of Customers Bank Voting Common Stock and Berkshire Bancorp, Inc. common stock vote in favor of the Merger Agreement and the merger.

If the reorganization and merger are approved, and Customers Bancorp, Inc. receives all required bank regulatory approvals, a holding company structure will be formed through a reorganization pursuant to which Customers Bank will become a wholly owned subsidiary of Customers Bancorp, Inc., and the shareholders of Customers Bank will become the shareholders of Customers Bancorp, Inc. Immediately following the completion of the reorganization, the merger will be consummated so that Berkshire Bancorp, Inc. will be merged with and into Customers Bancorp, Inc., and immediately thereafter, Berkshire Bank will be merged with and into Customers Bank, and all of the issued shares of Berkshire Bancorp, Inc. common stock outstanding immediately before the consummation of the merger will be exchanged for shares of Customers Bancorp, Inc. Voting Common

Stock in accordance with the Merger Agreement. Accordingly, the effective time of the reorganization will precede the effective time of the merger. The effective time of the merger of Berkshire Bancorp, Inc. with and into Customers Bancorp, Inc. will precede the effective time of the merger of Berkshire Bank with and into Customers Bank. The reorganization and the merger are described in detail in the attached Joint Proxy Statement-Prospectus.

If the reorganization and merger are completed, former shareholders of Berkshire Bancorp, Inc. and former shareholders of Customers Bank will own \_\_\_\_\_% and \_\_\_\_\_%, respectively, of Customers Bancorp, Inc. outstanding Voting Common Stock following completion of the transactions.

Customers Bancorp, Inc.'s Common Stock may not be listed on any securities exchange following the completion of the reorganization and merger transactions.

The board of directors of Customers Bank has approved the reorganization, the Merger Agreement and the merger, and recommends that you vote "FOR" the reorganization, Merger Agreement and merger. The board of directors of Berkshire Bancorp, Inc. has approved the Merger Agreement and the merger and recommends that you vote "FOR" the Merger Agreement and merger.

None of Customers Bancorp, Inc.'s Voting Common Stock or the Class B Non-Voting Common Stock, nor Berkshire Bancorp, Inc.'s common stock is listed on any national securities exchange.

**YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS BEGINNING ON PAGE 20 OF THIS JOINT PROXY STATEMENT-PROSPECTUS BEFORE DECIDING HOW TO VOTE ON THE PROPOSED REORGANIZATION.**

The following are important disclosures. Please read them carefully:

You should rely only on information contained in this document or that has been referred to in this document. Neither Customers Bancorp, Inc., Customers Bank, Berkshire Bancorp, Inc. nor Berkshire Bank have authorized anyone to provide you with information that is different. This Joint Proxy Statement-Prospectus is only accurate as of the date printed on the bottom of this page. If there is any material change affecting the formation of the holding company structure or the merger, you will be advised.

The shares of Customers Bancorp, Inc. to be issued in the proposed reorganization and merger will not be savings accounts or deposits, and will not be insured by the Federal Deposit Insurance Corporation or any other government agency. Investment in the shares involves investment risk, including possible loss of principal.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued in the proposed reorganization and the merger, passed upon the accuracy of this Joint Proxy Statement-Prospectus or determined if this Joint Proxy Statement-Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Joint Proxy Statement-Prospectus is \_\_\_\_\_, 2011.



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The merger may fail to qualify as a tax-free reorganization under the Internal Revenue Code.	23
Regulatory approvals may not be received, may take longer than expected or impose conditions that are not presently anticipated.	23
The Merger Agreement limits BBI's ability to pursue alternatives to the merger.	23
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Both CBI and BBI shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.	24
If the merger has not occurred by July 31, 2011, either Customers or Berkshire may choose not to proceed with the merger.	24
If the merger is terminated, BBI and Berkshire Bank will continue to be subject to certain regulatory actions, restrictions, and agreements that may materially affect their ability to do business and compete.	24
If the merger with CBI is not completed, BBI will continue to face certain risk factors related to its on-going operations.	24
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Combining CBI and BBI may be more difficult, costly or time-consuming than expected.	25
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There is no established trading market for CBI's and Customers Bank's Voting Common Stock and share price may be volatile.	25
Either Customers Bank before the reorganization or CBI after the reorganization may issue additional shares of Voting Common Stock, preferred stock or equity, debt or derivative securities, which could adversely affect the value or voting power of your Voting Common Stock.	26

Either Customers Bank before the reorganization or CBI after the reorganization may issue incentive stock options, warrants, stock or other equity securities convertible into Voting Common Stock to management, directors and employees.	26
Customers Bank Voting Common Stock is and CBI's Voting Common Stock will be subordinate to all of each such entity's existing and future indebtedness; and neither Customers Bank nor CBI is limited on the amount of indebtedness it may incur in the future.	26
Customers Bank and CBI may not pay dividends on the shares in the foreseeable future, which may adversely affect the return and the price of their Voting Common Stock.	27
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Previously enacted and potential future legislation, including legislation to reform the U.S. financial regulatory system, could adversely affect Customers Bank's business.	31
The new Bureau of Consumer Financial Protection ("BCFP") may reshape the consumer financial laws through rulemaking and enforcement of unfair, deceptive or abusive practices, which may directly impact the business operations of depository institutions offering consumer financial products or services including Customers Bank.	31
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Customers Bank and/or CBI may become subject to additional Pennsylvania taxes as a result of the reorganization.	31
Accounting standards periodically change and the application of Customers Bank's accounting policies and methods may require estimates about matters that are uncertain.	32
Customers Bank might not achieve profitability or consistent earnings.	32
Customers Bank might not be able to keep growing or may fail to manage its growth effectively.	32

Asset growth may not cause Customers Bank’s earnings to grow.	32
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Losses or liabilities may be higher than anticipated and may negatively impact Customers Bank’s earnings and financial position.	34
Provisions in Customers Bank’s charter documents may prevent others from obtaining control or increase the cost of completing a transaction in which control of Customers Bank is acquired by others.	34
Customers Bank’s directors and executive officers can influence the outcome of shareholder votes.	34
Customers Bank depends on its executive management, and the loss of a member of its management team could have an adverse effect on business.	34
Customers Bank’s chairman and chief executive officer also serves as Non-executive Chairman of Atlantic Coast Financial Corporation, the holding company for another financial institution and such responsibilities could affect his ability to devote sufficient time to his position with Customers Bank.	34
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Customers Bank’s ability to continue to receive benefits of its loss share arrangement with the FDIC is conditioned upon compliance with certain requirements under the Purchase and Assumption Agreement.	37
FDIC-assisted acquisition opportunities may not become available and increased competition may make it more difficult for Customers Bank or CBI to bid on failed bank transactions on terms considered to be acceptable.	38
Attractive acquisition opportunities may not be available in the future.	38
Customers Bank may currently be unable to ascertain the merits or risks of the businesses it may ultimately acquire.	38
CBI may face risks related to minority investment.	38

Some institutions Customers Bank or CBI could acquire may have distressed assets and there can be no assurance that Customers will be able to realize the value predicted from these assets or that it will make sufficient provision for future losses in the value of, or accurately estimate the future write-downs taken in respect of, these assets.	38
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Customers Bank and/or CBI may in the future hire consultants or advisors on a contingent basis, who would only receive payment in the event an investment or acquisition transaction occurred and, therefore, they might be viewed as having an interest in such investment or acquisition transaction occurring.	39
Shareholders may have no opportunity to evaluate and affect the investment decision regarding a potential investment or acquisition transaction.	39
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PROPOSAL C2 AND B1 TO APPROVE AND ADOPT THE AGREEMENT AND PLAN OF MERGER, DATED AS OF AUGUST 24, 2010, BY AND AMONG BERKSHIRE BANCORP, INC., BERKSHIRE BANK, CUSTOMERS BANCORP, INC., AND CUSTOMERS BANK, AS AMENDED ON APRIL 27, 2011, AND TO APPROVE ALL TRANSACTIONS CONTEMPLATED BY SUCH AGREEMENT THE MERGER	55
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You should rely only on the information contained in this document. None of Customers Bancorp, Inc., Customers Bank, Berkshire Bancorp, Inc. nor Berkshire Bank has authorized anyone to provide you with any other information. This document may only be used where it is legal to sell these securities.

The information contained in this Joint Proxy Statement-Prospectus is accurate only as of the date of this Joint Proxy Statement-Prospectus, regardless of the time of delivery of this Joint Proxy Statement-Prospectus or of any sale of securities.

#### EXPLANATORY NOTE

Customers Bancorp, Inc. has filed with the Securities and Exchange Commission a registration statement under the Securities Act for the registration of its Voting Common Stock and Class B Non-Voting Common Stock, and shares underlying warrants and options to acquire such stock, to be issued and exchanged pursuant to a plan of reorganization and a merger agreement. This Joint Proxy Statement-Prospectus and the accompanying notice of shareholder meeting constitute the prospectus of the Customers Bancorp, Inc. filed as part of such registration statement. Upon completion of the reorganization, Customers Bancorp, Inc. will be required to comply with the periodic reporting requirements under the Securities Exchange Act of 1934 (“Exchange Act”). Customers Bank is not presently subject to reporting requirements under the Exchange Act.

Customers Bank  
99 Bridge Street  
Phoenixville, Pennsylvania 19460  
(610) 933-2000

\_\_\_\_\_, 2011

I am pleased to advise you that the Board of Directors of Customers Bank, has approved the reorganization, pursuant to a Plan of Merger and Reorganization, into a bank holding company structure (which is referred to as the “reorganization), with a bank holding company that has already been formed, called Customers Bancorp, Inc., and the acquisition by merger of Berkshire Bancorp, Inc. (which is referred to as the “merger”) pursuant to that certain Agreement and Plan of Merger, dated as of August 24, 2010, by and among Customers Bank, Customers Bancorp, Inc., Berkshire Bank and Berkshire Bancorp, Inc., as amended on April 27, 2011 (which is referred to as the “Merger Agreement”). The reorganization will provide Customers Bank with additional flexibility for structuring acquisitions and also for taking advantage of opportunities under the continually evolving laws governing financial institutions. The acquisition by merger of Berkshire Bancorp, Inc. will allow Customers Bank to accelerate its growth plans in Berks County and increase its assets to over \$2 billion with 16 banking offices in Pennsylvania, New York and New Jersey.

Both the reorganization and the merger are contingent upon receipt of approval from various bank regulatory agencies, and the merger transaction is contingent upon the earlier effectuation of the reorganization. Therefore, if the shareholders of Customers Bank do not approve the reorganization, the merger will not occur.

On completion of the reorganization, as a shareholder of Customers Bank, you will receive one share of Customers Bancorp, Inc. Voting Common Stock for every three of your shares of Customers Bank’s Voting Common Stock and one share of Customers Bancorp, Inc. Class B Non-Voting Common Stock for every three shares of Customers Bank’s Class B Non-Voting Common Stock. The conversion of Customers Bank shares into shares of the holding company generally will be tax-free for U.S. federal income tax purposes.

Upon completion of the merger, each share of Berkshire Bancorp, Inc. common stock will be converted into the right to receive a certain fraction of shares of Customers Bancorp, Inc. Voting Common Stock, based upon the exchange ratio, calculated as the Berkshire Bancorp, Inc. valuation divided by three times the Customers Bank valuation, each as established in the Merger Agreement, plus cash in lieu of fractional shares, as discussed in the attached Joint Proxy Statement-Prospectus. The merger will only occur if the holders of two-thirds of the outstanding shares of Customers Bank Voting Common Stock and Berkshire Bancorp, Inc. common stock vote in favor of the Merger Agreement and the merger.

Customers Bank is requesting that its shareholders approve the Plan of Merger and Reorganization, the reorganization that will result in the holding company structure, the merger and the Merger Agreement, and if necessary, an adjournment of the meeting to a date to be proposed at the meeting, if necessary to solicit or receive additional proxies. Because both the reorganization into a holding company structure and the merger require the that two-thirds of the outstanding shares of Customers Bank Voting Common Stock be voted in favor of each respective transaction, your vote is very important. Customers Bank has scheduled a meeting of shareholders to consider the holding company formation at the following date, time and place:

[TIME DATE LOCATION]

The enclosed proxy statement gives you detailed information about the meeting, the proposed holding company formation, the Merger Agreement and the merger.

Your Board of Directors enthusiastically supports the reorganization into a holding company structure and the merger, and recommend that you vote to approve both. Please sign and return the enclosed proxy card. You are also welcome to attend the meeting in person.

Jay S. Sidhu  
Chairman and Chief Executive Officer

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Berkshire Bancorp, Inc.  
1101 Woodland Road  
Wyomissing, Pennsylvania 19610

[DATE]

I am pleased to advise you that the Board of Directors of Berkshire Bancorp, Inc. has approved the merger with and into Customers Bancorp, Inc. (which is referred to as the “merger”) pursuant to that certain Agreement and Plan of Merger, dated as of August 24, 2010, by and among Customers Bank, Customers Bancorp, Inc., Berkshire Bank and Berkshire Bancorp, Inc., as amended on April 27, 2011 (which is referred to as the “Merger Agreement”). The merger is contingent upon receipt of approval from various bank regulatory agencies and the earlier effectuation of the reorganization of Customers Bank into a holding company structure under Customers Bancorp, Inc. Therefore, if the shareholders of Customers Bank do not approve the reorganization or if the required bank regulatory approvals are not received, the merger will not occur.

Upon completion of the merger, each share of Berkshire Bancorp, Inc. common stock will be converted into the right to receive a certain fraction of shares of Customers Bancorp, Inc. Voting Common Stock, based upon the exchange ratio, calculated as the Berkshire Bancorp, Inc. valuation divided by three times the Customers Bank valuation, each as established in the Merger Agreement, plus cash in lieu of fractional shares, as discussed in the attached Joint Proxy Statement-Prospectus. The merger will only occur if the reorganization of Customers Bank into a holding company structure is completed, and the holders of two-thirds of the outstanding shares of Customers Bank Voting Common Stock and Berkshire Bancorp, Inc. common stock vote in favor of the Merger Agreement and the merger. The conversion of Berkshire Bancorp, Inc. common stock into Customers Bancorp, Inc. Voting Common Stock generally will be tax-free for U.S. federal income tax purposes.

Berkshire is requesting that shareholders of Berkshire Bancorp, Inc. approve and adopt the merger and the Merger Agreement, and if necessary, an adjournment of the meeting to a date to be proposed at the meeting, to solicit or receive additional proxies. Your vote is very important. There is a scheduled a special meeting of shareholders to consider the merger and Merger Agreement at the following date, time and place:

[TIME DATE LOCATION]

The enclosed proxy statement gives you detailed information about the meeting, the Merger Agreement and the merger.

Your Board of Directors enthusiastically supports the merger, and recommends that you vote to approve it. Please sign and return the enclosed proxy card. You are also welcome to attend the meeting in person.

CUSTOMERS BANK  
99 Bridge Street  
Phoenixville, Pennsylvania 19460  
(610) 933-2000

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

A Special Meeting of the shareholders of Customers Bank will be held on \_\_\_\_\_, \_\_\_\_ 2011, at the main office of Customers Bank, 99 Bridge Street, Phoenixville Pennsylvania, at \_\_\_\_\_ a.m. to vote on the following proposals:

- C1. To approve and adopt a Plan of Merger and Reorganization pursuant to which Customers Bank will reorganize to a bank holding company structure (which is referred to as the “reorganization”);
- C2. To approve and adopt the Agreement and Plan of Merger, dated as of August 24, 2010, by and among Berkshire Bancorp, Inc., Berkshire Bank, Customers Bancorp, Inc., and Customers Bank, as amended on April 27, 2011 (which is referred to as the “Merger Agreement”) and to approve all transactions contemplated by the Merger Agreement. Pursuant to the Merger Agreement, Berkshire Bancorp, Inc. will merge with and into Customers Bancorp, Inc., and, immediately thereafter, Berkshire Bank will merge with and into Customers Bank; and
- C3. To adjourn the meeting to a date to be proposed at the meeting, if necessary to solicit or receive additional proxies.

The board of directors has set the Record Date for the Special Meeting as \_\_\_\_\_, 2011. Only holders of record of Customers Bank’s Voting Common Stock at the close of business on that date can vote at the meeting. As long as a quorum is present or represented at the Special Meeting, the affirmative vote of two-thirds of Customers Bank’s outstanding Voting Common Stock is required to pass Proposals C1 and C2, and the affirmative vote of a majority of Customers Bank’s Voting Common Stock present, in person or by proxy is required to pass Proposal C3. As of the Record Date, there were \_\_\_\_\_ shares of Customers Bank’s Voting Common Stock outstanding.

Shareholders may be entitled to assert dissenters’ rights in connection with the reorganization. See “THE REORGANIZATION – Dissenters’ Rights” beginning on page 49 of this Joint Proxy Statement-Prospectus for a summary of the rights to which you may be entitled. Additionally, a copy of the law pertaining to dissenters’ rights, Sections 1607 and 1222 of the Pennsylvania Banking Code and Subchapter D of Chapter 15 and Section 1930 of the Pennsylvania Business Corporation Law, is attached as Annex C to the Joint Proxy Statement-Prospectus.

The directors of Customers Bank unanimously believe that Proposals C1 through C3 are in the best interests of Customers Bank and its shareholders, and urge shareholders to vote “FOR” each of Proposals C1 through C3.

By Order of the Board of Directors

Gertrude M. Hackney, Secretary

Dated: \_\_\_\_ \_\_, 2011



BERKSHIRE BANCORP, INC.  
1101 Woodland Road  
Wyomissing, Pennsylvania 19610  
(610) 376-7200

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

A Special Meeting of the shareholders of Berkshire Bancorp, Inc. will be held on \_\_\_\_\_, \_\_\_\_\_ 2011, at [LOCATION], at \_\_\_\_\_ a.m. to vote on the following proposals:

- B1. To approve and adopt the Agreement and Plan of Merger, dated as of August 24, 2010, by and among Berkshire Bancorp, Inc., Berkshire Bank, Customers Bancorp, Inc., and Customers Bank, as amended on April 27, 2011 (which is referred to as the “Merger Agreement”) and to approve all transactions contemplated by the Merger Agreement. Pursuant to the Merger Agreement, Berkshire Bancorp, Inc. will merge with and into Customers Bancorp, Inc., and, immediately thereafter, Berkshire Bank will merge with and into Customers Bank; and
- B2. To adjourn the meeting to a date to be proposed at the meeting, if necessary to solicit or receive additional proxies.

The board of directors has set the Record Date for the Special Meeting as \_\_\_\_\_, 2011. Only holders of record of Berkshire Bancorp, Inc.’s common stock at the close of business on that date can vote at the meeting. As long as a quorum is present or represented at the Special Meeting, the affirmative vote, in person or by proxy, of two-thirds of Berkshire Bancorp, Inc.’s outstanding common stock is required to pass Proposal B1, and the affirmative vote, in person or by proxy, of a majority of Berkshire Bancorp, Inc.’s common stock present is required to pass Proposal B2. As of the Record Date, there were \_\_\_\_\_ shares of Berkshire Bancorp, Inc.’s common stock outstanding.

Your vote is important regardless of the number of shares you own. If you abstain from voting or do not vote (either in person or proxy), it will have the practical effect of a vote against the Merger Agreement.

Even if you plan to attend the special meeting, the board of directors urges you to complete, sign, date and return the enclosed proxy card promptly in the envelope provided. This will not prevent you from attending the special meeting but will assure that your vote will be counted should you be unable to attend.

Shareholders may be entitled to assert dissenters’ rights in connection with the merger. See “THE MERGER – Rights of Dissenting Shareholders” beginning on page 74 of this Joint Proxy Statement-Prospectus for a summary of the rights to which you may be entitled. Additionally, a copy of the law pertaining to dissenters’ rights, Subchapter D of Chapter 15 and Section 1930 of the Pennsylvania Business Corporation Law, is attached as Annex E to the Joint Proxy Statement-Prospectus.

The directors of Berkshire Bancorp, Inc. unanimously believe that Proposals B1 and B2 are in the best interests of Berkshire Bancorp, Inc. and its shareholders, and urge shareholders to vote “FOR” each of Proposals B1 and B2.

By Order of the Board of Directors

Norman E. Heilenman, Chairman of the Board

Dated: \_\_ \_\_, 2011

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## FORWARD-LOOKING STATEMENTS

This Joint Proxy Statement-Prospectus and all attachments hereto, including the annual report and audited and unaudited financial statements of Customers Bank and Berkshire Bancorp, Inc., as well as other written or oral communications made from time to time by Customers Bank, Customers Bancorp, Inc., Berkshire Bank and Berkshire Bancorp, Inc. may contain certain forward-looking information within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. These statements 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 “believes,” “expects,” “may,” “will,” “should,” “plan,” “intend,” or “anticipate” or negative thereof or comparable terminology, or by discussion of strategy that involve risks and uncertainties. These forward-looking statements are only predictions and estimates regarding future events and circumstances and involve known and unknown risks, uncertainties and other factors, including the risks described under “Risk Factors” that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. This information is based on various assumptions that may not prove to be correct.

In addition to the risks described in the “Risk Factors” section of this Joint Proxy Statement-Prospectus, important factors to consider and evaluate in such forward-looking statements include:

- Changes in the external competitive market factors that might impact results of operations;
- Changes in laws and regulations, including without limitation changes in capital requirements under the federal prompt corrective action regulations;
- Changes in business strategy or an inability to execute strategy due to the occurrence of unanticipated events;
- Ability to identify potential candidates for, and consummate, acquisition or investment transactions;
- Constraints on ability to consummate an attractive acquisition or investment transaction because of significant competition for these opportunities;
- Failure to complete any or all of the transactions described herein on the terms currently contemplated;
- Local, regional and national economic conditions and events and the impact they may have on Customers Bank, Berkshire Bank and their customers;
- Ability to attract deposits and other sources of liquidity;
- Changes in the financial performance and/or condition of Customers Bank’s or Berkshire Bank’s borrowers;
- Changes in the level of non-performing and classified assets and charge-offs;
- Changes in estimates of future loan loss reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;
- Changes in Customers Bank’s or Berkshire Bancorp’s capital structure resulting from future capital offerings or acquisitions;
- Changes in the timing or substance of Customers Bank’s strategic and operating plans resulting from future acquisitions or acquisition proposals;
- The integration of Customers Bank’s recent FDIC-assisted acquisition may present unforeseen challenges;
- Inflation, interest rate, securities market and monetary fluctuations;
- The timely development and acceptance of new banking products and services and perceived overall value of these products and services by users;
- Changes in consumer spending, borrowing and saving habits;
- Technological changes;

- The ability to increase market share and control expenses;
- Continued volatility in the credit and equity markets and its effect on the general economy;
- The effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters;
- The businesses of the Customers Bancorp, Inc. and Berkshire Bancorp, Inc., and subsidiaries, not integrating 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 expectations, such as with respect to the full realization of anticipated cost savings and revenue enhancements within the expected time frame, including as to the merger;
- Revenues following the merger being lower than expected; and
- Deposit attrition, operating costs, customer loss and business disruption following the merger, including, without limitation, difficulties in maintaining relationships with employees, being greater than expected.

These forward-looking statements are subject to significant uncertainties and contingencies, many of which are beyond the control of Customers Bancorp, Inc., Customers Bank, Berkshire Bancorp, Inc. and Berkshire Bank. Although the expectations reflected in the forward-looking statements are currently believed to be reasonable, future results, levels of activity, performance or achievements cannot be guaranteed. Accordingly, there can be no assurance that actual results will meet expectations or will not be materially lower than the results contemplated in this Joint Proxy Statement-Prospectus and the attachments hereto. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document or, in the case of documents referred to, the dates of those documents. None of Customers Bancorp, Inc., Customers Bank, Berkshire Bancorp, Inc. nor Berkshire Bank undertakes any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as may be required under applicable law.

## SUMMARY

### PRINCIPAL PARTIES TO THE REORGANIZATION AND MERGER

#### Customers Bank

Customers Bank is a Pennsylvania state chartered bank and member of the Federal Reserve System. It provides a full range of banking services to small and medium-sized businesses, professionals, individuals and families through its 11 branch locations: nine in Bucks, Berks, Chester and Delaware Counties, Pennsylvania; one in Mercer County, New Jersey; and one in Westchester County, New York. Customers Bank also provides liquidity to the mortgage market nationwide through the operation of its Mortgage Warehouse Business.

As of March 31, 2011, Customers Bank had total assets of approximately \$1.61 billion, total loans (including loans held for sale) of approximately \$857.0 million, total deposits of approximately \$1.39 billion and stockholders' equity of approximately \$119.2 million.

Customers Bank's corporate headquarters are located at 99 Bridge Street, Phoenixville, Chester County, PA 19460. The main telephone number is (610) 933-2000.

#### Customers Bancorp, Inc.

Customers Bancorp, Inc., or CBI, is a Pennsylvania corporation which is anticipated to become a Pennsylvania bank holding company, contingent upon receipt of all necessary bank regulatory approvals as well as the reorganization being approved by Customers Bank's shareholders at the Customers Special Meeting.

CBI's corporate headquarters are located at 1015 Penn Avenue, Wyomissing, Pennsylvania 19610. The main telephone number is (610) 933-2000.

#### Berkshire Bancorp, Inc.

Berkshire Bancorp, Inc., or BBI, is a Pennsylvania bank holding company, and its primary activity consists of owning and supervising its subsidiary, Berkshire Bank. Berkshire Bank, has five branch locations in Berks County, Pennsylvania, and is a full service commercial bank providing a wide range of services to individuals and small to medium sized businesses in its Southeastern Pennsylvania market area. Berkshire Bank's commercial banking activities include accepting time, demand, and savings deposits and making secured and unsecured commercial, real estate and consumer loans.



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As of March 31, 2011, BBI had total consolidated assets of approximately \$136 million, total consolidated loans of approximately \$106 million, total consolidated deposits of approximately \$125 million and consolidated shareholders' equity of approximately \$10.2 million.

BBI's corporate headquarters are located at 1101 Woodland Road, Wyomissing, Pennsylvania 19610. The main telephone number is (610) 376-7200.

## COMMONLY USED TERMS

For purposes of this Joint Proxy Statement-Prospectus, any references to “CBI” refer to Customers Bancorp, Inc., any references to “Customers” refer to Customers Bank and CBI collectively, any references to “BBI” refer to Berkshire Bancorp, Inc. and any references to “Berkshire” refer to Berkshire Bank and BBI collectively.

## QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND VOTING

Why am I receiving these proxy materials?

Customers Bank and BBI are sending you this Joint Proxy Statement-Prospectus and the accompanying proxy card because your proxy to vote at a Special Meeting is being solicited. If you were a holder of Customers Bank Voting Common Stock on \_\_\_\_\_, 2011 (which is referred to as the “Record Date”), you are entitled to notice of and to vote at the Special Meeting of Shareholders of Customers Bank to be held at \_\_\_\_\_ on \_\_\_\_\_, 2011 at \_\_\_\_\_ (which is referred to as the “Customers Special Meeting”).

If you were a holder of BBI common stock on the Record Date, you are entitled to notice of and to vote at the Special Meeting of Shareholders of BBI to be held at TIME on \_\_\_\_\_, 2011 at [LOCATION] (which is referred to as the “Berkshire Special Meeting”). Shareholders of record on the Record Date are invited to attend the meeting for their respective entities to vote on the proposals described in this Joint Proxy Statement-Prospectus. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign, and return the accompanying proxy card.

Customers Bank has mailed this Joint Proxy Statement-Prospectus and the accompanying proxy card to all shareholders of record entitled to vote at the Customers Special Meeting, and BBI has mailed this Joint Proxy Statement-Prospectus and the accompanying proxy card to all shareholders of record entitled to vote at the Berkshire Special Meeting.

Who is entitled to vote at the meeting?

Customers Bank. To be able to vote, you must have been a beneficial owner or record holder of Customers Bank’s Voting Common Stock on \_\_\_\_\_, 2011, the Record Date.

If, at the close of business on the Record Date, your Customers Bank shares were registered directly in your name, then you are a shareholder of record. As a shareholder of record you may vote in person at the Customers Special Meeting or by proxy. Whether or not you plan to attend the meeting, Customers Bank urges you to complete and return the accompanying proxy card to ensure your vote is counted.

If, at the close of business on the Record Date, your Customers Bank shares were not issued directly in your name, but rather were held in an account at a brokerage firm, bank, or by another agent, you are the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by your broker, bank, or other agent. The broker, bank, or other agent holding your shares in that account is considered to be the shareholder of record for purposes of voting at the Customers Special Meeting. As a beneficial owner, you have the right to direct your broker, bank, or other agent on how to vote the shares of Voting Common Stock in your account. You are also invited to attend the Customers Special Meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy issued in your name from your broker, bank or other agent.

BBI. To be able to vote, you must have been a beneficial owner or record holder of BBI common stock on \_\_\_\_\_, 2011, the Record Date.

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If, at the close of business on the Record Date, your BBI shares were registered directly in your name, then you are a shareholder of record. As a shareholder of record you may vote in person at the Berkshire Special Meeting or by proxy. Whether or not you plan to attend the meeting, BBI urges you to complete and return the accompanying proxy card to ensure your vote is counted.

If, at the close of business on the Record Date, your BBI shares were not issued directly in your name, but rather were held in an account at a brokerage firm, bank, or by another agent, you are the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by your broker, bank, or other agent. The broker, bank, or other agent holding your shares in that account is considered to be the shareholder of record for purposes of voting at the Berkshire Special Meeting. As a beneficial owner, you have the right to direct your broker, bank, or other agent on how to vote the shares of BBI common stock in your account. You are also invited to attend the Berkshire Special Meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy issued in your name from your broker, bank or other agent.

What am I being asked to vote on?

Customers Bank. There are three matters scheduled for a vote at the Customers Special Meeting:

- C1. To approve and adopt a Plan of Merger and Reorganization pursuant to which Customers Bank will reorganize to a bank holding company structure;
- C2. To approve and adopt the Agreement and Plan of Merger, dated as of August 24, 2010, by and among Berkshire Bancorp, Inc., Berkshire Bank, Customers Bancorp, Inc., and Customers Bank, as amended on April 27, 2011, and to approve all transactions contemplated by such agreement. Pursuant to the Merger Agreement, Berkshire Bancorp, Inc. will merge with an into Customers Bancorp, Inc., and, immediately thereafter, Berkshire Bank will merge with and into Customers Bank; and
- C3. To adjourn the meeting to a date to be proposed at the meeting, if necessary to solicit or receive additional proxies.

BBI. There are two matters scheduled for a vote at the Berkshire Special Meeting:

- B1. To approve and adopt the Agreement and Plan of Merger, dated as of August 24, 2010, by and among Berkshire Bancorp, Inc., Berkshire Bank, Customers Bancorp, Inc., and Customers Bank, as amended on April 27, 2011, and to approve all transactions contemplated by such agreement. Pursuant to the Merger Agreement, Berkshire Bancorp, Inc. will merge with an into Customers Bancorp, Inc., and, immediately thereafter, Berkshire Bank will merge with and into Customers Bank; and
- B2. To adjourn the meeting to a date to be proposed at the meeting, if necessary to solicit or receive additional proxies.

Customers Bank’s board of directors recommends a vote “FOR” Proposals C1 through C3 above.

For additional information about the proposed reorganization of Customers Bank, see “QUESTIONS AND ANSWERS ABOUT THE REORGANIZATION AND THE MERGER” beginning on page 9 of this Joint Proxy Statement-Prospectus, and the sections of this Joint Proxy Statement-Prospectus referred to therein. For additional

information about the proposed merger of BBI with and into CBI, see “QUESTIONS AND ANSWERS ABOUT THE REORGANIZATION AND THE MERGER” beginning on page 9 of this Joint Proxy Statement-Prospectus, and the sections of this Joint Proxy Statement-Prospectus referred to therein.

BBI’s board of directors recommends a vote “FOR” Proposals B1 and B2 above.

For additional information about the proposed merger of BBI with and into CBI, see “QUESTIONS AND ANSWERS ABOUT THE REORGANIZATION AND THE MERGER” beginning on page 9 of this Joint Proxy Statement-Prospectus, and the sections of this Joint Proxy Statement-Prospectus referred to therein.

How many votes do I have?

Each holder of Customers Bank’s Voting Common Stock is entitled to one vote per share held, and each holder of BBI common stock is entitled to one vote per share held.

#### What is a quorum?

For a proposal to be considered at either the Customers Special Meeting or the Berkshire Special Meeting, a quorum must be present. The presence, in person or by proxy, of a majority of the issued and outstanding shares entitled to vote will constitute a quorum. The shareholders present, in person or by proxy, at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Abstentions and “broker non-votes” (that is, shares held by a broker or nominee that are represented at the meeting, but with respect to which such broker or nominee is not instructed to vote on a particular proposal and does not have discretionary voting power) will not be counted for the purpose of determining whether a quorum is present at either the Customers Special Meeting or the Berkshire Special Meeting.

Your shares will be counted toward the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank, or other agent) or if you are present at the meeting. If there is no quorum, the chairperson of the meeting, or a majority of the votes present at the meeting, may adjourn the meeting to another date.

At any adjourned meeting at which a quorum is present in person or by proxy, any business may be transacted which might have been transacted at the original meeting if a quorum had been present.

#### What vote is required?

Customers Bank. For Proposals C1 and C2, to approve and adopt a Plan of Merger and Reorganization pursuant to which Customers Bank will be reorganized into a bank holding company structure, and to approve and adopt the Merger Agreement and the transactions contemplated thereby, if a quorum is present, the affirmative vote of holders of two-thirds of all shares of Customers Bank’s outstanding Voting Common Stock is required to approve each of Proposals C1 and C2. Abstentions and broker non-votes are not deemed to constitute “votes cast” and, therefore, will have the same effect as a vote against the proposals.

For Proposal C3, if a quorum is present, the affirmative vote of a majority of the stock having voting powers, present, in person or by proxy, is required to approve such proposal. Abstentions and broker non-votes are not deemed to constitute “votes cast” and, therefore, do not count either for or against approval of a given proposal.

BBI. For Proposal B1, to approve and adopt the Merger Agreement and the transactions contemplated thereby, if a quorum is present, the affirmative vote, in person or by proxy, of holders of two-thirds of all shares of BBI’s outstanding common stock is required to approve such proposal. Abstentions and broker non-votes are not deemed to constitute “votes cast” and, therefore, will have the same effect as a vote against the Merger Agreement and the transactions contemplated thereby.

For Proposal B2, if a quorum is present, the affirmative vote, in person or by proxy, of a majority of the common stock present, is required to approve such proposal. Abstentions and broker non-votes are not deemed to constitute “votes cast” and, therefore, do not count either for or against approval of a given proposal.

#### How do I vote?

Customers Bank. For any matter to be voted on at the Customers Special Meeting, you may vote “For” or “Against” or abstain from voting.

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Shareholder of Record: Shares Registered in Your Name. If you were a shareholder of record of Customers Bank on the Record Date, you may vote in person at the Customers Special Meeting. Alternatively, you may vote by proxy by using the accompanying proxy card. Whether or not you plan to attend the meeting, Customers Bank urges you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy. In such case, notify the Corporate Secretary before the meeting begins of your presence at the meeting and your intention to revoke your previously voted proxy.

To vote in person, come to the Customers Special Meeting and the ballot will be given to you when you arrive.

To vote by proxy, simply complete, sign, and date the accompanying proxy card and return it promptly in the envelope provided. If you return your signed proxy card before the Customers Special Meeting, your shares will be voted as you direct unless you revoke your proxy.

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

If your shares are held in street name and you wish to vote in person at the Customers Special Meeting, you must obtain a proxy issued in your name from the record holder (that is, your brokerage firm, bank or other nominee) and bring it with you to the meeting. Customers recommends that you vote your shares in advance as described above so that your vote will be counted if you later decide not to attend the meeting.

BBI. For any matter to be voted on at the Berkshire Special Meeting, you may vote "For" or "Against" or abstain from voting.

**Shareholder of Record: Shares Registered in Your Name.** If you were a shareholder of record of BBI on the Record Date, you may vote in person at the Berkshire Special Meeting. Alternatively, you may vote by proxy by using the accompanying proxy card. Whether or not you plan to attend the meeting, BBI urges you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy. In such case, notify the Corporate Secretary before the meeting begins of your presence at the meeting and your intention to revoke your previously voted proxy.

To vote in person, come to the Berkshire Special Meeting and the ballot will be given to you when you arrive.

To vote by proxy, simply complete, sign, and date the accompanying proxy card and return it promptly in the envelope provided. If you return your signed proxy card before the Berkshire Special Meeting, your shares will be voted as you direct unless you revoke your proxy.

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

If your shares are held in street name and you wish to vote in person at the Berkshire Special Meeting, you must obtain a proxy issued in your name from the record holder (that is, your brokerage firm, bank or other nominee) and bring it with you to the meeting. Berkshire recommends that you vote your shares in advance as described above so that your vote will be counted if you later decide not to attend the meeting.

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

If you return a signed proxy card without marking any voting selections, your shares will be voted "FOR" each proposal listed on the proxy card. If any other matter is properly presented at the meeting for which the proxy card is submitted, then one of the proxies named on the proxy card will vote your shares using his or her discretion.

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

If you receive more than one proxy card or voting instruction form because your shares are held in multiple accounts or registered in different names or addresses, or because you hold shares of both Customers Bank and BBI, please be sure to complete, sign, date, and return each proxy card or voting instruction form to ensure that all of your shares will be voted. If you receive proxy cards and voting instruction forms from both Customers Bank and BBI, please be sure to return each completed, signed and dated proxy card and voting instruction form to the proper entity. So proxy



cards and voting instruction forms related to the Customers Special Meeting should be returned to Customers Bank in the return envelope provided with the Customers Bank proxy materials. Likewise, proxy cards and voting instruction forms related to the Berkshire Special Meeting should be returned to BBI in the return envelope provided with the BBI proxy materials.

Only shares relating to proxy cards and voting instruction forms that have been signed, dated, and timely returned will be counted in toward a quorum and voted.

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

Votes will be counted by the judge of elections appointed for each Special Meeting. For the Customers Special Meeting, the judge of election will be Carlyn D'Amico, or, in her absence, one or more other individuals to be appointed in accordance with Customers Bank's bylaws. For the Berkshire Special Meeting, the judge of election will be \_\_\_\_\_, or, in his/her absence, one or more other individuals to be appointed in accordance with BBI's bylaws. The judge of elections at each Special Meeting will count "FOR" and "AGAINST" votes for each proposal.

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

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

- You may submit another properly completed proxy with a later date;
- You may send a written notice that you are revoking your proxy to the applicable Corporate Secretary:
  - If to Customers Bank, at 1015 Penn Ave. Suite 103, Wyomissing, Pennsylvania 19610, Attention: Corporate Secretary; or
  - If to BBI, at 1101 Woodland Road, Wyomissing, Pennsylvania 19610, Attention Corporate Secretary;
- You may attend the meeting and vote in person (however, simply attending the meeting will not, by itself, revoke your proxy; you must notify the Corporate Secretary before the meeting begins of your presence at the meeting and your intention to revoke your previously voted proxy).

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

How may I communicate with the board of directors?

Customers Bank. Please address any communications to Customers Bank's board of directors, in writing to Customers Bank's Corporate Secretary at 1015 Penn Ave. Suite 103, Wyomissing, Pennsylvania 19610. The Corporate Secretary will relay shareholder communications to the board of directors or any individual director to whom communications are directed.

BBI. Please address any communications to BBI's board of directors, in writing to BBI's Corporate Secretary at 1101 Woodland Road, Wyomissing, Pennsylvania 19610. The Corporate Secretary will relay shareholder communications to the board of directors or any individual director to whom communications are directed.

Who will bear the cost of soliciting proxies?

Customers Bank will bear the cost of the solicitation of proxies for the Customers Special Meeting, including preparation, assembly, printing and distribution of the proxy card and any additional solicitation materials furnished to shareholders in connection with the Customers Special Meeting. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries, and custodians holding shares in their names that are beneficially owned by others so that they may forward the solicitation materials to the beneficial owners. Customers Bank may reimburse such

persons for their reasonable expenses in forwarding solicitation materials to beneficial owners. The original solicitation of proxies may be supplemented by solicitation by personal contact, telephone, facsimile, email, or any other means by Customers Bank's directors, officers, or employees. No additional compensation will be paid to those individuals for any such services.

BBI will bear the cost of the solicitation of proxies for the Berkshire Special Meeting, including preparation, assembly, printing and distribution of the proxy card and any additional solicitation materials furnished to shareholders in connection with the Berkshire Special Meeting. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries, and custodians holding shares in their names that are beneficially owned by others so that they may forward the solicitation materials to the beneficial owners. BBI may reimburse such persons for their reasonable expenses in forwarding solicitation materials to beneficial owners. The original solicitation of proxies may be supplemented by solicitation by personal contact, telephone, facsimile, email, or any other means by BBI's directors, officers, or employees. No additional compensation will be paid to those individuals for any such services.

The cost of preparation, assembly, printing, and distribution of this Joint Proxy Statement-Prospectus will be shared by Customers Bank and BBI.

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

The voting results for Customers Bank will be announced at the Customers Special Meeting. The voting results for BBI will be announced at the Berkshire Special Meeting.

What is the recommendation of the board of directors?

Customers Bank. Customers Bank's board of directors recommends a vote:

FOR Proposal C1, to approve and adopt a Plan of Merger and Reorganization pursuant to which Customers Bank will reorganize to form a bank holding company structure;

FOR Proposal C2, to approve and adopt the Agreement and Plan of Merger, dated as of August 24, 2010, by and among Berkshire Bancorp, Inc., Berkshire Bank, Customers Bancorp, Inc., and Customers Bank, as amended April 27, 2011, and to approve all transactions contemplated by such agreement. Pursuant to the Merger Agreement, Berkshire Bancorp, Inc. will merge with and into Customers Bancorp, Inc., and, immediately thereafter, Berkshire Bank will merge with and into Customers Bank; and

FOR Proposal C3, to adjourn the meeting to a date to be proposed at the meeting, if necessary to solicit or receive additional proxies.

With respect to any other matter that properly comes before the Customers Special Meeting, the proxies will vote in accordance with their best judgment.

Unless you give other instructions on your proxy card, the persons named as proxies on your signed proxy card will vote in accordance with the recommendations of Customers Bank's board of directors with respect to each of the proposals and the election of each director position, and in their discretion with respect to any other matter properly brought before the Customers Special Meeting.

BBI. BBI's board of directors recommends a vote:

FOR Proposal B1, to approve and adopt the Agreement and Plan of Merger, dated as of August 24, 2010, by and among Berkshire Bancorp, Inc., Berkshire Bank, Customers Bancorp, Inc., and Customers Bank, as amended April 27, 2011, and to approve all transactions contemplated by such agreement. Pursuant to the Merger Agreement, Berkshire Bancorp, Inc. will merge with and into Customers Bancorp, Inc., and, immediately thereafter, Berkshire Bank will merge with and into Customers Bank; and

FOR Proposal B2, to adjourn the meeting to a date to be proposed at the meeting, if necessary to solicit or receive additional proxies.

With respect to any other matter that properly comes before the Berkshire Special Meeting, the proxies will vote in accordance with their best judgment.

Unless you give other instructions on your proxy card, the persons named as proxies on your signed proxy card will vote in accordance with the recommendations of BBI's board of directors with respect to each of the proposals and the election of each director position, and in their discretion with respect to any other matter properly brought before the

Berkshire Special Meeting.

Whom should I call if I have questions about the Special Meeting, the reorganization or the merger?

Customers Bank. If you are a Customers Bank shareholder, you should contact Trudy Hackney, Customers Bank's Corporate Secretary, at (484) 359-7135 (for questions about the Customers Special Meeting), and Thomas Brugger, Customers Bank's Chief Financial Officer, at (484) 359-7113 (for questions about the reorganization and the merger).

BBI. If you are a BBI shareholder, you should contact BBI's Corporate Secretary at (610) 376-7200.

## QUESTIONS AND ANSWERS ABOUT THE REORGANIZATION AND THE MERGER

This question and answer summary highlights selected information contained in other sections of this Joint Proxy Statement-Prospectus. To understand the reorganization and the merger more fully, you should carefully read this entire Joint Proxy Statement-Prospectus, including all appendices and financial statements.

What is the proposed transaction for which I am being asked to vote?

**Reorganization.** Customers Bank shareholders are being asked to vote on a resolution to approve and adopt the Plan of Merger and Reorganization (which is referred to as the “Plan of Reorganization”) described in this Joint Proxy Statement-Prospectus in order to effect a reorganization (which is referred to as the “reorganization”) of Customers Bank into a bank holding company structure whereby all of the current shareholders of Customers Bank will become shareholders of CBI, and Customers Bank will become a wholly owned subsidiary of CBI. The reorganization, if approved by shareholders of Customers Bank at the Special Meeting, will involve several steps including, among others, an application to applicable bank regulators for permission to form interim bank as a merger subsidiary into which Customers Bank can merge in order to become a wholly owned subsidiary of CBI, applications to applicable bank regulators for permission for Customers Bank to merge into New Century Interim Bank in accordance with the Plan of Reorganization, the exchange at a ratio of three-to-one of outstanding shares of Customers Bank’s Voting Common Stock and Class B Non-Voting Common Stock for shares of CBI’s Voting Common Stock and Class B Non-Voting Common Stock, and the exchange of outstanding warrants and options to purchase shares of Customers Bank’s Voting Common Stock for warrants or options, respectively, to purchase shares of CBI’s Voting Common Stock.

For more information on the reorganization and the Plan of Reorganization, see “THE REORGANIZATION” beginning at page 44 of this Joint Proxy Statement-Prospectus and the Plan of Merger and Reorganization attached as Annex A to this Joint Proxy Statement-Prospectus.

**Merger.** Both Customers Bank and BBI shareholders are being asked to vote on a resolution to approve and adopt the Agreement and Plan of Merger, dated as of August 24, 2010, by and among Berkshire Bancorp, Inc., Berkshire Bank, Customers Bancorp, Inc., and Customers Bank, which was amended on April 27, 2011 (collectively referred to as the “Merger Agreement”), and to approve all transactions contemplated by such agreement (which is referred to as the “merger”). The consummation of the merger is contingent upon the consummation of the reorganization, Customers Bank and BBI shareholder approval, and bank regulatory approval. Assuming consummation of the reorganization, if the merger is approved by both Customers Bank and BBI shareholders, the merger will involve several steps including, among others, an application to applicable bank regulators for permission to merge BBI into CBI (which is referred to as the “holding company merger”) and thereafter to merge Berkshire Bank into Customers Bank (which is referred to as the “bank merger”) in accordance with the Merger Agreement, and the exchange of BBI shares for CBI shares pursuant to the exchange ratio set forth in the Merger Agreement (more particularly described below under “What will I receive as consideration?”). Accordingly, the effective time of the holding company merger will precede the effective time of the bank merger.

Who is being asked to vote?

**Reorganization.** Only holders of Customers Bank Voting Common Stock as of the Record Date are being asked to vote on the reorganization. BBI shareholders, holders of Customers Bank Class B Non-Voting Common Stock, and holders of Customers Bank Voting Common Stock who were not holders of such stock on the Record Date are not entitled to vote on the reorganization.

Merger. Holders of Customers Bank Voting Common Stock and holders of BBI common stock as of the Record Date are being asked to vote on the merger. Holders of Customers Bank Class B Non-Voting Common Stock, and holders of Customers Bank Voting Common Stock and BBI common stock who were not holders of such stock on the Record Date are not entitled to vote on the merger.

What will I receive as consideration?

Reorganization. In the reorganization, all Customers Bank shareholders will receive one CBI share of Voting Common Stock for every three shares of Customers Bank's Voting Common Stock held immediately prior to the closing of the reorganization, and one share of CBI's Class B Non-Voting Common Stock for every three shares of Customers Bank's Class B Non-Voting Common Stock held immediately prior to the closing of the reorganization. CBI will not issue any fractional shares in the reorganization. Holders who would otherwise be entitled to a fractional share of CBI Voting Common Stock or Class B Non-Voting Common Stock will instead receive an amount in cash, rounded to the nearest cent and without interest, equal to the product of (1) the fraction of such share to which the holder would otherwise have been entitled, and (2) the book value of one share of Voting Common Stock or Class B Non-Voting Common Stock, as applicable, of Customers Bank as of the final day of the quarter ended immediately prior to the closing of the reorganization. The book value per share of Customers Bank's Voting Common Stock and Class B Non-Voting Common Stock as of March 31, 2011 was \$4.06.

Merger. In the merger, all BBI shareholders will receive merger consideration as follows:

Each share of BBI common stock will be converted into the right to receive the number of shares of CBI Voting Common Stock equal to an exchange ratio to be calculated at the closing of the merger plus cash in lieu of fractional shares. The exchange ratio is the "Berkshire Valuation" divided by three (3) times the "NCB Valuation."

The Merger Agreement defines the "Berkshire Valuation" as the greater of (1) \$1.95, or (2) (A) (i) BBI's tangible common book value as of the most recent calendar month-end prior to the effective time of the merger, minus (ii) the Book Value Adjustment (which is the dollar amount necessary, as of the most recent calendar month end prior to the effective time of the merger, to bring Berkshire Bank's total loan loss reserves up to an amount equal to 40% of its nonperforming loans), if any, minus the costs (whether capitalized or expensed) that have been accrued or otherwise incurred as of the effective time by either or both of BBI and Berkshire Bank related to the Merger Agreement and transactions contemplated thereby, divided by (B) the number of shares of BBI common stock outstanding at the effective time.

The Merger Agreement defines the "NCB Valuation" as Customers Bank's tangible common book value as of the most recent calendar month-end prior to the effective time of the merger, divided by the then-current number of shares of Customers Bank Voting Common Stock and Class B Non-Voting Common Stock outstanding at the effective time.

For example, if the effective time of the merger was April 1, 2011, the merger consideration would have been 0.1601 shares of CBI Voting Common Stock (with a pro forma tangible book value of \$12.18 per share of CBI Voting Common Stock) in exchange for each share of BBI common stock outstanding immediately prior to the merger. This is calculated as the Berkshire Valuation of \$1.95 divided by three times the NCB Valuation of \$4.06. The Berkshire Valuation of \$1.95 is the minimum Berkshire Valuation based on the Merger Agreement. The NCB Valuation of \$4.06 is (1) \$119,234,635 (tangible common book value), divided by (2) 29,360,720 shares of Customers Bank's Common Stock outstanding as of April 1, 2011. Please keep in mind that numbers in this paragraph are provided as an example of what the merger consideration would be assuming the merger went into effect on April 1, 2011. Since this Joint Proxy Statement-Prospectus was declared effective and mailed after April 1, 2011, the numbers are not a true representation of what BBI shareholders will receive as consideration for the merger. As the tangible common book value of both BBI and Customers Bank fluctuates, the per share merger consideration will also change.

Shares of BBI common stock owned by Customers Bank, Berkshire Bank or BBI (other than BBI shares held in trust accounts, managed accounts and the like, or otherwise held in a fiduciary or agency capacity, that are beneficially owned by third parties and other than BBI shares held, directly or indirectly, by CBI, Customers Bank, BBI or Berkshire Bank in respect of a debt previously contracted) are excluded from the shares of BBI common stock that will be exchanged in the merger.

For a more complete description of the merger consideration, see "The Merger Agreement" beginning at page 75 of this Joint Proxy Statement-Prospectus.

What will happen, upon consummation of the reorganization, to options and warrants to purchase Customers Bank's Common Stock?

All warrants and options for the purchase of Customers Bank's Voting Common Stock or Class B Non-Voting Common Stock that have been granted will automatically become warrants or options, respectively, to purchase one-third the number of shares of CBI's Voting Common Stock or Class B Non-Voting Common Stock, as applicable. The number of CBI shares for which each outstanding option or warrant will be exercisable after the reorganization will be rounded up to the nearest whole number of shares, subject to the holder's agreement to any



necessary corresponding upward rounding adjustments of the per share exercise price to the nearest whole cent.

What will happen, upon the consummation of the merger, to outstanding warrants to purchase BBI common stock? All warrants to purchase BBI common stock that are outstanding and unexercised immediately prior to the effective time of the merger will be converted automatically into the right to receive warrants to purchase shares of CBI Voting Common Stock upon the same terms and conditions as the BBI warrants, except that the expiration date shall be extended five (5) years and the number of shares and exercise price of the warrants will be adjusted as follows:

- The number of shares of CBI Voting Common Stock to be subject to the converted BBI warrants will be equal to the product of the number of shares of BBI common stock subject to the BBI warrants multiplied by the exchange ratio (described above in “What will I receive as consideration? – The Merger”), provided that any fractional shares of CBI Voting Common Stock resulting from such multiplication will be rounded down to the nearest whole share; and

- The exercise price per share of CBI Voting Common Stock under the converted BBI warrants will be equal to the exercise price per share of BBI common stock under the BBI warrants divided by the exchange ratio, provided that such exercise price will be rounded up to the nearest cent.

At all times after the effective time of the merger, CBI will reserve for issuance such number of shares of CBI Voting Common Stock as necessary so as to permit the exercise of converted BBI warrants in the manner contemplated by the Merger Agreement and in the instruments pursuant to which such BBI warrants were granted.

Do I have to take any action to exchange my shares?

Reorganization. Upon completion of the reorganization, shares of Customers Bank's Voting Common Stock and Class B Non-Voting Common Stock will automatically be exchanged for shares of CBI's Voting Common Stock and Class B Non-Voting Common Stock without any action on the part of Customers Bank's shareholders.

After the reorganization, Customers Bank shareholders will be mailed a letter of transmittal and instructions related to the exchange of the certificates and other instruments representing ownership of Customers Bank's Voting Common Stock, Class B Non-Voting Common Stock, or options or warrants to purchase Customers Bank's Voting Common Stock, as applicable, for certificates or other instruments representing CBI's securities into which such securities have been converted as a result of the reorganization.

Customers Bank shareholders should not send in their certificates or other instruments representing their prior ownership of securities until they are notified to do so.

Merger. As of the effective time of the merger, shares of BBI's common stock will automatically be cancelled and converted into the right to receive the merger consideration pursuant to the Merger Agreement. Each BBI share certificate will thereafter represent only the right to receive the merger consideration into which the shares represented by such certificate have been converted, as well as any dividends to which holders of BBI common stock become entitled in accordance with the Merger Agreement.

Upon completion of the merger, BBI shareholders will be mailed a letter of transmittal and instructions related to the exchange of BBI share certificates and other instruments representing ownership of BBI's common stock for the merger consideration.

BBI shareholders should not send in their certificates or other instruments representing their prior ownership of securities until they are notified to do so.

Can I trade Customers Bank and/or BBI shares between the date of this Joint Proxy Statement-Prospectus and the closing of the reorganization?

Yes. To the extent you are currently allowed to trade such shares, Customers Bank's and BBI's shares will continue to be tradable during this period.

After the reorganization and the merger, where can I trade CBI's shares?

There is currently no established trading market for CBI's Voting Common Stock or Class B Non-Voting Common Stock and CBI can give no assurance that there will be an established trading market for such shares after the reorganization and the merger. CBI's Voting Common Stock and Class B Non-Voting Common Stock may not be listed or quoted on any exchange. To date, trades of Customers Bank's Voting Common Stock and Class B Non-Voting Common Stock have not regularly been reported, so it is unlikely that trades of CBI's Voting Common

Stock and Class B Non-Voting Common Stock will be regularly reported unless and until an initial public offering is completed. The completion of an initial public offering is subject to a great number of contingencies which are more particularly described under "Risk Factors - There is no established trading market for CBI's and Customers Bank's Voting Common Stock and share price may be volatile" beginning at page 25 of this Joint Proxy Statement-Prospectus.

In the event that any BBI shareholder would be entitled to receive as consideration for the merger a number of shares equaling greater than 4.9% of CBI's Voting Common Stock outstanding immediately after the merger, such BBI shareholder will receive as merger consideration only the number of shares equaling 4.9% of CBI's Voting Common Stock outstanding immediate after the merger until such BBI shareholder obtains applicable regulatory approval or accepts shares of CBI's Class B Non-Voting Common Stock for the rest of the merger consideration owed to such BBI shareholder.

Will the reorganization or the merger affect Customers Bank's current or future operations?

CBI currently believes that neither the reorganization nor the merger should have material impact on how Customers Bank conducts its day-to-day operations. A holding company structure may allow Customers Bank to conduct some activities that it could not conduct on its own, or it may allow it to make some acquisitions that it could not otherwise make. A merger between BBI and CBI would expand Customer Bank's footprint in Berks County, Pennsylvania. Please see "Risk Factors" beginning at page 20 of this Joint Proxy Statement-Prospectus for a discussion of various ways in which the reorganization and merger could have an adverse effect on CBI and Customers Bank.

Will the reorganization or merger dilute my economic interest?

Reorganization. The reorganization will not dilute Customers Bank's shareholders' economic interest. The number of shares of CBI outstanding immediately after the consummation of the reorganization will be one-third the number of shares of Customers Bank outstanding immediately before consummation of the transaction, but the relative economic interest associated with the shares will remain the same.

Merger. The merger will dilute Customers Bank's shareholders' economic interest in CBI compared to their economic interest immediately prior to the merger, and it will also dilute BBI's shareholders' economic interest in CBI compared to their former economic interest in BBI.

Will the reorganization or merger result in any changes to my rights as a shareholder?

Reorganization. Yes. Rights under the Pennsylvania Business Corporation Law as a CBI shareholder will differ in certain respects from rights of a Customers Bank shareholder under the Pennsylvania Banking Code. In addition, CBI's articles of incorporation and bylaws would differ from Customers Bank's articles of incorporation and bylaws. The material changes in rights resulting from the reorganization are summarized at "COMPARISON OF SHAREHOLDERS' RIGHTS" beginning at page 94 of this Joint Proxy Statement-Prospectus.

Merger. Yes. While the rights of a BBI shareholder may be the same as a CBI shareholder under the Pennsylvania Business Corporation Law, with the exception of certain provisions which BBI and CBI may have opted out of, CBI's articles of incorporation and bylaws would differ from BBI's articles and bylaws. The material changes in rights resulting from the reorganization are summarized at "COMPARISON OF SHAREHOLDERS' RIGHTS" beginning at page 94 of this Joint Proxy Statement-Prospectus.

What are the expected federal income tax consequences of the reorganization and merger?

Reorganization. The reorganization is intended to qualify as a tax-free reorganization for federal income tax purposes. Stradley Ronon Stevens & Young, LLP, Customers Bank's tax counsel, has opined, to the effect that, on the basis of certain representations as to matters of fact and assumptions, including that such representations are accurate and remain accurate through the effective date of the reorganization, (1) the shareholders of Customers Bank will not recognize any gain or loss for federal income tax purposes upon the exchange of their shares in Customers Bank solely for shares in CBI, except with respect to receipt of cash in lieu of any fractional shares of CBI, and (2) none of Customers Bank, CBI and New Century Interim Bank will recognize any gain or loss in connection with the reorganization. If a shareholder of Customers Bank dissents to the proposed reorganization and receives solely cash in exchange for shares of Customers Bank, such cash will be treated as received by such shareholder in a taxable exchange, subject to special rules. Thus, while there can be no guarantee that the U.S. Internal Revenue Service will adopt a similar position, it is expected that Customers Bank shareholders will have no federal income tax consequences as a result of the reorganization, except with respect to receipt of cash in lieu of any fractional shares of CBI or in the case of dissenting shareholders who elect dissenters' rights. Customers Bank shareholders should consult

with their tax adviser about state and local tax consequences of the reorganization, if any, because the information about tax consequences in this Joint Proxy Statement-Prospectus relates to the federal income tax consequences of the reorganization only. Please refer to “CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS OF THE REORGANIZATION” beginning on page 50 of joint prospectus–proxy statement for a description of the material U.S. federal income tax consequences of the reorganization to Customers Bank’s shareholders.

Merger. The merger is intended to qualify as a tax-free reorganization for federal income tax purposes. Each of CBI and BBI has received an opinion from its respective tax counsel, to the effect that, on the basis of certain representations as to matters of fact and assumptions, including that such representations are accurate and remain accurate through the effective date of the merger, that the merger will qualify as a reorganization within the meaning of Section 368(a)(1) of the Internal Revenue Code. As a result, it is expected that (1) the shareholders of BBI will not recognize any gain or loss for federal income tax purposes upon the exchange of their shares of BBI common stock (or the BBI 6% Non-Cumulative Non-Voting Convertible Perpetual Preferred Stock, Series C (the “BBI Series C Stock”)), solely for shares in CBI Voting Common Stock except with respect to receipt of cash in lieu of any fractional shares of CBI and, with respect to the BBI Series C Stock, accrued dividends thereon, and (2) neither BBI nor Berkshire Bank will recognize any gain or loss in connection with the merger (except with respect to the amount of bad debt reserve of Berkshire Bank that must be recaptured for federal income tax purposes as a result of the merger of Berkshire Bank with and into Customers Bank). If a shareholder of BBI dissents to the proposed merger and receives solely cash in exchange for shares of BBI, such cash will be treated as received by such shareholder in a taxable exchange, subject to special rules. Thus, while there can be no guarantee that the U.S. Internal Revenue Service will adopt a similar position, it is expected that BBI shareholders will have no federal income tax consequences as a result of the reorganization, except with respect to receipt of cash in lieu of any fractional shares of CBI and, with respect to the BBI Series C Stock, accrued dividends thereon, or in the case of dissenting shareholders who elect dissenters’ rights. BBI shareholders should consult with their tax adviser about state and local tax consequences of the reorganization, if any, because the information about tax consequences in this Joint Proxy Statement-Prospectus relates to the federal income tax consequences of the reorganization only. Please refer to “CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONDISERATIONS OF THE MERGER” beginning on page 88 of joint prospectus-proxy statement for a description of the material U.S. federal income tax consequences of the merger to BBI’s shareholders.

The United States federal income tax consequences described above may not apply to all holders of Customers Bank shares or BBI shares, as the case may be. Your tax consequences will depend on your individual situation. Accordingly, you are urged to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

When do you expect the reorganization and the merger to be completed?

Customers and Berkshire intend to close both the reorganization and the merger as quickly as possible. Assuming the reorganization is approved by Customers Bank’s shareholders and the applicable banking regulators, and the merger is approved by both Customers Bank’s and BBI’s shareholders and applicable banking regulators, the reorganization and the merger are expected to close in mid-2011. However, completion of either transaction could be delayed if necessary regulatory approvals are not obtained, or if Customers Bank proposes to complete additional acquisitions or similar transactions. See “THE REORGANIZATION - Background and Reasons for the Reorganization- Acquisition Strategy” on page 44 for more information about potential acquisitions or similar transactions. The boards of directors of CBI and Customers Bank have the right to withdraw from or postpone the reorganization for any reason even if all necessary regulatory and shareholder approvals have been obtained. The boards of directors of all parties to the Merger Agreement have the right to withdraw from or postpone the merger under certain conditions. See “THE MERGER AGREEMENT – Termination of the Merger Agreement” beginning at page 86 of this Joint Proxy Statement-Prospectus for more information.

What vote is required to approve the reorganization and the merger?

Reorganization. The affirmative vote of the holders of two-thirds (2/3) of the shares of Voting Common Stock of Customers Bank that are outstanding on the Record Date is required to approve the reorganization.

Merger. The affirmative vote of holders of two-thirds (2/3) of the shares of Customers Bank's Voting Common Stock and BBI's common stock that are outstanding on the Record Date is required to approve the merger.

What vote do the boards of directors recommend?

Reorganization. Customers Bank's board of directors recommends that Customers Bank's shareholders vote "FOR" the proposal to approve and adopt the Plan of Reorganization pursuant to which Customers Bank will reorganize to form a bank holding company structure.

Merger. Each of Customers Bank's and BBI's boards of directors recommends that shareholders vote "FOR" the proposal to approve and adopt the Merger Agreement and approve the transactions contemplated thereby, and "FOR" the adjournment the applicable meeting to a date to be proposed at such meeting, if necessary to solicit or receive additional proxies.

Why do the boards of directors believe the merger is in the best interest of each respective company's shareholders?

Customers Bank/CBI:

Customers Bank's board of directors has determined that the merger is advisable and the best interest of both Customers Bank and its shareholders. In making the determination to approve the Merger Agreement and recommend that shareholders approve and adopt the Merger Agreement and the transactions contemplated thereby, Customers Bank's board of directors, in consultation with management, considered a number of factors, which are summarized below. For a more complete discussion of such factors, see "THE MERGER— Reasons for the Merger – Customers Bank" at page 62 of this Joint Proxy Statement-Prospectus.

- The merger with Berkshire is a step towards Customers Bank's goal in its acquisition strategy of achieving sufficient scale in certain key areas along the Eastern seaboard as it will produce a significant presence for Customers Bank in a concentrated area of Pennsylvania, namely Berks County;
- The merger will provide a cost effective way to create a bank with enough scale to effectively expand into the Berks County, Pennsylvania market, allowing Customers Bank to expand its branch office network to 6 banking offices immediately (from 1 currently) without incurring the start up costs associated with expanding organically;
- Customers Bank's board of directors believes that a business combination with Berkshire will enable Customers Bank shareholders to participate in a combined company with enhanced future prospects compared to those that Customers is likely to achieve on a stand-alone basis;
- Customers Bank anticipates that the combined entity could experience significant cost savings with respect to operating expenses;
- BBI's business model would increase Customers Bank's ability to serve the small and mid-sized business sector, and also expand Customers Bank's commercial lending opportunities;
- Customers Bank's board of directors believes that the structure of the merger and the financial and other terms of the Merger Agreement are in the best interest of Customers Bank;
- The experience of the Berkshire management team are well positioned to contribute to the execution of Customers' organic growth and acquisition strategies;
- Customers Bank's board of directors considered the potential net operating loss carryovers that could result from the merger, and the limitations thereof, as well as the expectation that the merger will constitute a reorganization under Section 368(a)(1) of the Code; and
- Customers Bank's board of directors also considered BBI's balance sheet and capital levels, asset quality, and certain financial information projected for the combined entity.

In the course of its deliberations regarding the merger, Customers Bank's board of directors also considered the risks attendant to the merger, including without limitation, risks related to capital levels, allowance for loan and lease losses, the financial services industry generally and real estate in particular, the risk of termination of the merger and also risks associated with integration issues.

There is no certainty that the above benefits of the merger anticipated by Customers will occur, and actual results may vary materially from those anticipated. For more information on the factors that could affect actual results, see



“FORWARD-LOOKING STATEMENTS,” on page 1, “RISK FACTORS,” on page 20, and “THE MERGER– Reasons for the Merger – Customers Bank” on page 62 of this Joint Proxy Statement-Prospectus.

**BBI:**

BBI's board of directors has determined that the merger is advisable and in the company's best interest and the best interests of BBI's shareholders. In determining to approve the Merger Agreement and recommend that shareholders approve and adopt the merger, the board of directors, in consultation with BBI's senior management and financial and legal advisors, considered a number of factors, including the following summary of material factors:

- The understanding of the board of directors of the strategic options available to BBI and its assessment that none of those options were likely to create greater potential future value for BBI shareholders than the transaction with Customers;
- The board of directors of BBI also believed that the merger with CBI will help the resulting company be more competitive with the financial institutions remaining in the market place;
- BBI and Berkshire Bank are subject to various regulatory constraints issued by the bank regulatory agencies which have been manifested in various resolutions adopted by the board of directors. The board of directors believed that a merger with CBI will likely eliminate many if not all regulatory restrictions and any constraints on future business operations of CBI;
- The combined bank is expected to have greater capital resources to profitably grow within its current markets and in new more attractive markets, a diverse customer demographic from which to generate profits, and a more diverse product line from which to generate revenues;
- Customers Bank had completed a \$43 million capital raise in early 2010 granting it the ability to take advantage of faster, more profitable growth whereby Customers' management team would likely be able to manage such growth, based on past large financial institution experience;
- A merger with CBI on the terms agreed upon would be more likely to receive regulatory approval and be consummated (with a higher certainty of transaction closure, effectiveness and anticipated results) than a merger with the other potential acquirer due to Customers' superior capital position;
- Customers Bank illustrated and provided evidence that it was capable of executing its business plan, raising capital, developing management, and profitably growing CBI;
- The Merger posed prospects to increase long-term shareholder value by increasing the potential of share liquidity, enhanced consolidated earnings and earnings per share, immediate increase in franchise value and anticipated further increase of franchise value due to Customers' business plan;

- The combination could result in significant annual potential cost savings of \$800,000 or more, as well as the potential for incremental revenue opportunities potentially contributing to an increase in earnings, and improving long-term investor value;
- The prospect of exiting participation in the U.S. Department of Treasury’s Capital Purchase Program was attractive to the BBI board of directors as it may positively impact the resulting company’s long-term value;
- The ability to offer more diverse and progressive business services and products of CBI to BBI customers could result in opportunities to obtain synergies and compete with larger financial institutions as products are cross-marketed and distributed over a broader customer base;
- The board of directors did not anticipate significant branch closures by either BBI or CBI because the market areas are tangential and not overlapping which the board believed would result in more opportunities and less job loss for current BBI employees;
- The receipt of Commonwealth Advisors LLC’s written opinion that, as of August 23, 2010, the merger consideration was fair to the shareholders of BBI from a financial point of view;
- The likelihood of timely receipt of regulatory and shareholder approvals of the transaction with CBI because of its and CBI’s strong financial condition with over \$65 million in capital, experienced management and previous approval of an FDIC assisted transaction;
- The results of the due diligence review of CBI which indicated the significant progress that CBI had made over the last 10 months in developing and enhancing its capital position, management depth, regulatory status, business model, and future prospects;
- The fact that one current member of BBI’s board of directors will be appointed to the board of directors of CBI; and
- The probability that CBI would undertake accretive FDIC assisted transactions because of its capital position and management team would likely have a positive impact on the resulting company and its shareholders and would likely create short and long term value to the BBI shareholders and CBI shares.

For more information about the BBI’s reasons for the merger, see “THE MERGER– Reasons for the Merger – BBI” beginning on page 65.

Are the interests of Customers Bank's and BBI's boards of directors and executive officers in the reorganization and merger the same as mine?

In considering the information contained in this Joint Proxy Statement-Prospectus, you should be aware that Customers Bank's and BBI's directors and executive officers have interests in the reorganization and merger that may be different from, or in addition to, the interests of Customers Bank's and BBI's shareholders. These additional interests may create potential conflicts of interest and cause these individuals to view the proposed transaction differently than you may view it as a shareholder.

Among such interests for BBI's directors and executive officers are:

- Provision of indemnification and insurance after completion of the merger;
- Appointment of one director to the boards of CBI and Customers Bank;
- Assumption by CBI of existing employment agreements which currently provide for annual base salary payments of \$156,280 for Messrs. Heilenman and Gromis, and \$109,975 for Lori A. Maley, and supplemental executive retirement agreements which currently provide for, among other things, potential yearly payments of \$41,878, \$56,121 and \$72,565, respectively, for a period of fifteen (15) years to each of Norman E. Heilenman, Richard C. Gromis and Lori A. Maley, CPA in the event of termination of employment after the retirement age of 65; and
- Entry into voting agreement by BBI directors with CBI.

Customers Bank's and BBI's boards of directors were aware of these interests and took them into account in the decision to declare advisable, in the case of Customers Bank, the Plan of Reorganization and the reorganization contemplated thereby, and in the case of both Customers Bank and BBI, the Merger Agreement and transactions contemplated thereby. For information concerning these interests, please see the discussion under the caption "Interests of Management and Others in the Reorganization" on page 50 and "THE MERGER – Financial Interests of Directors, Officers, and Others in the Merger" beginning at page 67 of this Joint Proxy Statement-Prospectus.

Do I have the right to dissent from the reorganization or merger?

Reorganization. Customers Bank's shareholders have the right under Pennsylvania law to dissent from the reorganization and to demand and receive cash for the fair value of Customers Bank's stock held by such person. In order to assert dissenters' rights, shareholders must precisely follow the process described in "THE REORGANIZATION – Dissenters' Rights" beginning on page 49 and in Annex C.

Generally, a Customers Bank shareholder who wishes to dissent must:

- File with Customers Bank a written notice of intention to demand that the shareholder be paid the fair value for his or her shares of Customers Bank's Voting Common Stock and Class B Non-Voting Common Stock rather than receive CBI shares as described in the Plan of Reorganization. The dissenting shareholder must file this notice with Customers Bank prior to the shareholder vote on the reorganization at the Customers Special Meeting;

A dissenting shareholder may not change the beneficial ownership of his or her shares of Customers Bank's Voting Common Stock and Class B Non-Voting Common Stock from the date of the filing of the notice of intention to demand payment through the effective date of the reorganization; and

- A dissenting shareholder also may not vote his or her shares of Customers Bank's Voting Common Stock to approve the reorganization at the Customers Special Meeting.

You should consult with your own legal advisor as to your dissenters' rights under Pennsylvania law. Failure to strictly comply with these procedures will result in the loss of dissenters' rights and your ability to receive cash for the fair value of Customers Bank stock.

Merger. BBI's shareholders have the right under Pennsylvania law to dissent from the merger and to demand and receive cash for the fair value of BBI's stock held by such person. In order to assert dissenters' rights, shareholders must precisely follow the process described in "THE MERGER – Rights of Dissenting Shareholders" beginning on page 74 and in Annex E.

BBI Shareholders who wish to dissent must:

- Prior to the vote of shareholders on the merger at the BBI special meeting, file a written notice with BBI of intention to demand that they be paid the fair value for their shares of BBI common stock;
- Effect no change in the beneficial ownership of their BBI common stock from the date of the filing of the intention to demand payment through the effective date of the merger; and
- Refrain from voting their BBI common stock to approve and adopt the Merger Agreement and the merger.

You should consult with your own legal advisor as to your dissenters' rights under Pennsylvania law. Failure to strictly comply with these procedures will result in the loss of dissenters' rights and your ability to receive cash for the fair value of BBI stock.

What are the conditions that must be satisfied for the reorganization and merger to occur?

Reorganization. As more fully described in this Joint Proxy Statement-Prospectus, the completion of the reorganization depends on the satisfaction of a number of conditions. These conditions include, among others:

- Approval by the requisite vote of Customers Bank's shareholders;
- The receipt of all regulatory consents and approvals required in connection with (1) the establishment of CBI as a bank holding company, (2) the creation and organization of New Century Interim Bank, and (3) the merger of Customers Bank into New Century Interim Bank;
- The effectiveness of the registration statement of which this Joint Proxy Statement-Prospectus is a part with respect to CBI Voting Common Stock and Class B Non-Voting Common Stock to be issued in the reorganization under the Securities Act of 1933, as amended, and the absence of any stop order or proceedings initiated or threatened by the Securities and Exchange Commission or any applicable state securities commissioner for that purpose.

It is not certain when, or if, the conditions to the reorganization will be satisfied, or that the reorganization will be completed.

The reorganization is not dependent upon the merger, and assuming all applicable conditions have been satisfied, the reorganization is intended to be consummated regardless of whether the merger is consummated.

Merger. As more fully described in this Joint Proxy Statement-Prospectus, the completion of the merger depends on the satisfaction of a number of conditions. These conditions include, among others:

- Consummation of the reorganization;
- Approval by the requisite vote of Customers Bank's and BBI's shareholders;
- The receipt of all regulatory consents and approvals required in connection with (1) the merger of BBI into CBI, and (2) the merger of Berkshire Bank into Customers Bank;
- The effectiveness of the registration statement of which this Joint Proxy Statement-Prospectus is a part with respect to CBI Voting Common Stock to be issued in the merger under the Securities Act of 1933, as amended, and the absence of any stop order or proceedings initiated or threatened by the Securities and Exchange Commission or any applicable state securities commissioner for that purpose.

Customers and Berkshire cannot be certain when, or if, the conditions to the merger will be satisfied, or that the merger will be completed.

Can the proposed reorganization or the merger be deferred or abandoned altogether?

While both the reorganization and merger are currently expected to take place as soon as practicable after the necessary conditions have been achieved, the boards of directors of CBI and Customers Bank have the right to withdraw from or postpone the reorganization for any reason, and the boards of directors of all parties to the Merger Agreement have the right to withdraw from or postpone the merger under certain conditions including, without limitation, in certain instances where a breach of the Merger Agreement has occurred, if the merger has not been completed by July 31, 2011 (except that if Customers Bank's shareholders have not approved the reorganization by July 31, 2011, the Merger Agreement will automatically extend for an additional 45 days), if either Customers Bank's or BBI's shareholders fail to approve the Merger Agreement and transactions contemplated thereby, if there is a final order permanently enjoining or prohibiting the consummation of the transactions contemplated by the Merger Agreement or the necessary regulatory approvals are not obtained, or if a material adverse effect has occurred and not been cured. Additionally, BBI may terminate the Merger Agreements under certain circumstances, including, without limitation, if it receives a superior proposal. See "THE MERGER AGREEMENT – Termination of the Merger Agreement" beginning at page 86 of this Joint Proxy Statement-Prospectus for more information.

Either the reorganization or the merger, or both, could be abandoned for any number of reasons including, without limitation, because of increased estimated costs of the transactions, a determination that either or both of the transactions are no longer in the best interests of Customers Bank and its shareholders and/or BBI and its shareholders, an inability to obtain necessary regulatory approvals, or a conclusion that the transactions may not result in the benefits currently expected.

What do I need to do now?

After you have carefully read this Joint Proxy Statement-Prospectus and have decided how you wish to vote your shares, please vote your shares promptly. If you hold your stock as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage paid return envelope as soon as possible. If you beneficially own your stock in "street name" through a brokerage firm, bank, or other nominee, you must direct such entity or person



to vote in accordance with the instructions you have received from your brokerage firm, bank, or other nominee. Submitting your proxy card or directing your brokerage firm, bank, or other nominee to vote your shares will ensure that your shares are represented and voted at the applicable Special Meeting.

What happens after the Special Meeting?

Although the necessary applications required to effect the reorganization and merger have been or will soon be filed with the applicable banking regulators, it is anticipated that some or all of the regulatory approvals will still be pending at the time of the Customers Special Meeting and Berkshire Special Meeting. The reorganization and merger are planned to be completed once all necessary approvals are obtained.

## RISK FACTORS

Before you decide how to vote on the reorganization, you should carefully consider the following risk factors. These risks could have a material adverse effect on Customers' business, results of operations, financial condition or liquidity and cause Customers' actual operating results to materially differ from those contained in forward-looking statements made in this Joint Proxy Statement-Prospectus, in the annual report and financial statements attached to this document and elsewhere by management. Before making a decision on how to vote on the reorganization, you should carefully consider these risks as well as other information contained or incorporated by reference in this Joint Proxy Statement-Prospectus.

### Risks Related to the Reorganization Transaction

The reorganization may not be consummated or Customers may not realize the anticipated benefits of the reorganization.

See "THE REORGANIZATION — Background and Reasons for the Reorganization" for a discussion of Customer Bank's reasons for the reorganization and what benefits are hoped to be obtained from it. If the benefits from the reorganization are not realized, Customers may not be as profitable as hoped.

Consummation of the reorganization could be delayed or prevented by a number of factors Customers might not be able to control. For example, Customers Bank's shareholders might not approve the reorganization. As another example, too many of Customers Bank's shareholders might dissent from the reorganization and demand payment of cash for their shares, in which event Customers Bank might decide that the reorganization requires too large a cash expenditure.

As another example, the banking regulators might refuse to approve the reorganization or might delay their approvals. In recent months, applications for bank mergers and acquisitions have been delayed in some cases for significant periods of time due to additional requests for information required by the banking regulators to help them evaluate the risks of the proposed reorganization, or due to the regulators' workloads. In this case, the Federal Reserve will be asked to approve the formation of a new holding company for Customers Bank and may want additional information that will help it evaluate the expected financial condition and circumstances of CBI and Customers Bank after the reorganization. It is unknown whether the banking regulators will make special requests for information, and, if they do, it is unknown how such requests might affect the receipt of approvals or how soon Customers can expect to receive approvals from the banking regulators. If approvals from bank regulators were delayed too long, Customers Bank could decide to defer or abandon the reorganization, either due to the expense of the reorganization or because of other transactions or events that occur after the applications are filed.

Your rights as a shareholder will change as a result of the reorganization.

Because of differences between the Pennsylvania Business Corporation Law and the Pennsylvania Banking Code, and differences between the governing documents of CBI and Customers Bank, your rights as a shareholder will change in certain respects if the reorganization is completed. See "COMPARISON OF SHAREHOLDERS' RIGHTS" beginning at page 94 of this Joint Proxy Statement-Prospectus.

Customers Bank may choose to defer or abandon the reorganization.

While Customers Bank currently expects the reorganization to take place as soon as practicable after obtaining shareholder approval of the reorganization at the Customers Special Meeting and approval from the applicable banking regulators, Customers Bank's board of directors could decide to defer or abandon the reorganization. While the board of directors could do this for any reason, some examples of reasons it might do so include an increase in Customers Bank's estimated cost of the reorganization, or a determination by the board of directors that the reorganization is no longer in the best interests of Customers Bank or its shareholders, or inability to get regulatory approval, or that the reorganization may not result in the currently expected benefits.

The reorganization could result in adverse effects on management's ability to effectively manage Customers Bank's business.

Customers Bank's management will need to devote substantial attention to the reorganization. It will also have to spend administrative time managing CBI. For example, CBI will have more reports to file with bank regulators, and CBI will be required to comply with federal and state securities laws that Customers Bank would not have to comply with because Customers Bank's securities are exempt from most securities regulation. This attention could distract management from other Bank business.

The reorganization may fail to qualify as a tax-free reorganization under the Internal Revenue Code.

The reorganization has been structured to qualify as a tax-free reorganization under Section 368(a)(1) of the Internal Revenue Code. The closing of the reorganization is conditioned in part, on the facts, representations and assumptions upon which the opinion of tax counsel to CBI is based being consistent with the state of facts existing as of the effective date of the reorganization. The tax opinion delivered in connection with the reorganization are not binding on the Internal Revenue Service or the courts, and CBI does not intend to request a ruling from the Internal Revenue Service with respect to the United States federal income tax consequences of the reorganization. If the reorganization fails to qualify as a tax-free reorganization, a Customers Bank shareholder would likely recognize gain or loss on each share of Customers Bank surrendered in the amount of the difference between the shareholder's basis in the Customers Bank shares and the fair market value of the CBI Voting Common Stock and cash for fractional shares received by the Customers Bank shareholder in exchange. In addition, the qualification of the reorganization as a tax-free reorganization for federal income tax purposes is based in part on the existence of certain facts, including facts relating to the composition of shareholders and assets with respect to such transactions. It is possible that, if future transactions engaged in by CBI were later determined by the Internal Revenue Service or a court to be considered a part of the same plan involving the reorganization and/or merger, such determination could affect the tax free nature of the reorganization. For a more detailed discussion of the federal income tax consequences of the transaction to you, see "CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS OF THE REORGANIZATION," on page 50.

CBI may become subject to additional Pennsylvania taxes as a result of the reorganization.

CBI may become subject to additional corporate taxes in Pennsylvania, although those taxes are not expected to materially affect Customers Bank's profitability.

#### Risks Related to the Merger Transaction

By approving and adopting the Merger Agreement and the transactions contemplated thereby, BBI shareholders will receive CBI Voting Common Stock or cash for fractional shares in exchange for their shares of BBI common stock. An investment in CBI's Voting Common Stock involves a degree of risk. In addition to the other information included

in this document, including the matters addressed in “Forward-Looking Statements,” on page 1, you should carefully consider the matters described below in determining whether to approve and adopt the Merger Agreement and approve the transactions contemplated thereby.

BBI shareholders cannot be sure of the value they will receive per share of BBI common stock.

The value of the merger consideration to be received by the BBI shareholders will be based on the valuation of tangible common book value of CBI and BBI as calculated in accordance with the Merger Agreement. Therefore, BBI Shareholders cannot be sure of the value they will receive per share of BBI common stock until the effective date of the merger.

BBI shareholders cannot be sure of the exact market value of the merger consideration they will receive.

Upon completion of the merger, each share of BBI common stock will be converted into the right to receive a certain fraction of a share of CBI Voting Common Stock, based upon the exchange ratio, calculated as the BBI valuation divided by three times the Customers Bank valuation (to take into account the exchange ratio of Customers Bank shares to CBI shares in the reorganization), each as established in the Merger Agreement, plus cash in lieu of fractional shares. If BBI's loan loss reserve falls below 40% of its nonperforming loans, the Merger Agreement requires an adjustment to the BBI valuation in order to bring its loan loss reserve up to an amount equal to 40% of its nonperforming loans. The BBI valuation would be negatively impacted by such an adjustment to its loan loss reserve. The value of the CBI Voting Common Stock included in the merger consideration may vary from the value of CBI Voting Common Stock on the date the parties announced the merger, on the date that this Joint Proxy Statement-Prospectus was mailed to BBI shareholders, on the date of the Berkshire Special Meeting of the BBI shareholders and on the date CBI and BBI complete the merger and thereafter. Any change in the value of CBI Voting Common Stock prior to completion of the merger will affect the value of the merger consideration that BBI shareholders will receive upon completion of the merger. Accordingly, at the time of the Berkshire Special Meeting, BBI shareholders will not know or be able to calculate the value of the CBI Voting Common Stock included in the merger consideration they would receive upon completion of the merger. There will be no adjustment to the merger consideration for changes in the value of either shares of CBI Voting Common Stock or shares of BBI common stock. Changes in value may result from a variety of factors, including general market and economic conditions, changes in Customers' or Berkshire's respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond Customers' and Berkshire's control.

BBI will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on BBI and consequently on CBI. These uncertainties may impair BBI's ability to attract, retain and motivate key personnel until the merger is consummated, and could cause customers and others that deal with BBI to seek to change existing business relationships with BBI. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles with CBI. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with CBI, CBI's business following the merger could be harmed. In addition, the Merger Agreement restricts BBI from making certain acquisitions and taking other specified actions until the merger occurs without the consent of CBI. These restrictions may prevent BBI from pursuing attractive business opportunities that may arise prior to the completion of the merger. Please see the section entitled "THE MERGER AGREEMENT" beginning on page 75 of this Joint Proxy Statement-Prospectus for a description of the restrictive covenants to which BBI is subject.

The opinion obtained by BBI from its financial advisor will not reflect changes in circumstances between signing the Merger Agreement and completion of the merger.

BBI has not obtained an updated opinion as of the date of this Joint Proxy Statement-Prospectus from its financial advisor. Changes in the operations and prospects of BBI or CBI, general market and economic conditions and other factors that may be beyond the control of BBI or CBI, and on which BBI's financial advisor's opinion was based, may significantly alter the value of BBI or the prices of shares of CBI Voting Common Stock or BBI common stock by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. Because BBI does not currently anticipate asking its financial advisor to update its opinion, the opinion will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed. BBI's board of directors' recommendation that BBI shareholders vote "FOR" approval of the Merger Agreement and the transactions contemplated thereby, including the merger, however, is as of the date of this Joint Proxy Statement-Prospectus. For a description of the opinion that BBI received from its financial

advisor, please refer to "THE MERGER," beginning on page 55. For a description of the other factors considered by BBI's board of directors in determining to declare the merger and the other transactions contemplated by the Merger Agreement to be advisable, please refer to "THE MERGER," beginning on page 55.

Both CBI's and BBI directors' and executive officers' interests in the merger may differ from your interests.

Both CBI's and BBI's directors and executive officers have interests in the reorganization and merger that may be different from, or in addition to, the interests of CBI's and BBI's shareholders. These additional interests may create potential conflicts of interest and cause these individuals to view the proposed merger differently than you may view it as a shareholder. These interests are described in more detail in the section of this Joint Proxy Statement-Prospectus entitled "THE MERGER - Financial Interests of Directors, Officers and Others in the Merger" beginning on page 67.

The merger may fail to qualify as a tax-free reorganization under the Internal Revenue Code.

The merger of BBI with and into CBI has been structured to qualify as a tax-free reorganization under Section 368(a)(1) of the Internal Revenue Code. The closing of the merger is conditioned in part on the facts, representations and assumptions upon which the opinions of tax counsel to CBI and BBI are based being consistent with the state of facts existing as of the effective date of the merger. The tax opinions delivered in connection with the merger are not binding on the Internal Revenue Service or the courts, and neither BBI nor CBI intends to request a ruling from the Internal Revenue Service with respect to the United States federal income tax consequences of the merger. If the merger fails to qualify as a tax-free reorganization, a BBI shareholder would likely recognize gain or loss on each share of BBI surrendered in the amount of the difference between the shareholder's basis in the BBI shares and the fair market value of the CBI Voting Common Stock and cash for fractional shares received by the BBI shareholder in exchange. In addition, the qualification of the merger as a tax-free reorganization for federal income tax purposes is based in part on the existence of certain facts, including facts relating to the composition of shareholders and assets with respect to such transactions. It is possible that, if future transactions engaged in by CBI were later determined by the Internal Revenue Service or a court to be considered a part of the same plan involving the reorganization and/or merger, such determination could affect the tax free nature of the merger. For a more detailed discussion of the federal income tax consequences of the transaction to you, see "CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS OF THE MERGER" on page 88.

Regulatory approvals may not be received, may take longer than expected or impose conditions that are not presently anticipated.

Before the transactions contemplated by the Merger Agreement, including the merger and the bank merger, may be completed, various approvals or consents must be obtained from the Federal Reserve Board, the Pennsylvania Department of Banking, and various bank regulatory and other authorities. These governmental entities, including the Federal Reserve Board and the Pennsylvania Department of Banking, may impose conditions on the completion of the merger or the bank merger or require changes to the terms of the Merger Agreement. Although CBI and BBI do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the transactions contemplated by the Merger Agreement or imposing additional costs on or limiting the revenues of CBI, any of which might have a material adverse effect on CBI following the merger. There can be no assurance as to whether the regulatory approvals will be received, the timing of those approvals, whether any non-standard and/or non-customary conditions will be imposed.

The Merger Agreement limits BBI's ability to pursue alternatives to the merger.

The Merger Agreement contains provisions that limit BBI's ability to discuss competing third-party proposals to acquire all or a significant part of BBI. These provisions, which include a \$400,000 termination fee payable under certain circumstances, might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of BBI from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share value than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire BBI than it might otherwise have proposed to pay.

The shares of CBI Voting Common Stock to be received by BBI shareholders as a result of the merger will have different rights from the shares of BBI common stock currently held by them.

The rights associated with BBI common stock are different from the rights associated with CBI Voting Common Stock. See the section of this Joint Proxy Statement-Prospectus entitled "COMPARISON OF SHAREHOLDER RIGHTS" commencing on page 94.

The value of CBI Voting Common Stock after the merger may be affected by factors different from those affecting BBI common stock or CBI Voting Common Stock currently.

The businesses of CBI and BBI differ in some respects and, accordingly, the results of operations of the combined company of CBI and BBI and the value of CBI's shares of Voting Common Stock after the merger may be affected by factors different from those currently affecting the independent results of operations of each entity. For a discussion of the businesses of Customers Bank, CBI, BBI and Berkshire Bank and of certain factors to consider in connection with those businesses, see the information with respect to each such party located later in this Joint Proxy Statement-Prospectus as well as the financial statements of Customers Bank and BBI which form a part of this Joint Proxy Statement-Prospectus.



Both CBI and BBI shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Upon the completion of the merger, each BBI shareholder that receives shares of CBI Voting Common Stock will become a shareholder of CBI with a percentage ownership of the combined organization that is much smaller than the shareholder's percentage ownership of BBI. The former shareholders of BBI as a group will receive shares in the merger constituting less than \_\_\_% of the outstanding shares of CBI Voting Common Stock immediately after the merger. Because of this, BBI's shareholders may have less influence on the management and policies of CBI than they now have on the management and policies of BBI. Likewise, upon completion of the merger, each current Customers Bank shareholder will be diluted in their percentage ownership of CBI by \_\_\_%, and may therefore have less influence over the management and policies of CBI than they have now on the management and policies of Customers Bank.

If the merger has not occurred by July 31, 2011, either Customers or Berkshire may choose not to proceed with the merger.

Either Customers or Berkshire may terminate the Merger Agreement if the merger has not been completed and effective by July 31, 2011, unless the failure is due to the failure of the party seeking to terminate to perform or observe the covenants and agreements of such party set forth in the Merger Agreement, provided however, that if the reorganization has not been approved by the Customers Bank's shareholders by July 31, 2011, the Merger Agreement will be extended for a period of 45 additional days. See "THE MERGER AGREEMENT — Termination of the Merger Agreement," beginning at page 86 of this Joint Proxy Statement-Prospectus. Under certain circumstances, BBI could be required to pay a termination fee of \$400,000. See "THE MERGER AGREEMENT — Termination Fee," beginning at page 87 of this Joint Proxy Statement-Prospectus. There can be no assurance that all conditions to the merger will have been satisfied by July 31, 2011. See "THE MERGER AGREEMENT — Conditions to Complete the Merger," beginning at page 85 of this Joint Proxy Statement-Prospectus.

If the merger is terminated, BBI and Berkshire Bank will continue to be subject to certain regulatory actions, restrictions, and agreements that may materially affect their ability to do business and compete.

BBI and Berkshire Bank are subject to certain regulatory actions, restrictions, and agreements with the Federal Reserve Board, the FDIC, and the Pennsylvania Department of Banking that are more fully described elsewhere in this document. If the merger is terminated, BBI and Berkshire Bank will continue as an independent institution and will continue to be subject to such regulatory actions, restrictions, and agreements. These regulatory actions, restrictions and agreements may materially affect BBI's and Berkshire Bank's ability to do business and compete with other financial institutions that are not subject to such regulatory matters.

If the merger with CBI is not completed, BBI will continue to face certain risk factors related to its on-going operations.

In the event that the proposed merger with CBI is not completed, BBI will continue its operations as an independent entity and, as such, would continue to face certain risks in its on-going operations, as described below. Even if the merger is completed as expected, BBI will face these risks on an independent basis until the time of the merger.

If the merger is not completed, Customers and Berkshire will have incurred substantial expenses without realizing the expected benefits of the merger.

Customers and Berkshire have both incurred substantial expenses in connection with the merger. The completion of the merger depends on the satisfaction of specified conditions and the receipt of regulatory approvals and the approval

of CBI's and BBI's shareholders. Neither CBI nor BBI can guarantee that these conditions will be met. If the merger is not completed, these expenses could have a material adverse impact on either CBI's or BBI's, or both of their, financial condition and results of operations. In addition, the value of either entity's common stock could decline in the event that the merger is not consummated as the current value of their stock may reflect an assumption that the merger will be completed.

If the merger is not completed, BBI may have to revise its business strategy.

During the past several months, management of BBI has been focused on, and has devoted significant resources to, the merger. This focus is continuing and BBI has not pursued certain business opportunities which may have been beneficial to BBI on a stand-alone basis. If the merger is not completed, BBI will have to revisit and revise its business strategy in an effort to determine what changes may be required in order for BBI to operate on an independent, stand-alone basis. BBI may need to consider raising additional capital in order to continue as an independent entity if the merger is not completed. No assurance can be given whether BBI would be able to successfully raise capital in such circumstances or, if so, under what terms.

Both entities may fail to realize the cost savings expected to be achieved from the merger.

Both BBI and CBI expect to achieve cost savings from the merger when the two companies have been fully integrated. While both CBI and BBI continue to be comfortable with these expectations as of the date of this Joint Proxy Statement-Prospectus, it is possible that the estimates of the potential cost savings could turn out to be incorrect. The cost savings estimates also assume CBI's and BBI's ability to combine the businesses of CBI and BBI, including Customers Bank and Berkshire Bank, in a manner that permits those cost savings to be realized. If the estimates are incorrect, integration is delayed, or the two entities are not able to be successfully combined, the anticipated cost savings may not be fully realized or realized at all, or may take longer to realize than expected.

Combining CBI and BBI may be more difficult, costly or time-consuming than expected.

Customers and Berkshire have operated, and, until the completion of the merger, will continue to operate, independently. The integration process could result in the loss of key employees, the disruption of each company's ongoing business, inconsistencies in standards, controls, procedures and policies that adversely affect either company's ability to maintain relationships with clients and employees or achieve the anticipated benefits of the merger. As with any merger of financial institutions, there also may be disruptions that cause Customers Bank and Berkshire Bank to lose customers or cause customers to withdraw their deposits from Customers Bank, or other unintended consequences that could have a material adverse effect on CBI's results of operations or financial condition.

#### Risks Related to CBI's and Customers Bank's Securities

There is no established trading market for CBI's and Customers Bank's Voting Common Stock and share price may be volatile.

While CBI intends to conduct an initial public offering of its common stock which may occur as early as the end of 2011, there can be no assurance that an initial public offering will occur in 2011 or at all, nor that CBI's or Customers Bank's shares will be listed on any stock exchange or quoted on any electronic bulletin board or system. The completion of an initial public offering is subject to a great number of contingencies including, without limitation, the filing of a registration statement registering the securities to be offered, such registration statement being declared effective by the SEC, the conditions of applicable securities markets being conducive to such an offering, the interest of investors in purchasing CBI common stock in such an offering, and receipt of applicable approvals and consents. Furthermore CBI cannot predict the extent to which investor interest will lead to a more active trading market in CBI Voting Common Stock or how liquid that market might become. 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 CBI Voting Common Stock at any given time, which presence will be dependent upon the individual decisions of investors, over which CBI has no control.

The market price of CBI Voting Common Stock may be highly volatile and subject to wide fluctuations in response to numerous factors, including, but not limited to, the factors discussed in other risk factors as well as the following:

- Actual or anticipated fluctuations in operating results;
- Changes in interest rates;
- Changes in the legal or regulatory environment in which CBI and/or Customers Bank operates;
-

Press releases, announcements or publicity relating to Customers Bank or its competitors or relating to trends in its industry;

- Changes in expectations as to CBI's future financial performance, including financial estimates or recommendations by securities analysts and investors;
  - Future sales or offerings of CBI Voting Common Stock;
- Changes in economic conditions in CBI and/or Customers Bank's marketplace, general conditions in the U.S. economy, financial markets or the banking industry; and
  - Other developments affecting Customers Bank competitors or Customers Bank.

These factors may adversely affect the trading price of CBI Voting Common Stock, regardless of its actual operating performance, and could prevent you from selling your Voting Common Stock at or above its current price. In addition, the stock markets, from time to time, experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies. These broad fluctuations may adversely affect the market price of CBI Voting Common Stock, regardless of its trading performance.

Either Customers Bank before the reorganization or CBI after the reorganization may issue additional shares of Voting Common Stock, preferred stock or equity, debt or derivative securities, which could adversely affect the value or voting power of your Voting Common Stock.

Each of Customers Bank and CBI has the ability to offer shares of Voting Common Stock, Class B Non-Voting Common Stock or preferred stock by action of their boards of directors without further shareholder approval. In addition, their boards of directors have authority to issue senior and subordinated debt without further shareholder approval.

As of June 30, 2011, Customers Bank had options outstanding to purchase 2,662,404 shares of its Voting Common Stock and 131,500 shares of its Class B Non-Voting Common Stock and restricted stock units outstanding to purchase 106,876 shares of Voting Common Stock. As of June 30, 2011, Customers Bank had also outstanding warrants for the purchase of an aggregate of 1,377,141 shares of Voting Common Stock at an exercise price of \$3.50 per share and 33,591 shares of Voting Common Stock at an exercise price of \$5.50 per share. The warrants are exercisable through June 30, 2016. As of June 30, 2011, Customers Bank also had warrants to purchase 243,102 shares of Class B Non-Voting Common Stock at an exercise price of \$3.50 per share, outstanding.

Customers Bank or CBI may issue shares in future offerings, acquisitions or other transactions, or may engage in recapitalizations or similar transactions in the future, the result of which could cause shareholders to suffer further dilution in book value, market value or voting rights. The boards of directors have authority to engage in some of these transactions – particularly additional share offerings or issuances - without shareholder approval. If the boards of directors decide to approve transactions that result in dilution, the value and voting power of shares of Voting Common Stock or Class B Non-Voting Common Stock issued by Customers Bank or CBI could decrease.

Either Customers Bank before the reorganization or CBI after the reorganization may issue incentive stock options, warrants, stock or other equity securities convertible into Voting Common Stock to management, directors and employees.

The grant and exercise of equity awards such as Voting Common Stock, stock options, warrants or other equity securities convertible into Voting Common Stock, to Customers Bank's directors, employees or members of management pursuant to the Management Stock Purchase Plan, Stock Option Plan, and Bonus Retention Recognition Plan, as well as to Mr. Sidhu pursuant to his employment agreement, would dilute shareholders ownership interests and could give such individuals or groups significant influence over the outcome of certain actions that may or may not be in the best interests of shareholders.

Customers Bank Voting Common Stock is and CBI's Voting Common Stock will be subordinate to all of each such entity's existing and future indebtedness; and neither Customers Bank nor CBI is limited on the amount of indebtedness it may incur in the future.

The rights, interests and priorities of holders of Voting Common Stock rank junior to all indebtedness, including Customers Bank's \$2,000,000 aggregate principal amount Floating Rate Subordinated Debt Securities due 2014 (see "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - SUBORDINATED DEBT," on page 149 of this Joint Proxy Statement-Prospectus), and other non-equity claims on CBI and/or Customers Bank with respect to assets available to satisfy claims, including in a liquidation of CBI or Customers Bank.

After the reorganization CBI's right to participate in a distribution of assets upon a subsidiary's, such as Customers Bank's, liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors.

In addition, neither Customers Bank nor CBI is limited by Voting Common Stock in the amount of debt or other obligations of Customers Bank and CBI subsidiaries may incur in the future. Accordingly, Customers Bank and CBI subsidiaries may incur substantial amounts of additional debt and other obligations that will rank senior to the Voting Common Stock or to which the Voting Common Stock will be structurally subordinated.

Customers Bank and CBI may not pay dividends on the shares in the foreseeable future, which may adversely affect the return and the price of their Voting Common Stock.

Customers Bank has not historically declared or paid dividends on Voting Common Stock and neither Customers Bank nor CBI expects to do so in the near future. Any future determination relating to dividend policy will be made at the discretion of Customers Bank's and CBI's boards 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 the Voting Common Stock, and other factors deemed relevant by the boards of directors. In addition, there are significant regulatory restrictions on Customers Bank's ability to pay dividends. See, "MARKET PRICE OF COMMON STOCK AND DIVIDENDS - CUSTOMERS BANK - Dividends on Voting Common Stock," on page 139 of this Joint Proxy Statement-Prospectus, and "- Dividend Policy," on page 140 of this Joint Proxy Statement-Prospectus.

#### Risks Related To Customers Bank's Business

Customers Bank has engaged in two FDIC-assisted transactions and may engage in more such transactions in the future, which could present additional risks to its financial condition and earnings.

On July 9, 2010 and September 17, 2010, Customers Bank acquired two failed banks in FDIC-assisted transactions, USA Bank and ISN Bank in Port Chester, New York and Cherry Hill, New Jersey, respectively (collectively, the "Acquired Banks"). In the current economic environment, more opportunities to acquire the assets and liabilities of failed banks in FDIC-assisted transactions are, subject to regulatory approval, likely to be available. These acquisitions involve risks similar to acquiring existing banks, even though the FDIC might provide assistance to mitigate certain risks, such as sharing in exposure to loan losses and providing indemnification against certain liabilities of the failed institution. However, these acquisitions are structured in a manner that does not allow the time normally associated with preparing for and evaluating an acquisition, including preparing for integration of an acquired institution. Therefore, Customers Bank may face additional risks, including, the loss of customers, strain on management resources related to collection and management of problem loans and problems related to integration of personnel and operating systems. There is no assurance that Customers Bank will be successful in overcoming these risks or any other problems encountered in connection with FDIC-assisted transactions. The inability to overcome these risks could have an adverse effect on Customers Bank's ability to achieve its business strategy and maintain its market value and profitability. Moreover, even though Customers Bank's acquisition strategy includes possible participation in FDIC-assisted transactions, no assurance can be given that Customers Bank will be successful in acquiring the financial institutions or assets that are being sought.

Failure to comply with the terms of Loss Sharing Agreements with the FDIC may result in losses.

Customers Bank purchased substantially all of the assets and assumed all of the non-brokered deposits and substantially all other liabilities of the Acquired Banks in the above-described FDIC-assisted transactions, and presently a significant portion of Customers Bank's revenue is derived from such assets. The purchased loans, commitments and foreclosed assets are covered by the Loss Sharing Agreements with the FDIC (collectively, "Covered Assets"), which provide that a significant portion of the losses related to the Covered Assets to be borne by the FDIC. Under the Loss Sharing Agreements, Customers Bank is obligated to comply with certain loan servicing standards, including requirements to participate in government-sponsored loan modification programs. As these standards evolve, Customers Bank may experience difficulties in complying with the requirements of the Loss Sharing Agreements, which could result in Covered Assets losing some or all of their loss-sharing coverage. In accordance with the terms of the Loss Sharing Agreements, Customers Bank is subject to audits by the FDIC through its designated agent. The required terms of the Loss Sharing Agreements are extensive and failure to comply with any of

the guidelines could result in a specific asset or group of assets losing their loss sharing coverage. See "CUSTOMERS BANK—FDIC Assisted Transactions" beginning at page 112 of this Joint Proxy Statement-Prospectus.



Customers Bank's level of assets categorized as doubtful, substandard or special mention expose it to increased lending risk. If Customers Bank's allowance for loan losses is insufficient to absorb losses in its loan portfolio, its earnings could decrease.

At March 31, 2011, Customers Bank's delinquent loans greater than 90 days and non-accrual loans not covered under loss sharing agreements with the FDIC totaled \$26.7 million, which represented 5.09% of total loans not covered under loss sharing agreements, and its allowance for loan losses totaled \$17.3 million, which represented 3.30% of total loans not covered under loss sharing agreements with the FDIC. Customers Bank makes various assumptions and judgments about the collectability of its loan portfolio, including the creditworthiness of its borrowers and loans covered under Loss Sharing Agreements that did not exhibit evidence of deterioration in credit quality on the acquisition date and their probability of making payment, as well as the value of real estate and other assets serving as collateral for the repayment of many of its loans. Loans covered under Loss Sharing Agreements totaled \$158.2 million at March 31, 2011. In determining the amount of the allowance for loan losses, significant factors considered include loss experience in particular segments of the portfolio, trends and absolute levels of classified and criticized loans, trends and absolute levels in delinquent loans, trends in risk ratings, trends in industry charge-offs by particular segments and changes in existing general economic and business conditions affecting its lending areas and the national economy. If Customers Bank's assumptions are incorrect, its allowance for loan losses may not be sufficient to cover losses inherent in its loan portfolio, resulting in additions to the allowance. Material additions to Customers Bank's allowance could materially decrease net income.

Customers Bank's regulators, as an integral part of their examination process, periodically review its allowance for loan losses and may require it to increase its allowance for loan losses by recognizing additional provisions for loan losses charged to expense, or to decrease its allowance for loan losses by recognizing loan charge-offs, net of recoveries. Any such additional provisions for loan losses or charge-offs, as required by these regulatory agencies, could have a material adverse effect on Customers Bank's financial condition and results of operations.

Customers Bank's emphasis on commercial and mortgage warehouse lending may expose it to increased lending risks.

Customers Bank intends to emphasize the origination of commercial lending and specialty lending, including mortgage warehouse financing. Commercial loans generally expose a lender to greater risk of non-payment and loss than one- to four-family residential mortgage loans because repayment of the loans often depends on the successful operation of the property and the income stream of the borrowers. Such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one- to four-family residential mortgage loans. In addition, since such loans generally entail greater credit risk than one- to four-family residential mortgage loans, Customers Bank may need to increase its allowance for loan losses in the future to account for the likely increase in probable incurred credit losses associated with the growth of such loans. Also, Customers Bank expects that many of its commercial borrowers will have more than one loan outstanding with it. Consequently, an adverse development with respect to one loan or one credit relationship can expose to a significantly greater risk of loss compared to an adverse development with respect to a one- to four-family residential mortgage loan.

As a mortgage warehouse lender, Customers Bank provides a form of financing to mortgage bankers by purchasing the underlying residential mortgages on a short-term basis under a master repurchase agreement. Customers Bank is subject to the risks associated with such lending, including, but not limited to, the risks of fraud, bankruptcy and default of the underlying residential borrower, any of which could result in credit losses. The risk of fraud associated with this type of lending includes, but is not limited to, the risk of financing nonexistent loans or fictitious mortgage loan transactions, or that the collateral delivered is fraudulent creating exposure that could result in the loss of the full amount financed on the underlying residential mortgage loan.

Decreased residential mortgage origination, volume and pricing decisions of competitors.

Customers Bank does not currently operate in the residential mortgage origination business, however it may originate, sell and service residential mortgage loans in the future. If it does, changes in interest rates and pricing decisions by Customers Bank's loan competitors may adversely affect demand for its residential mortgage loan products, the revenue realized on the sale of loans and revenues received from servicing such loans for others, and ultimately reduce its net income. New regulations, increased regulatory reviews, and/or changes in the structure of the secondary mortgage markets which Customers Bank would utilize to sell mortgage loans may be introduced and may increase costs and make it more difficult to operate a residential mortgage origination business.

Customers Bank's performance and financial condition may be adversely affected by regional economic conditions and real estate values.

Customers Bank's loan and deposit activities are largely based in eastern Pennsylvania, southern New Jersey and southeastern New York. As a result, Customers Bank's financial performance depends largely upon economic conditions in this eastern Pennsylvania and Southern New York regions. These regions has recently experienced deteriorating local economic conditions and a continued downturn in the regional real estate market could harm Customers Bank's financial condition and results of operations because of the geographic concentration of loans within these regional area and because a large percentage of the loans are secured by real property. If there is further decline in real estate values, the collateral for Customer Bank's loans will provide less security. As a result, the ability to recover on defaulted loans by selling the underlying real estate will be diminished, and Customers Bank will be more likely to suffer losses on defaulted loans.

Additionally, a significant portion of Customers Bank's loan portfolio is invested in commercial real estate loans. Often in a commercial real estate transaction, repayment of the loan is dependent on rental income. Economic conditions may affect the tenant's ability to make rental payments on a timely basis, and may 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, the 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 non-performing loans, increase its provision for loan and lease losses and reduce Customers Bank's net income.

Federal Home Loan Bank of Pittsburgh continues not to pay dividends nor repurchase capital stock.

On December 23, 2008, the FHLB-P announced that it would voluntarily suspend the payment of dividends and the repurchase of excess capital stock until further notice. The FHLB-P announced that it expected its ability to pay dividends and add to retained earnings to be significantly curtailed due to low short-term interest rates, an increased cost of maintaining liquidity, other than temporary impairment charges, and constrained access to debt markets at attractive rates. Capital stock repurchases from member banks are reviewed on a quarterly basis by the FHLB-P, but FHLB-P announced that no repurchases will take place until further notice. As of March 31, 2011, Customers Bank held \$2.14 million of FHLB-P capital stock.

Financial turmoil may increase other-than-temporary-impairment ("OTTI") charges.

Due to the ongoing economic crisis, there has been a rise in OTTI charges taken by institutions, as the fair market values of many investment securities have fallen below their amortized cost basis. The increasing duration of unrealized losses on these securities brought about heightened scrutiny by banks, auditors, and outside examiners on whether write-downs were necessary. If Customers Bank's OTTI charges result in it falling below the "well capitalized" regulatory requirement, it may need to raise capital.

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

Customers Bank is required by federal and state regulatory authorities to maintain adequate levels of capital to support operations and may need to raise additional capital in the future to provide Customers Bank with sufficient capital resources and liquidity to meet the commitments and business needs. In the absence of wholesale funding sources, Customers Bank may turn to additional subordinated debt and/or other transactions that might be available, including the TLGP. Customers Bank cannot assure you that such capital will be available to it on acceptable terms or at all. If

Customers Bank is unable to generate sufficient additional capital through its earnings, or other sources, it would be necessary to slow earning asset growth and or pass up possible acquisition opportunities, which may result in a reduction of future net income growth. Further, an inability to raise additional capital on acceptable terms when needed could have a material adverse effect on Customers Bank's business, financial condition and results of operations.

Sufficient funding to support earning asset growth.

Customers Bank needs adequate liquidity to fund its balance sheet growth in order for it to be able to successfully grow its revenues. This liquidity can be gathered in both wholesale and non-wholesale funding markets. Customers Bank's asset growth over the past few years has been funded with various forms of wholesale funding which is defined as wholesale deposits (primarily certificates of deposit) and borrowed funds (FHLB advances, Federal advances and Federal fund line borrowings). Wholesale funding at March 31, 2011 represented approximately 3.1% of total funding compared with approximately 4.7% at December 31, 2010. Wholesale funding generally costs more than deposits generated from Customers Bank's traditional branch system and is subject to certain practical limits such as the FHLB-P's maximum borrowing capacity and Customers Bank's liquidity policy limits. Additionally, regulators might consider wholesale funding beyond certain points to be imprudent and might suggest that future asset growth be reduced or halted.

In the absence of wholesale funding sources, Customers Bank might need to reduce earning asset growth through the reduction of current production, sale of assets, and/or the participating out of future and current loans or leases. This in turn might reduce future net income of Customers Bank and therefore, assuming consummation of the reorganization, the future net income of CBI.

The amount loaned to Customers Bank is generally dependent on the value of the collateral pledged and Customers Bank's 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, particularly to the extent they are required to do so because of capital adequacy or other balance sheet concerns, or if further disruptions in the capital markets occur. Any change or termination of Customers Bank's borrowings from the FHLB-P, the Federal Reserve or correspondent banks would have an adverse affect on its liquidity and profitability.

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

On August 26, 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 Customers Bank if Customers Bank makes 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 the bank's 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 Deposit Insurance Fund.

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, CBI and its banks, including any failed bank CBI acquires, could be required to maintain a ratio of Tier 1 common equity to total assets of at least 10% for a period of 3 years, and thereafter maintain a capital level sufficient to be well capitalized under regulatory standards during the remaining period of ownership of the investors. CBI's bank subsidiaries also may be prohibited from extending any new credit to investors that own at least 10% of the equity of CBI.

Customers Bank shareholders may be deemed to be acting in concert and thereby subject to increased regulatory scrutiny, including the application of the FDIC policy statement to Customers Bank and its investors.

The interests in Customers Bank, or, assuming consummation of the reorganization, in CBI, of any shareholders determined by a bank regulatory agency to be acting in concert would be aggregated for purposes of determining

whether those shareholders have control of a bank or bank holding company. Each shareholder obtaining control may, if other than an individual, 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. How this definition is applied in individual circumstances can vary among the various federal bank regulatory agencies and from bank to bank, and cannot always be predicted with certainty. Many factors can lead to a finding of acting in concert, including where shareholders are commonly controlled or managed; 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; the shareholders each own stock in a bank and are also management officials, controlling shareholders, partners or trustees of another company; or both an investor and a controlling shareholder, partner, trustee or management official of the shareholder own stock in the bank or bank holding company.

Previously enacted and potential future legislation, including legislation to reform the U.S. financial regulatory system, could adversely affect Customers Bank's business.

Market conditions have resulted in creation of various programs by the United States Congress, the Treasury, the Federal Reserve and the FDIC that were designed to enhance market liquidity and bank capital. As these programs expire, are withdrawn or reduced, the impact on the financial markets, banks in general and their customers is unknown. This could have the effect of, among other things, reducing liquidity, raising interest rates, reducing fee revenue, limiting the ability to raise capital, all of which could have an adverse impact on the financial condition of Customers Bank.

Additionally, the federal government is considering a variety of reforms related to banking and the financial industry including, without limitation, the newly adopted Dodd-Frank Act. The Dodd-Frank act is intended to promote financial stability in the U.S., reduce the risk of bailouts and protect against abusive financial services practices by improving accountability and transparency in the financial system and ending "to big to fail" institutions. It is the broadest overhaul of the U.S. financial system since the Great Depression and the overall impact on CBI and its subsidiaries is unknown at this time.

The Dodd-Frank act delegates to various federal agencies the task of implementing its many provisions through regulation. Hundreds of new federal regulations, studies and reports addressing all of the major areas of the new law, including the regulation of banks and their holding companies, will be required, ensuring that federal rules and policies in this area will be further developing for months and years to come. Based on the provisions of the Dodd-Frank act and anticipated implementing regulations, it is highly likely that banks and thrifts as well as their holding companies will be subject to significantly increased regulation and compliance obligations.

The Dodd-Frank act could require Customers Bank and/or CBI to make material expenditures, in particular personnel training costs and additional compliance expenses, or otherwise adversely affect business or financial results. It could also require Customers Bank to change certain of its business practices, adversely affect Customers' ability to pursue business opportunities it might otherwise consider engaging in, cause business disruptions and/or have other impacts that are as-of-yet unknown to Customers. Failure to comply with these laws or regulations, even if inadvertent, could result in negative publicity, fines or additional licensing expenses, any of which could have an adverse effect on Customers' cash flow and results of operations. For example, a provision of the Dodd-Frank act is intended to preclude bank holding companies from treating future trust preferred securities issuances as Tier 1 capital for regulatory capital adequacy purposes. This provision may eliminate one material benefit for Customers Bank in operating with a holding company and narrow the number of possible capital raising opportunities CBI, and other bank holding companies, might have in the future.

The new Bureau of Consumer Financial Protection ("BCFP") may reshape the consumer financial laws through rulemaking and enforcement of unfair, deceptive or abusive practices, which may directly impact the business operations of depository institutions offering consumer financial products or services including Customers Bank.

The BCFP has broad rulemaking authority to administer and carry out the purposes and objectives of the "Federal consumer financial laws, and to prevent evasions thereof," with respect to all financial institutions that offer financial products and services to consumers. The BCFP is also authorized to prescribe rules applicable to any covered person or service provider identifying and prohibiting acts or practices that are "unfair, deceptive, or abusive" in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service ("UDAP authority"). The potential reach of the BCFP's broad new rulemaking powers and UDAP authority on the operations of financial institutions offering consumer financial products or services including Customers Bank is currently unknown.

Risk of disruption in deposit movement.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted July 21, 2010 (the “Dodd-Frank Act”), extended until December 31, 2012 the unlimited guarantee of non-interest bearing deposit transaction accounts originally adopted under the FDIC Temporary Liquidity Guaranty Program (“TLGP”). Before and after this temporary deposit guarantee expires, there could be banking system disruption and deposit movement. If banking system disruption occurs and deposit movement is significant, Customers Bank may lose deposits and be required to draw down on its unused borrowing capacity at the Federal Home Loan Bank of Pittsburgh (“FHLB-P”), Federal Reserve or correspondent bank fed funds lines. This may result in fewer funds being available to fund earning asset growth, along with the increased costs of any borrowings required as a result of transaction account loss, may cause Customers Bank’s net interest income and net income to be lower.

Government regulation might have an adverse effect on Customers Bank’s business.

Customers Bank is heavily regulated. Banking and other regulations affect its entire business. For example, if Customers Bank fails to meet various minimum regulatory capital requirements, its regulators may take action limiting Customers Bank’s activities. Additionally, Customers Bank regulators have wide authority to limit activities in any situation where the regulators believe its safety and soundness is threatened. These regulations change frequently and could get more restrictive. Restrictive regulations or the actions of bank regulators could limit activities and negatively impact its earnings and profitability.

Customers Bank and/or CBI may become subject to additional Pennsylvania taxes as a result of the reorganization.

Customers Bank and/or CBI may become subject to additional corporate taxes in Pennsylvania, although those taxes are not expected to materially affect profitability.



Accounting standards periodically change and the application of Customers Bank's accounting policies and methods may require estimates about matters that are uncertain.

The regulatory bodies that establish accounting standards, including, among others, the Financial Accounting Standards Board and the Securities and Exchange Commission ("SEC"), periodically revise or issue new financial accounting and reporting standards that govern the preparation of Customers Bank's financial statements, and will in the future govern CBI's financial statements. The effect of such revised or new standards on the financial statements can be difficult to predict and can materially impact how it records and reports financial condition and results of operations.

In addition, management must exercise judgment in appropriately applying many of Customers Bank's accounting policies and methods so they comply with generally accepted accounting principles. In some cases, management may have to select a particular accounting policy or method from two or more alternatives. In some cases, the accounting policy or method chosen might be reasonable under the circumstances and yet might result in Customers Bank's reporting materially different amounts than would have been reported if it had selected a different policy or method. Accounting policies are critical to fairly presenting Customers Bank's financial condition and results of operations and may require it to make difficult, subjective or complex judgments about matters that are uncertain.

Customers Bank might not achieve profitability or consistent earnings.

Customers Bank has had periods in which it experienced operating losses, including in 2009, portions of 2010, and the first quarter of 2011. There can be no assurance that Customers will achieve profitability in future periods, or maintain profitability, or that earnings will increase in the future.

Customers Bank might not be able to keep growing or may fail to manage its growth effectively.

Customers' acquisition strategy includes intentions to expand its business. Customers hopes this will make business more profitable and increase earnings per share. Customers' ability to continue to grow depends partly on its ability to expand its market share by acquisition or organically, successfully attract core deposits, and identify loan, investment and acquisition opportunities as well as opportunities to generate fee-based income. Customers' ability to acquire other banking institutions or branches or to establish de novo branches is subject to many contingencies, including regulatory approvals, the receipt of which may depend upon regulators' concurrence in growth strategy and evaluation of Customers Bank's capital, management, earnings, liquidity and sensitivity to market risk.

If Customers keeps growing, such growth may strain its management and operations. Customers' ability to manage this growth will depend upon its ability to continue to attract, hire and retain talented employees. It will also depend on the ability to manage and improve operating systems. Customers Bank must also manage many different customer relationships simultaneously, and provide products and services customers want. If Customers Bank's business continues to grow, there is no guarantee that it will be successful in managing its growth, or that its growth will increase profitability.

Asset growth may not cause Customers Bank's earnings to grow.

Customers Bank's earnings depend not only on its total assets, but also on whether those assets earn interest or other income, and the rate at which they earn income. Customers Bank's earnings also may be reduced by any increased expenses associated with increased assets, such as additional employee 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 its assets or equity, its overall profitability may be adversely affected.

If Customers Bank does not open new branches as planned or does not achieve profitability on new branches, earnings may be reduced.

Customers Bank plans to open approximately four new branches each year over the next few years in and around southeastern Pennsylvania and central New Jersey. These plans may change. The opening of new branches is subject to regulatory approvals. Customers Bank cannot predict whether the banking regulators will agree with Customers Bank's growth plans if or when they will provide the necessary branch approvals. Numerous factors contribute to the performance of a new branch, such as the ability to select a suitable location, competition, Customers Bank's ability to hire and retain qualified personnel, and the effectiveness of its marketing strategy. It takes time for a new branch to generate significant deposits and loan volume to offset expenses, some of which, like salaries and occupancy expense, are relatively fixed costs. The initial cost, including capital asset purchases, for each new branch office to open would be in a range of approximately \$200,000 to \$250,000. Additionally, there can be no assurance that any of these new offices will ever become profitable. During the period of time before a branch office can become profitable, operating an office will negatively impact net income.

Interest rate changes might have an adverse effect on Customers Bank's earnings and financial condition.

Customers Bank's profitability depends principally upon earning sufficient net interest income. Net interest income is the difference between interest earned on loans, investments and other interest-earning assets and the interest paid on deposits and borrowed funds. Changes in the general level of interest rates can affect Customers Bank's net interest income by affecting the difference between the weighted average yield earned on Customers Bank's interest-earning assets and the weighted average rate paid on its interest-bearing liabilities, or interest rate spread, and the average life of its interest-earning assets and interest-bearing liabilities. Changes in interest rates also can affect: (1) Customers Bank's ability to originate loans; (2) the value of Customers Bank's interest-earning assets, which would negatively impact shareholders' equity, and its ability to realize gains from the sale of such assets; (3) Customers Bank's ability to obtain and retain deposits in competition with other available investment alternatives; and (4) the ability of Customers Bank's borrowers to repay adjustable or variable rate loans. Different types of assets and liabilities may react differently, and at different times, to changes in market interest rates. Changes in market interest rates are affected by many factors beyond Customers Bank's control, including inflation, unemployment, money supply, international and domestic political and economic events, and developments in other financial markets. Customers Bank attempts to manage risks relating to interest rate changes, but cannot control these risks entirely. If interest rate changes reduce Customers Bank's net interest margin, or if Customers Bank does not predict those changes accurately, its earnings and profitability could decrease.

FDIC assessments will negatively impact earnings.

As discussed in "SUPERVISION AND REGULATION - Deposit Insurance Assessments," beginning on page 189 of this Joint Proxy Statement-Prospectus, the FDIC has adopted rules requiring banks to prepay their estimated quarterly risk-based federal deposit insurance assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012. This prepayment required Customers Bank to pay \$2,039,955 on December 31, 2009. Customers Bank recorded this payment as a prepaid expense as of December 31, 2009, and expects to amortize the expense over three years.

In February 2011, as required under the Dodd-Frank Act, the FDIC issued a ruling, effective April 1, 2011, pursuant to which the assessment base against which FDIC assessments for deposit insurance were changed. Instead of FDIC insurance assessments being based upon an insured bank's deposits, FDIC insurance assessments will generally be based on an insured bank's total average assets minus average tangible equity. With this change, Customers Bank expects that its overall FDIC insurance cost will decline. However, after the effectiveness of the reorganization, a change in the risk categories applicable to Customers Bank, further adjustments to base assessment rates and any special assessments could have a material adverse effect on CBI.

The Dodd-Frank Act also requires that the FDIC take steps necessary to increase the level of the Deposit Insurance Fund to 1.35% of total insured deposits by September 30, 2020. In October 2010, the FDIC adopted a Restoration Plan to achieve that goal. Certain elements of the Restoration Plan are left to future FDIC rulemaking, as are the potential for increases to the assessment rates, which may become necessary to achieve the targeted level of the Deposit Insurance Fund. Future FDIC rulemaking in this regard may have a material adverse effect on Customers Bank and/or CBI.

The short-term and long-term impact of the new Basel III capital standards and the forthcoming new capital rules to be proposed for non-Basel III U.S. banks is uncertain.

On December 17, 2009, the Basel Committee on Banking Supervision (the "Basel Committee") proposed significant changes to bank capital and liquidity regulation, including revisions to the definitions of Tier I capital and Tier 2 capital applicable to the Basel Committee's Revised Framework for the International Convergence of Capital

Measurement and Capital Standards (“Basel III”).

The short-term and long-term impact of the new Basel III capital standards and the forthcoming new capital rules to be proposed for non-Basel III U.S. banks is uncertain. As a result of the recent deterioration in the global credit markets and the potential impact of increased liquidity risk and interest rate risk, it is unclear what the short-term impact of the implementation of Basel III may be or what impact a pending alternative standardized approach to Basel III option for non-Basel III U.S. banks may have on the cost and availability of different types of credit and the potential compliance costs of implementing the new capital standards.

On September 12, 2010, the oversight body of the Basel Committee announced a package of reforms that will increase existing capital requirements substantially over the next four years. These capital reforms were endorsed by the G20 at the summit held in Seoul, South Korea in November 2010.

Competition with other financial institutions might negatively impact Customers Bank’s profits.

Customers Bank faces significant competition in making loans, taking deposits and providing other financial services and products. This competition comes principally from other banks, savings institutions, credit unions, mortgage banking companies, money market funds, other mutual funds, as well as insurance companies and agencies. Banking legislation has caused this competition to further intensify and Customers Bank will face more competition from nonbanking companies in the future. Many of Customers Bank’s competitors have advantages such as greater financial resources, a wider geographic presence, a wider array of services, more favorable pricing alternatives, or lower costs. This competition could limit the types of loans, deposits and other financial services Customers Bank can offer on competitive terms, and could have an adverse effect on its earnings and profitability.

Losses or liabilities may be higher than anticipated and may negatively impact Customers Bank's earnings and financial position.

Management of a bank or other financial institution involves the management of a variety of risks in addition to risks of loan losses. These risks can involve, for example, risks to Customers Bank's reputation due to adverse publicity, risks rising out of its operations such as system or control failures, risks that Customers Bank might be unable to meet its obligations as they mature due to inadequate funding or illiquid assets, legal risks related to activities and contractual obligations, and risks rising out of adverse business decisions, improper implementation of decisions, or lack of response to industry changes. If Customers Bank's management does not fully identify, anticipate or manage a risk, or the amount of any consequent liability or loss, it may have unanticipated losses or liabilities, which could have an adverse effect on its earnings and financial position.

Provisions in Customers Bank's charter documents may prevent others from obtaining control or increase the cost of completing a transaction in which control of Customers Bank is acquired by others.

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

Customers Bank's directors and executive officers can influence the outcome of shareholder votes.

As of June 30, 2011, Customers Bank's directors and executive officers as a group owned a total of 4,666,312 shares of Voting Common Stock, 481,398 shares of Class B Non-Voting Common Stock, and exercisable options or warrants to purchase up to an additional 983,211 shares of Voting Common Stock, which potentially gives them, as a group, the ability to control of approximately 23.6% of issued and outstanding Voting Common Stock. Customers Bank believes 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.

Customers Bank depends on its executive management, and the loss of a member of its management team could have an adverse effect on business.

Customers Bank believes its growth and profitability depends on the talents of its executive management team. Someone else could hire them. The loss of a key manager to a competitor could deepen the potential damage to Customers Bank's business. If Customers Bank loses key managers or if it is not able to attract new managers or retain and motivate key people, earnings and profitability could decrease.

Customers Bank's chairman and chief executive officer also serves as Non-Executive Chairman of Atlantic Coast Financial Corporation, the holding company for another financial institution and such responsibilities could affect his ability to devote sufficient time to his position with Customers Bank.

Customers Bank's Chairman and Chief Executive Officer, Jay S. Sidhu, also serves as Non-Executive Chairman of the Board of Atlantic Coast Financial Corporation, a holding company for Atlantic Coast Bank, located in Jacksonville, Florida. Mr. Sidhu's duties at Atlantic Coast Financial Corporation have the potential to cause him to devote less of his time to his responsibilities at Customers Bank, thereby potentially reducing his effectiveness in overseeing the

strategic plan. A reduction in the time that Mr. Sidhu may devote to Customers Bank's operations could adversely affect the ability to successfully implement Customers Bank's strategic plan and results of operations.

Customers Bank is subject to environmental liability risk associated with lending activities.

A significant portion of Customers Bank's loan portfolio is secured by real property. In the course of Customers Bank's business, it may own or foreclose and take title to real estate and could become subject to environmental liabilities with respect to these properties. Customers Bank may become responsible to a governmental agency or third parties for property damage, personal injury, investigation and clean-up costs incurred by those parties in connection with environmental contamination, or may be required to investigate or clean-up hazardous or toxic substances, or chemical releases at a property. The costs associated with environmental investigation or remediation activities could be substantial. If Customers Bank were to become subject to significant environmental liabilities, it could have a material adverse effect on its financial condition and results of operations.

Customers Bank is subject to certain risks in connection with Customers Bank's use of technology.

Communications and information systems are essential to the conduct of Customers Bank's business, as such systems are used to manage customer relationships, general ledger, deposits, and loans. While Customers Bank has established policies and procedures to prevent or limit the impact of systems failures, interruptions, and security breaches, there can be no assurance that such events will not occur or that they will be adequately addressed if they do. In addition, any compromise of Customers Bank's security systems could deter customers from using its web site and online banking service, which involve the transmission of confidential information. Although Customers Bank relies on commonly used security and processing systems to provide the security and authentication necessary to effect the secure transmission of data, these precautions may not protect its systems from compromises or breaches of security.

In addition, Customers Bank outsources certain of its data processing to third-party providers. If Customers Bank's third-party providers encounter difficulties, or it has difficulty in communicating with them, Customers Bank's ability to adequately process and account for customer transactions could be affected, and its business operations could be adversely impacted. Threats to information security also exist in the processing of customer information through various other vendors and their personnel.

The occurrence of any systems failure, interruption, or breach of security could damage Customers Bank's reputation and result in a loss of customers and business, could subject it to additional regulatory scrutiny, or could expose Customers Bank to civil litigation and possible financial liability. Any of these occurrences could have a material adverse effect on Customers Bank's financial condition and results of operations.

Additionally, financial products and services have become increasingly technology-driven. Customers Bank's ability to meet the needs of its customers competitively, and in a cost-efficient manner, is dependent on the ability to keep pace with technological advances and to invest in new technology as it becomes available. Many of Customers Bank's competitors have greater resources to invest in technology than Customers Bank does 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 Customers Bank's business and therefore on Customers Bank's financial condition and results of operations.

Customers Bank is subject to certain operational risks, including, but not limited to, customer or employee fraud and data processing system failures and errors.

Employee errors and misconduct could subject Customers Bank to financial losses or regulatory sanctions and seriously harm its reputation. Misconduct by Customers Bank's employees could include hiding unauthorized activities, improper or unauthorized activities on behalf of customers or improper use of confidential information. It is

not always possible to prevent employee errors and misconduct, and the precautions Customers Bank takes to prevent and detect this activity may not be effective in all cases. Employee errors could also subject Customers Bank to financial claims for negligence.

Recently, a number of banks and their customers have experienced unauthorized transfers of customer funds through criminal intrusion into customers' or third parties' systems. While Customers Bank is confident that its systems incorporate reasonable security against unlawful intrusions, Customers Bank cannot control the adequacy of security adopted by its customers. Recent intrusions have produced significant losses for other banks and their customers and can present liability, litigation, compliance and reputation risk for Customers Bank. As a result, security compromises of customers' systems and security pose further risk of loss.

Customers Bank maintains a system of internal controls and insurance coverage to mitigate operational risks, including data processing system failures and errors and customer or employee fraud. Should Customers Bank's internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured or exceeds applicable insurance limits, it could have a material adverse effect on its business, results of operations and financial condition.



### Risks Related to Customers Bank's Acquisition Strategy

Customers Bank and CBI intend to engage in acquisitions of other businesses from time to time, including FDIC-assisted acquisitions. These acquisitions may not produce revenue or earnings enhancements or cost savings at levels or within timeframes originally anticipated and may result in unforeseen integration difficulties.

Customers regularly evaluates opportunities to strengthen Customers Bank's 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, Customers will engage in acquisitions of other businesses and opening new branches. Such transactions could, individually or in the aggregate, have a material effect on Customers Bank's operating results and financial condition, including short and long-term liquidity. Customers' acquisition activities could be material to Customers Bank and CBI. For example, Customers Bank and/or CBI 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 Customers Bank to use a substantial amount of cash, other liquid assets, and/or incur debt. In addition, if goodwill recorded in connection with acquisitions were determined to be impaired, then Customers Bank would be required to recognize a charge against Customers Bank's earnings, which could materially and adversely affect Customers Bank's results of operations during the period in which the impairment was recognized. Any potential charges for impairment related to goodwill would not impact cash flow, tangible capital or liquidity.

Customers' 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 potential transactions, resulting in Customers Bank's attention being diverted from the operation of Customers Bank's existing business;
- Using inaccurate estimates and judgments to evaluate credit, operations, management, and market risks with respect to the target institution or assets;
- Potential exposure to unknown or contingent liabilities of banks and businesses Customers Bank acquires;
- The time and expense required 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 short-term effect on Customers Bank's results of operations;
- Losing key employees and customers as a result of an acquisition that is poorly received; and
- Risk of significant problems relating to the conversion of the financial and customer data of the entity being acquired into Customers Bank's financial and customer product systems.

Additionally, in evaluating potential acquisition opportunities Customers Bank and/or CBI may seek to acquire failed banks through FDIC-assisted transactions. Customers Bank recently completed the acquisition, from the FDIC, of (1) assets of the former USA Bank, which had been headquartered in Port Chester, New York, and (2) assets of the former ISN Bank, which had been headquartered in Cherry Hill, New Jersey. While the FDIC may, in such transactions, provide assistance to mitigate certain risks, such as sharing in exposure to loan losses, and providing indemnification against certain liabilities, of the failed institution, Customers Bank may not be able to accurately

estimate Customers Bank's 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 Customers Bank and/or CBI's capital and earnings and, if not successfully integrated following the acquisition, may continue to have such effects. Customers cannot assure you that Customers will be successful in overcoming these risks or any other problems encountered in connection with pending or potential acquisitions. Customers Bank and/or CBI's 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 Customers' business strategy and maintain market value.

Customers Bank and CBI are subject to certain risks related to FDIC-assisted transactions.

The success of past FDIC-assisted transactions, and any FDIC-assisted transactions in which Customers Bank and/or CBI may participate in the future, will depend on a number of factors, including the following:

- Customers Bank's ability to fully integrate, and to integrate successfully, the branches acquired into bank operations;
- Customers Bank's ability to limit the outflow of deposits held by new customers in the acquired branches and to successfully retain and manage interest-earning assets (loans) acquired in FDIC-assisted transactions;

- Customers Bank's ability to retain existing deposits and to generate new interest-earning assets in the geographic areas previously served by the acquired banks;
- Customers Bank's ability to effectively compete in new markets in which it did not previously have a presence;
- Customers Bank's success in deploying the cash received in the FDIC-assisted transactions into assets bearing sufficiently high yields without incurring unacceptable credit or interest rate risk;
- Customers Bank's ability to control the incremental non-interest expense from the acquired branches in a manner that enables it to maintain a favorable overall efficiency ratio;
- Customers Bank's ability to retain and attract the appropriate personnel to staff the acquired branches; and
- Customers Bank's ability to earn acceptable levels of interest and non-interest income, including fee income, from the acquired branches.

As with any acquisition involving a financial institution, particularly one involving the transfer of a large number of bank branches as is often the case with FDIC-assisted transactions, there may be higher than average levels of service disruptions that would cause inconveniences or potentially increase the effectiveness of competing financial institutions in attracting Customers Bank customers. Integrating the acquired branches could present unique challenges and opportunities because of the nature of the transactions. Integration efforts will also likely divert Customers Bank and/or CBI's management's attention and resources. It is not known whether Customers Bank will be able to integrate acquired branches successfully, and the integration process could result in the loss of key employees, the disruption of ongoing business or inconsistencies in standards, controls, procedures and policies that adversely affect Customers Bank ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the FDIC-assisted transactions. Customers Bank may also encounter unexpected difficulties or costs during integration that could materially adversely affect Customers Bank and/or CBI's earnings and financial condition, perhaps materially. Additionally, Customers Bank may be unable to compete effectively in the market areas previously served by the acquired branches or to manage any growth resulting from FDIC-assisted transactions effectively.

Customers Bank's willingness and ability to grow acquired branches following FDIC-assisted transactions depend on several factors, most importantly the ability to retain certain key personnel that Customers Bank hire or transfer in connection with FDIC-assisted transactions. Customers Bank failure to retain these employees could adversely affect the success of FDIC-assisted transactions and Customers Bank's future growth.

Customers Bank's ability to continue to receive benefits of its loss share arrangement with the FDIC is conditioned upon compliance with certain requirements under the Purchase and Assumption Agreement.

Pursuant to the Purchase and Assumption Agreements Customers Bank signed in connection with its FDIC-assisted acquisitions of USA Bank and ISN Bank ("Purchase and Assumption Agreements"), Customers Bank is the beneficiary of loss share arrangements with the FDIC that calls for the FDIC to fund a portion of its losses on a majority of the assets acquired in connection with the transactions. Customers Bank's ability to recover a portion of losses and retain the loss share protection is subject to compliance with certain requirements imposed on Customers Bank in the Purchase and Assumption Agreements. The requirements of the loss share arrangements relate primarily to Customers Bank's administration of the assets covered by the agreements, as well as Customers Bank's obtaining the consents of the FDIC to engage in certain corporate transactions that may be deemed under the agreements to constitute a transfer of the loss share benefits. For example, the FDIC approval will be required for any merger of Customers Bank or CBI that would result in the pre-merger shareholders of such entity owning less than sixty-six and two-thirds percent

(66.66%) of the equity of the surviving entity.

In such instances in which the consent of the FDIC is required under the Purchase and Assumption Agreements, the FDIC may withhold its consent to such transactions or may condition its consent on terms that Customers Bank does not find acceptable. There can be no assurance that the FDIC will grant its consent or condition its consent on terms that Customers Bank finds acceptable. If the FDIC does not grant its consent to a transaction Customers Bank would like to pursue, or conditions its consent on terms that Customers Bank does not find acceptable, this may cause it not to engage in a corporate transaction that might otherwise benefit shareholders or Customers Bank may elect to pursue such a transaction without obtaining the FDIC's consent, which could result in termination of the loss share agreement with the FDIC.

FDIC-assisted acquisition opportunities may not become available and increased competition may make it more difficult for Customers Bank or CBI to bid on failed bank transactions on terms considered to be acceptable.

Customers Bank near-term business strategy includes consideration of potential acquisitions of failing banks that the FDIC plans to place in receivership. The FDIC may not place banks that meet Customers Bank's strategic objectives into receivership. Failed bank transactions are attractive opportunities in part because of loss-sharing arrangements with the FDIC that limit the acquirer's downside risk on the purchased loan portfolio and, apart from Customers Bank's assumption of deposit liabilities, Customers Bank has significant discretion as to the nondeposit liabilities that it assumes. In addition, assets purchased from the FDIC are marked to their fair value and in many cases there is little or no addition to goodwill arising from an FDIC-assisted transaction. The bidding process for failing banks could become very competitive, and the increased competition may make it more difficult for Customers Bank to bid on terms Customers Bank or CBI considered to be acceptable. Further, all FDIC-assisted transactions would require Customers to obtain applicable regulatory approval.

Attractive acquisition opportunities may not be available in the future.

Customers Bank may not be able to sustain a positive rate of growth or be able to expand its business. Customers expects that other banking and financial service companies, many of which have significantly greater resources than Customers Bank, will compete to acquire other financial institutions if Customers Bank pursues such acquisitions. This competition could increase prices for potential acquisitions that Customers Bank believes are attractive. Also, acquisitions are subject to various regulatory approvals. If Customers Bank fails to receive the appropriate regulatory approvals for a transaction it will not be able to consummate such transaction which it believes to be in its best interests. Among other things, Customers Bank's regulators consider capital, liquidity, profitability, regulatory compliance and levels of goodwill and intangibles when considering acquisition and expansion proposals. Other factors, such as economic conditions and legislative considerations, may also impede or prohibit Customers Bank's ability to expand its market presence. If Customers Bank is not able to successfully grow its business, its financial condition and results of operations could be adversely affected.

Customers Bank may currently be unable to ascertain the merits or risks of the businesses it may ultimately acquire.

Until Customers Bank can identify and provide information on any target institutions, shareholders have no basis to evaluate the possible merits or risks of the target institutions' operations. To the extent Customers Bank completes investment transactions with any financially unstable institutions, it may be affected by numerous risks inherent in the operations of such entities. Although Customers Bank's management will evaluate the risks inherent in a particular target institution, they may not properly ascertain or assess all of the significant risk factors inherent in a target institution. An investment in CBI's Voting Common Stock may ultimately prove to be less favorable to shareholders than a direct investment, if such opportunity were available, in a target institution. Customers Bank will have flexibility in identifying and selecting prospective candidates for an investment transaction and will rely on guidance from the board of directors and outside advisors.

CBI may face risks related to minority investments.

From time to time, CBI may make or consider making minority investments in other financial institutions or technology companies in the financial services business. If it does so, it may not be able to influence the activities of companies in which it invests, and may suffer losses due to these activities. Investments in foreign companies could pose additional risks as a result of distance, language barriers, and potential lack of information (for example, foreign institutions, including foreign financial institutions, may not be obligated to provide as much information regarding their operations as those in the United States).

Some institutions Customers Bank or CBI could acquire may have distressed assets and there can be no assurance that Customers will be able to realize the value predicted from these assets or that it will make sufficient provision for future losses in the value of, or accurately estimate the future write-downs taken in respect of, these assets.

The decline in real estate values in many markets across the United States and weakened general economic conditions may result in increases in delinquencies and losses in the loan portfolios and other assets of financial institutions that Customers Bank or, assuming consummation of the reorganization, CBI acquires in amounts that exceed initial forecasts developed during the due diligence investigation prior to acquiring those institutions. In addition, asset values may be impaired, in the future due to factors that cannot currently be predicted, including significant deterioration in economic conditions and further declines in collateral values and credit quality indicators. Any of these events could adversely affect the financial condition, liquidity, capital position and value of institutions acquired and of Customers as a whole. Further, CBI intends to become registered as a bank holding company and in that event if CBI acquires more bank subsidiaries they may become subject to cross-guaranty liability under applicable banking law. If CBI does so and any of the foregoing adverse events occur with respect to one subsidiary, they may adversely affect other of CBI's subsidiaries, including Customers Bank.

Current economic conditions have created an uncertain environment with respect to asset valuations and there is no certainty that CBI or Customers Bank will be able to sell assets of target institutions if it is determined to would be in Customers' best interests to do so. The institutions Customers will target may have substantial amounts of asset classes for which there is currently limited or no marketability.

As a result of an investment or acquisition transaction, Customers may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on Customers' financial condition and results of operations, which could cause you to lose some or all of your investment.

Customers must conduct due diligence investigations of target institutions it intends to acquire. Intensive due diligence is time consuming and expensive due to the operations, accounting, finance and legal professionals who must be involved in the due diligence process. Even if extensive due diligence is conducted on a target institution with which either Customers Bank or CBI is combined, this diligence may not reveal all material issues that may affect a particular target institution, and factors outside the control of the target institution and outside of Customers control may later arise. If, during the diligence process, Customers fails to identify issues specific to a target institution or the environment in which the target institution operates, it may be forced to later write down or write off assets, restructure operations, or incur impairment or other charges that could result in reporting losses. These charges may also occur if Customers is not successful in integrating and managing the operations of the target institution with which Customers Bank or CBI combines. In addition, charges of this nature may cause Customers Bank or CBI to violate net worth or other covenants to which it may be subject as a result of assuming preexisting debt held by a target institution or by virtue of obtaining debt financing.

Customers Bank and/or CBI may in the future hire consultants or advisors on a contingent basis, who would only receive payment in the event an investment or acquisition transaction occurred and, therefore, they might be viewed as having an interest in such investment or acquisition transaction occurring.

Customers Bank and/or CBI may in the future hire placement agents and other consultants or advisors to assist it with searches for a target institution or institutions or otherwise advise in connection with an investment or acquisition transaction and any compensation payable to such persons may be contingent upon the closing of an investment or acquisition transaction. As a result, a placement agent or any such other consultants and advisors who provide advice would only receive compensation if an investment or acquisition transaction occurred and therefore they might be viewed as having an interest in such investment or acquisition transaction occurring that is different from, or conflicts with, the interests of Customers Bank and/or CBI's shareholders.

Shareholders may have no opportunity to evaluate and affect the investment decision regarding a potential investment or acquisition transaction.

Shareholders will not necessarily be provided with an opportunity to evaluate the specific merits or risks of one or more target institutions. Any decision regarding a potential investment or acquisition transaction will be made by Customers Bank and/or CBI's board of directors. For more information on the private offerings and the lead investors, see, "THE REORGANIZATION - Private Offerings," on page 45 of this Joint Proxy Statement-Prospectus. Except in limited circumstances as required by applicable law, consummation of an acquisition will not require the approval of holders of Voting Common Stock. Accordingly, you may not have an opportunity to evaluate and affect the investment decision regarding potential investment or acquisition transactions.

Resources could be expended in considering or evaluating potential investment or acquisition transactions that are not consummated, which could materially and adversely affect subsequent attempts to locate and acquire or merge with another business.

Customers anticipates that the investigation of each specific target institution and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and others. If a decision is made not to complete a specific investment or acquisition transaction, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, even if an agreement is reached relating to a specific target institution,

Customers Bank or CBI may fail to consummate the investment or acquisition transaction for any number of reasons, including those beyond its control. Any such event will result in a loss of the related costs incurred, which could materially and adversely affect subsequent attempts to locate and acquire or merge with another institution.

The officers and directors of an acquisition candidate may resign upon consummation of an acquisition.

The role of the key personnel of a target institution upon the consummation of an acquisition cannot be predicted at this time. Although Customers expects that certain members of the management team of a target institution may remain associated with the acquisition candidate following an acquisition, it is possible that key members of the management of a target institution will not wish to remain in such positions.



## Risks Related to Customers Bank and CBI's Industry

Difficult market conditions have adversely affected Customers Bank and CBI's industry.

Dramatic declines in the housing market over the past year, with falling home prices and increasing foreclosures, unemployment and under-employment, have negatively impacted the credit performance of real estate-related loans and resulted in significant write-downs of asset values by financial institutions. These writedowns, including asset-backed and other securities and loans, have caused many financial institutions to seek additional capital, to reduce or eliminate dividends, to merge with larger and stronger institutions and, in some cases, to fail. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors have reduced or ceased providing funding to borrowers, including to other financial institutions. This market turmoil and tightening of credit have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility and widespread reduction of business activity generally. The resulting economic pressure on consumers and lack of confidence in the financial markets has adversely affected and may continue to adversely affect Customers Bank and CBI's business, financial condition and results of operations. Market developments may affect consumer confidence levels and may cause adverse changes in payment patterns, causing increases in delinquencies and default rates, which may impact charge-offs and provision for credit losses. A worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on Customers and others in the financial services industry.

The soundness of other financial institutions could adversely affect Customers Bank.

Customers Bank's ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. Customers Bank has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial industry. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by Customers Bank or by other institutions. Many of these transactions expose Customers Bank to credit risk in the event of default of the counterparty or client. In addition, Customers Bank's credit risk may be exacerbated if the collateral held by Customers Bank cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due us. There is no assurance that any such losses would not materially and adversely affect results of operations.

There can be no assurance that recently enacted legislation will stabilize the U.S. financial system.

The Emergency Economic Stabilization Act of 2008 ("EESA") provided to the U.S. Treasury Department the authority to, among other things, purchase up to \$700 billion of mortgages, mortgage-backed securities and certain other financial instruments from financial institutions to stabilize and provide liquidity to the U.S. financial markets. The Treasury Department announced a program under EESA pursuant to which it would make senior preferred equity investments in participating financial institutions. The FDIC announced the development of a guarantee program pursuant to which the FDIC would offer a guarantee of certain financial institution indebtedness in exchange for an insurance premium to be paid to the FDIC by issuing financial institutions. There can be no assurance, however, as to the actual impact that EESA and its implementing regulations, the FDIC programs, or any other governmental program will have on the financial markets. Furthermore, recent adverse economic developments in the European Economic Community may pose a risk to U.S. financial institutions doing business with European countries or banks or companies in those countries. More recently, the Dodd-Frank Act enacted provisions to address some of the risks that are considered to have contributed to the economic crisis of the last few years. The failure of the Dodd-Frank Act or regulations to be adopted under it, EESA, the FDIC, or the U.S. Government to stabilize the financial markets and a

continuation or worsening of current financial market conditions could materially and adversely affect Customers Bank's business, financial condition, results of operations, access to credit or the trading price of Voting Common Stock.

A continuation of recent turmoil in the financial markets could have an adverse effect on the financial position or results of operations of Customers Bank and CBI.

In recent periods, United States and global markets, as well as general economic conditions, have been disrupted and volatile. Concerns regarding the financial strength of financial institutions have led to distress in credit markets and issues relating to liquidity among financial institutions. Some financial institutions around the world have failed; others have been forced to seek acquisition partners. The United States and other governments have taken steps to try to stabilize the financial system, including investing in financial institutions. Customers business and financial condition and results of operations could be adversely affected by (1) continued disruption and volatility in financial markets, (2) continued capital and liquidity concerns regarding financial institutions generally and counterparties specifically, (3) limitations resulting from governmental action in an effort to stabilize or provide additional regulation of the financial system, or (4) recessionary conditions that are deeper or last longer than currently anticipated. Further, there can be no assurance that action by Congress, governmental agencies and regulators, including the enacted legislation authorizing the U.S. government to invest in financial institutions, or changes in tax policy, will help stabilize the U.S. financial system and any such action, including changes to existing legislation or policy, could have an adverse effect on the financial position or results of operation of Customers.

## RECENT DEVELOPMENTS

Raised over \$16 million of capital

In the first quarter of 2011, Customers Bank sold a total of 4,166,679 shares which included 2,638,750 shares of its Voting Common Stock and 1,527,929 shares of its Class B Non-Voting Common Stock at an average price of \$3.87 per share for total proceeds of \$15.5 million, net of issuance costs.

Changed name to Customers Bank

In December 2010, the shareholders of Customers Bank approved a name change from New Century Bank to Customers Bank. After receiving all necessary regulatory approvals in April 2011, the name has been officially changed to Customers Bank.

The Company experienced no material developments in the second quarter of 2011.

PROPOSALS TO BE VOTED ON  
PROPOSAL C1  
TO APPROVE A PLAN OF MERGER AND REORGANIZATION PURSUANT TO  
WHICH THE BANK WILL REORGANIZE TO FORM A BANK HOLDING COMPANY

SUMMARY

Customers Bank is seeking its shareholder approval at the Special Meeting of a transaction which will restructure Customers Bank's corporate organization by creating a new holding company that will own Customers Bank. As a result, current Customers Bank shareholders will own shares of the holding company instead of Customers Bank. The reorganization will be conducted according to a Plan of Merger and Reorganization which is attached as Annex A to this Joint Proxy Statement-Prospectus (the "Plan of Reorganization").

Customers Bank's shareholders are being asked to approve the following resolution:

RESOLVED, that the shareholders of Customers Bank hereby approve and adopt the Plan of Merger and Reorganization among Customers Bank, New Century Interim Bank and Customers Bancorp, Inc., whereby Customers Bank will merge with and into New Century Interim Bank, which will change its name to "Customers Bank" and become a wholly owned subsidiary of Customers Bancorp, Inc., with shareholders of Customers Bank receiving one share of Customers Bancorp, Inc. Voting Common Stock, par value \$1.00 per share, in exchange for every three shares of Voting Common Stock, par value \$1.00 per share, of Customers Bank presently owned, and one share of Customers Bancorp, Inc. Class B Non-Voting Common Stock, par value \$1.00 per share, in exchange for every three shares of Class B Non-Voting Common Stock, par value \$1.00 per share, of Customers Bank presently owned, all in the form submitted to this meeting, with such changes not inconsistent with this resolution as the directors or officers of Customers Bank may deem necessary or appropriate to complete the reorganization.

The reorganization will involve several steps, some of which have already occurred, which steps include the following:

1. Customers Bank has caused the formation of Customers Bancorp, Inc., also called CBI, as a new Pennsylvania business corporation.
2. An application will be filed with the applicable banking regulators for permission to form a new Pennsylvania commercial bank, to become a subsidiary of CBI, to be named New Century Interim Bank.
3. Customers Bank will apply to the applicable banking regulators for permission for it to merge into New Century Interim Bank according to the Plan of Reorganization and for New Century Interim Bank to change its name to "Customers Bank."
4. After Customers Bank receives all necessary regulatory approvals, it will complete the reorganization in accordance with the Plan of Reorganization, including the following transactions:
  - (i) Customers Bank will merge with New Century Interim Bank, with New Century Interim Bank surviving;
  - (ii) New Century Interim Bank will immediately change its name to "Customers Bank";

- (iii) As a result of that merger, CBI will automatically become the holding company for, and the sole shareholder of, the resulting bank;
- (iv) Holders of Customers Bank's Voting Common Stock will receive one share of CBI Voting Common Stock in exchange for every three shares of Customers Bank's Voting Common Stock that they hold, and, as a result, Customers Bank's shareholders will become shareholders of CBI;
- (v) Holders of Customers Bank's Class B Non-Voting Common Stock will receive one share of CBI Class B Non-Voting Common Stock in exchange for every three shares of Bank Class B Non-Voting Common Stock that they hold;
- (vi) Holders of Customers Bank's Voting Common Stock or Class B Non-Voting Common Stock who would otherwise be entitled to a fractional share of CBI Voting Common Stock or CBI Class B Non-Voting Common Stock will instead receive an amount in cash, rounded to the nearest cent and without interest, equal to the product of (1) the fraction of such number of shares to which the holder would otherwise have been entitled, and (2) the book value of one share of Voting Common Stock or Class B Non-Voting Common Stock, as the case may be, of Customers Bank as of the final day of the quarter ended immediately prior to the closing of the reorganization;

- (vii) Upon this exchange of shares, CBI will become the sole shareholder and holding company for Customers Bank;
- (viii) All warrants and options for the purchase of Customers Bank's Voting Common Stock or Class B Non-Voting Common Stock that are outstanding as of the closing of the reorganization will automatically become warrants or options, respectively, to purchase one-third of the number of shares of the same respective classes of CBI stock. The number of CBI shares for which each outstanding option or warrant will be exercisable after the reorganization will be rounded up to the nearest whole number of CBI shares, subject to the holder's agreement to any necessary corresponding upward rounding adjustments to the per-share exercise price to the nearest whole cent; and
- (ix) CBI will assume Customers Bank's obligations under Customers Bank's equity compensation, employee retirement plans, employee benefit plans, and employment agreements.

As of \_\_\_\_\_, 2011, the Record Date for the Customers Special Meeting, there were outstanding \_\_\_\_\_ shares of Customers Bank's Voting Common Stock, \_\_\_\_\_ shares of Customers Bank's Class B Non-Voting Common Stock, warrants to purchase \_\_\_\_\_ shares of Customers Bank's Voting Common Stock, warrants to purchase \_\_\_\_\_ shares of Customers Bank's Class B Non-Voting Common Stock and options to purchase \_\_\_\_\_ shares of Customers Bank's Voting Common Stock.

For a more complete summary of the reorganization, see "THE REORGANIZATION" beginning on page 44 of this Joint Proxy Statement-Prospectus.

The affirmative vote of two-thirds of outstanding shares of Customers Bank's Voting Common Stock is required for the approval of Proposal C1. Proxies received by the board will be voted "FOR" Proposal C1, except to the extent that shareholders specify a contrary choice in their proxies.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" APPROVAL PROPOSAL C1 TO APPROVE THE MERGER AND REORGANIZATION OF THE BANK TO FORM HOLDING COMPANY.**

## THE REORGANIZATION

### Background and Reasons for the Reorganization

**Basic Benefits of a Bank Holding Company.** Customers Bank seeks to form a holding company to operate with the full privileges granted to a corporation that is registered as a bank holding company under the Bank Holding Company Act of 1956. The benefits to this formation include, but are not limited to, the ability to: acquire other financial service organizations that would complement Customers' business model; pursue growth opportunities in segments of the business which may be accomplished through the formation of subsidiaries; and access credit facilities available to holding companies which would be beneficial to Customers Bank's liquidity and capital needs. Assuming Customers Bank's shareholders approve the reorganization, once established and approved by federal regulators, Customers Bancorp, Inc. will be registered with and supervised by the Board of Governors of the Federal Reserve System ("Federal Reserve Board").

**Acquisition Strategy.** As part of its new business strategy, Customers Bank is focusing on strategic acquisitions to increase its size and diversify its product and service offerings to customers. Customers' acquisition strategy will focus on community banks in identified states, primarily along the Eastern seaboard, with the goal of creating a leading community bank holding company. Customers seeks to achieve sufficient scale in each region and, over time, build a combined balance sheet of \$2.5 to \$5.0 billion. Customers hopes to accomplish this by acquiring, subject to applicable regulatory approval, healthy, distressed, undercapitalized and weakened banking institutions that have stable core deposit franchises, local market share, and quantifiable risks, or that are acquired from the Federal Deposit Insurance Corporation (the "FDIC") with federal assistance, and that offer clear financial benefits through add-on acquisitions, expense reductions and organic growth. Customers Bank also expects to, subject to applicable regulatory approval, purchase assets and banking platforms, as well as assumptions of deposits from the FDIC and possibly enter into loss mitigation arrangements with the FDIC in connection with such purchases. To facilitate execution of this strategy, Customers believes it will be advantageous to become regulated as a bank holding company.

Customers Bank has defined its core market as Pennsylvania, Connecticut, New Jersey, Delaware, Maryland and New York and it will focus its efforts in these markets. Within these states, Customers' strategy is to focus on areas that possess a common set of characteristics, including population density, a concentration of business activities, attractive bank deposit bases, a high number of potential FDIC-assisted deal candidates, potential for economic growth over time and favorable local banking competitive dynamics. Such competitive dynamics include an appropriate number of small to medium sized banks that can be consolidated, an ability to amass local market share, and the opportunity to deliver long-term organic growth and sustained financial results under a community banking model. Customers also plans to seek expansion on areas that contain larger competitors that it can effectively compete against with Customers Bank's unique organic growth strategy.

Customers Bank has also identified other states for possible market expansion including Florida, Georgia, North Carolina, South Carolina, Virginia and Illinois. Customers will closely monitor opportunities for expansion and may decide to add one or more states to its core market definition. Opportunities will be assessed based upon the potential ability for Customers Bank to effectively execute its strategies in these markets in a safe and profitable way. Also, Customers will need to see opportunity to build enough scale in the new market to support extending its reach. Customers has no intention of buying small banks in numerous markets but prefers to focus its efforts in a few markets.

The significant downturn in the U.S. economy and the related crisis in the financial services industry present a unique opportunity for Customers to execute its acquisition strategy. Many banks are trading at historically low multiples and are in need of capital at a time when traditional sources of capital have diminished. Further, the

undercapitalization of the banking sector has caused many banks to drastically reduce lending to new clients and in certain sectors to focus primarily on strengthening their balance sheets. A holding company would provide an opportunity to investors who are interested in taking advantage of acquisition opportunities in the banking sector but do not have bank management experience. Customers can help these investors avoid the costs of building a new banking franchise that, without an existing franchise such as Customers Bank's to build on, can reduce overall investment returns. Customers believes that the current weakness in the banking sector and the potential duration of any recovery provide Customers with an opportunity to execute this strategy to the benefit of its investors, and believes that the platform it has chosen will produce results that are superior to situations in which a banking franchise must be built from the ground up.

In addition to or as an adjunct to its acquisition strategy, CBI may from time to time make minority investments in other financial institutions or technology companies in the financial services business. Some of these institutions may be foreign. Such investments may be subject to restrictions, requirements, or regulatory approval or non-objection under applicable bank holding company rules, See "Risk Factors - CBI may face risks related to minority investments," at page 38 of this Joint Proxy Statement-Prospectus.

At this time, except for the Merger Agreement, Customers Bank has not entered into any definitive agreements to acquire other institutions or their stock or assets. However, management is actively seeking acquisition opportunities, and it is possible that it may, subject to applicable regulatory approval, enter into one or more acquisition agreements at any time.



## Private Offerings

In order to fund Customers Bank's desired growth, in February 2010, Customers Bank completed a \$43.1 million offering of 6,529,550 shares of its Voting Common Stock and 3,548,589 shares of its Class B Non-Voting Common Stock, and warrants to purchase up to an additional aggregate 362,311 shares of Customers Bank's Voting Common Stock at an exercise price of \$4.28 per share. In this Joint Proxy Statement-Prospectus, this is referred to as the February 2010 private offering. Of those investors, six acquired ownership of Voting Common Stock and Class B Non-Voting Common Stock equal to approximately 9.9% of the outstanding shares of Customers Bank after completion of the February 2010 private offering. These six investors, each of whom is identified in "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT" at page 134 of this Joint Proxy Statement-Prospectus, elected to be treated as "lead investors." Pursuant to their subscription agreements, the lead investors will have the following special contractual rights:

- Each lead investor received a warrant to purchase, at \$4.28 per share, an additional number of shares of Voting Common Stock and Class B Non-Voting Common Stock equal to 5% of the total number of shares for which the investor subscribed in the February 2010 private offering;
- Each lead investor was given registration rights with respect to the lead investor's Bank stock or shares of CBI stock that may be exchanged for it. Customers Bank and CBI anticipate that the registration statement filed by CBI with respect to the reorganization and exchange of CBI shares described in this Joint Proxy Statement-Prospectus will satisfy that requirement.
- Each lead investor received a contractual, non-transferable pre-emptive right to purchase, at \$4.28 per share, shares of Voting Common Stock or Class B Non-Voting Common Stock that Customers Bank offered until February 17, 2011, subject, however, in all cases to the limitation that the lead investor would not, as a result of the purchase, be deemed to own or control more than 9.9% of the outstanding shares of Customers Bank; and
- Customers Bank agreed, subject to appropriate confidentiality agreements, to consult with and give each lead investor an opportunity to review proposed bids for qualified transactions and provide feedback to Customers Bank prior to final submission of such bids until February 17, 2011. For this purpose, a qualified transaction was an FDIC-assisted investment or acquisition transaction in which the lead investor was not a competing bidder nor interested in a competing bid;

Investors in the February 2010 private offering also received anti-dilution agreements providing each of them price protection until March 31, 2011, such that if Customers Bank or CBI issued any shares of its Voting Common Stock at or prior to that date at a price less than \$4.28 per share, sufficient additional shares would be issued to them to maintain the values of their holdings of Voting Common Stock at the new, lower issuance price. These anti-dilution agreements have expired on their terms, and are no longer in force or effect. One of Customers Bank's commitments in connection with the February 2010 private offering is to form a bank holding company. The approval of Proposal C1 by the shareholders at this Special Meeting is therefore required in order for Customers Bank to meet its commitments in connection with the February 2010 private offering.

Pursuant to the anti-dilution agreements they received in the offering and further action by Customers Bank's board of directors on April 12, 2010, the investors in this offering received additional shares and their warrant rights were adjusted. For more information on the warrant adjustments, see "WARRANTS TO PURCHASE ADDITIONAL STOCK," beginning on page 105.

The purchase price for shares of Voting Common Stock and Class B Non-Voting Common Stock to be offered pursuant to the pre-emptive rights granted to lead investors in the February 2010 private offering has been adjusted from \$4.28 per share to \$3.50 per share, and 1,454,934 additional shares of Voting Common Stock and 80,744 shares of Class B Non-Voting Common Stock were issued under the anti-dilution agreements as a result of subsequent offerings at \$3.50 per share.

In March 2010, Customers Bank also completed a private placement of 761,596 shares of its Voting Common Stock and 1,189,202 shares of its Class B Non-Voting Common Stock to accredited investors, one of which elected to be treated as a "lead investor," for a purchase price of \$3.76 per share, or a total of \$7,335,003 in proceeds.

Pursuant to their subscription agreements, the lead investor in this March 2010 private offering, identified in "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT" at page 134 of this Joint Proxy Statement-Prospectus, will have the following special contractual rights:

- Until February 17, 2011, Customers Bank has agreed, subject to appropriate confidentiality agreements, to consult with and give each lead investor an opportunity to review proposed bids for qualified transactions and provide feedback to Customers Bank prior to final submission of such bids. For this purpose, a qualified transaction is an FDIC-assisted investment or acquisition transaction in which the lead investor is not a competing bidder nor interested in a competing bid.

- Such investor received a warrant to purchase, at \$3.76 per share, an additional number of shares of Voting Common Stock and Class B Non-Voting Common Stock equal to 5% of the total number of shares for which the investor subscribed in the March 2010 private offering.
- Such investor received a contractual, non-transferable pre-emptive right to purchase, at \$3.76 per share, shares of Voting Common Stock or Class B Non-Voting Common Stock that Customers Bank may offer until February 17, 2011, subject, however, in all cases to the limitation that the investor will not, as a result of the purchase, be deemed to own or control more than 9.9% of the outstanding shares of Customers Bank.
- Such investor was given registration rights with respect to the investor's Bank stock or shares of CBI stock that may be exchanged for it. Customers Bank and CBI anticipate that the registration statement filed by Holding Company with respect to the reorganization and exchange of CBI shares described in this Joint Proxy Statement-Prospectus will satisfy that requirement.

Such investors also received anti-dilution agreements providing each of them price protection until March 31, 2011, such that if Customers Bank or CBI issued any shares of its Voting Common Stock at or prior to that date at a price less than \$3.76 per share, sufficient additional shares would be issued to them to maintain the values of their holdings of Voting Common Stock at the new, lower issuance price.

The purchase price for shares of Voting Common Stock and Class B Non-Voting Common Stock to be offered pursuant to the pre-emptive rights granted to lead investors in the February 2010 private offering has been adjusted from \$3.76 per share to \$3.50 per share, and 56,576 additional shares of Voting Common Stock and 88,341 shares of Class B Non-voting Common Stock were issued under the anti-dilution agreements as a result of the subsequent offerings at \$3.50 per share.

One of Customers Bank's commitments in connection with the March 2010 private offering is to form a bank holding company. The approval of Proposal C1 by the shareholders at this Special Meeting is therefore required in order for Customers Bank to meet its commitments in connection with the March 2010 private offering.

The March 2010 offering price resulted in issuance of additional shares to existing shareholders who held anti-dilution agreements. In addition, on April 12, 2010, Customers Bank's board of directors approved adjustments to the terms of warrants held by those shareholders benefitting from anti-dilution agreements, to adjust the exercise price and make a corresponding adjustment to the number of shares for which each warrant is exercisable. For further information on the adjustment, see, "WARRANTS TO PURCHASE ADDITIONAL STOCK," beginning on page 105.

Customers Bank paid approximately \$1.5 million in legal, accounting and underwriting fees for the February and March 2010 private offerings.

In the third quarter of 2010, Customers Bank sold a total 541,098 shares which included 261,049 shares of its Voting Common Stock and 280,000 shares of its Class B Non-Voting Common Stock at an average price of \$3.55 per share. Investors in such offerings received anti-dilution agreements providing each of them with price protection until March 31, 2011, such that if either Customers Bank or CBI issued any shares of its Voting Common Stock at or prior to that date at a price less than the price per share that was paid, additional shares would be issued to them in order to maintain the values of their holdings of Voting Common Stock at the new, lower issuance price.

In December 2010, Customers Bank sold 2,232,641 total shares, which included 2,084,841 shares of its Voting Common Stock and 147,800 shares of its Class B Non-Voting Common Stock at an average price of \$3.94 per share.<sup>3</sup> Investors in such offerings received anti-dilution agreements providing each of them with price protection until March 31, 2011, such that if either Customers Bank or CBI issued any shares of its Voting Common Stock at or prior to that date at a price less than the price per share that was paid, additional shares would be issued to them to maintain the values of their holdings of Voting Common Stock at the new, lower issuance price.

In the first quarter of 2011, Customers Bank sold a total of 4,166,679 shares which included 2,638,750 shares of its Voting Common Stock and 1,527,929 shares of its Class B Non-Voting Common Stock at an average price of \$3.87 per share for total proceeds of \$16.1 million.

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<sup>3</sup>Note that this does not include the 700,000 shares of Voting Common Stock that were purchased by members of Customers Bank's management in December 2010 when such persons exercised awards granted to them under the Management Stock Purchase Plan.

## The Plan of Reorganization

A copy of the Plan of Merger and Reorganization is attached as Annex A to this Joint Proxy Statement-Prospectus. Please read the entire Plan of Reorganization. The following description is only a summary of the material terms of the Plan of Reorganization. There are several steps to the reorganization:

- Customers Bank will merge with New Century Interim Bank, with New Century Interim Bank surviving;
- New Century Interim Bank will immediately change its name to “Customers Bank”;
- Holders of Customers Bank’s Voting Common Stock will receive one share of CBI Voting Common Stock in exchange for every three shares of Customers Bank’s Voting Common Stock that they hold, and, as a result, Customers Bank’s shareholders will become holders of shares of the CBI Voting Common Stock;
- Holders of Customers Bank’s Class B Non-Voting Common Stock will receive one share of CBI Class B Non-Voting Common Stock in exchange for every three shares of Bank Class B Non-Voting Common Stock that they hold;
- Holders of Customers Bank’s Voting Common Stock or Class B Non-Voting Common Stock who would otherwise be entitled to a fractional share of CBI Voting Common Stock or CBI Class B Non-Voting Common Stock will instead receive an amount in cash, rounded to the nearest cent and without interest, equal to the product of (1) the fraction of such share to which the holder would otherwise have been entitled, and (2) the book value of one share of Voting Common Stock or Class B Non-Voting Common Stock of Customers Bank as of the final day of the quarter ended immediately prior to the closing of the reorganization;
- Upon this exchange of shares, CBI will become the sole shareholder and holding company for Customers Bank;
- All warrants and options for the purchase of Customers Bank’s Voting Common Stock or Class B Non-Voting Common Stock that are outstanding as of the closing of the reorganization will automatically become warrants or options, respectively, to purchase one-third of the number of shares of the same respective classes of CBI shares. The number of CBI shares for which each outstanding option or warrant will be exercisable after the reorganization will be rounded up to the nearest whole number of CBI shares, subject to the holder’s agreement to any necessary corresponding upward rounding adjustments to the per share exercise price to the nearest whole cent; and
- CBI will assume Customers Bank’s obligations under Customers Bank’s equity compensation, employee retirement plans, employee benefit plans, and employment agreements.

After the reorganization, CBI will have no significant assets other than securities of Customers Bank, and, as a result, CBI will have substantially the same assets and liabilities, on a consolidated basis, as Customers Bank.

Amendment or Termination

At any time before the merger becomes effective, by vote of a majority of the board of directors of each of Customers Bank, CBI and New Century Interim Bank, the Plan of Reorganization:

- May be amended in any manner not inconsistent with its general purpose, provided that no amendment shall change the share exchange ratio of one share of CBI Voting Common Stock for every three shares of Customers Bank's Voting Common Stock, and one share of CBI Class B Non-Voting Common Stock for every three shares of Bank Class B Non-Voting Common Stock following approval of the Plan of Reorganization by the shareholders of Customers Bank; and

- May be terminated for any reason including, without limitation, because of the number of shares of Voting Common Stock and Class B Non-Voting Common Stock of Customers Bank exercising dissenters' rights, or if it appears that the consummation of the reorganization would be inadvisable. If the Plan of Reorganization is terminated, it will be void and of no further effect, without any liability on the part of Customers Bank, CBI, New Century Interim Bank, or their respective directors, officers, shareholders or agents.

#### Conditions to Completing the reorganization

The reorganization will not be completed unless and until Customers Bank's shareholders and the applicable bank regulatory agencies approve it.

#### Regulatory Approval of the reorganization

The reorganization will require the following approvals by bank regulatory agencies:

- The Pennsylvania Banking Department and the Federal Reserve must approve the formation and organization of CBI and New Century Interim Bank;
- The Federal Deposit Insurance Corporation ("FDIC") must approve deposit insurance for New Century Interim Bank;
- The Pennsylvania Banking Department must approve the merger of Customers Bank into New Century Interim Bank;
- The Federal Reserve must approve the merger of Customers Bank into New Century Interim Bank; and
- The Federal Reserve Board and the Pennsylvania Banking Department must approve CBI's acquisition of control of New Century Interim Bank and the institution resulting from the merger of Customers Bank into New Century Interim Bank and Federal Reserve membership for the surviving bank.

#### Securities Law Consequences; Resale Restrictions for Certain Persons

The issuance of CBI shares to Customers Bank's shareholders in connection with the reorganization is being registered under the Securities Act of 1933, as amended (the "Securities Act"), on the Form S-1 registration statement of which this Joint Proxy Statement-Prospectus is a part. CBI shares to be issued to Customers Bank shareholders in connection with the reorganization will be freely transferable, except that any persons who are "affiliates" of CBI after the completion of the reorganization or were "affiliates" of Customers Bank within 90 days prior to the completion of the reorganization will be permitted to resell CBI shares they receive only in the manner permitted by Rule 144. In computing the holding period of CBI shares for the purposes of Rule 144(d), such persons will be permitted to "tack" the holding period of their Bank shares held prior to the effective time of the reorganization. Persons who may be deemed to be affiliates of Customers Bank and CBI for these purposes generally include individuals or entities that control, are controlled by, or are under common control with, Customers Bank and CBI, and would generally not include shareholders who are not executive officers, directors or significant shareholders of Customers Bank and CBI.

The Plan of Reorganization requires Customers Bank to prepare and deliver to CBI a list that identifies all persons whom Customers Bank believes may be deemed an affiliate prior to the completion of the reorganization. Customers Bank is also required, pursuant to the Plan of Reorganization, to use its commercially reasonable best efforts to cause each person whom it identifies on the list as a potential affiliate to deliver, at or prior to the completion of the reorganization, a written agreement that the affiliate will not sell, pledge, transfer or otherwise dispose of any CBI shares issued to the affiliate pursuant to the reorganization unless the sale, pledge, transfer or other disposition meets one of the following criteria:

- It is made pursuant to an effective registration statement filed under the Securities Act;
- It is in compliance with Rule 144; or
- In the opinion of counsel, it is otherwise exempt from the registration requirements of the Securities Act.



## Management of CBI

Prior to the effective time of the reorganization, the executive officers of Customers Bank will be appointed as the executive officers of CBI. CBI's board of directors is classified in accordance with its articles of incorporation. For more information regarding CBI's board and management, see "CBI'S BOARD OF DIRECTORS AND MANAGEMENT" and "BOARD GOVERNANCE" beginning at pages 114 and 117, respectively, of this Joint Proxy Statement-Prospectus.

## Dissenters' Rights

Pursuant to the Pennsylvania Banking Code of 1965 and Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law of 1988, as amended ("PBCL"), holders of shares of Customers Bank's Voting Common Stock and Class B Non-Voting Common Stock have the right to dissent from the proposed transaction and obtain payment for the "fair value" of their shares should the transaction ultimately be consummated. The term "fair value" is defined as the value of a share of Customers Bank's Voting Common Stock and Class B Non-Voting Common Stock immediately before consummation of the reorganization taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the reorganization. Customers Bank cannot predict the future fair value of shares at the time the reorganization becomes effective and cannot assure shareholders as to the methodology a court would employ upon an application for relief to determine fair value or how a court would determine which elements of value are to be considered. For these purposes, fair value is to take into account all relevant factors. The value so determined may be greater or less than the present value of shares to be exchanged for each share of Customers Bank in the reorganization. A copy of the applicable provisions of Pennsylvania law are included as Annex C to this document, which is incorporated herein by reference.

If you wish to exercise dissenters' rights, you must do each of the following:

- File with Customers Bank a written notice of intention to demand that the shareholder be paid the fair value for his or her shares of Customers Bank's Voting Common Stock and Class B Non-Voting Common Stock rather than receive CBI shares as described in the Plan of Reorganization. The dissenting shareholder must file this notice with Customers Bank prior to the shareholder vote on the reorganization at the Special Meeting;
- A dissenting shareholder may not change the beneficial ownership of his or her shares of Customers Bank's Voting Common Stock and Class B Non-Voting Common Stock from the date of the filing of the notice of intention to demand payment through the effective date of the reorganization; and
- A dissenting shareholder also may not vote his or her shares of Customers Bank's Voting Common Stock to approve the reorganization at the Special Meeting.

Voting against, abstaining from voting, or failing to vote on Proposal C1 (whether in person or by proxy) shall not constitute written notice of an intent to demand payment for shares of Customers Bank's Voting Common Stock or Class B Non-Voting Common Stock within the meaning of Subchapter D. You must also send a separate, written notice or demand which includes your name, address and telephone number to:

Customers Bank  
c/o Customers Bancorp, Inc.  
1015 Penn Avenue  
Wyomissing, Pennsylvania 19610

Attention: Corporate Secretary

In the event that, after filing a written notice to demand payment of fair value, you vote for Proposal C1, or you deliver a proxy in connection with the Special Meeting of shareholders that does not specify a vote against, or an abstention from voting on, Proposal C1, you will have waived your dissenters' rights and will have nullified any written notice of an intent to demand payment that you previously submitted. However, failure to submit a proxy specifying a vote against or abstention from voting on Proposal C1 after filing a written notice to demand payment of fair value will not waive your dissenters' rights.

You may assert dissenters' rights as to less than all of the shares registered in your name only if you dissent with respect to all shares owned by any one beneficial owner and you disclose the name and address of each person on whose behalf you are dissenting. The rights of a partial dissenter are determined as if the shares as to which the record holder dissents and the record holder's remaining shares were registered in the names of different shareholders. A beneficial owner may assert dissenters' rights as to shares held on the beneficial owner's behalf only if the beneficial owner submits to Customers Bank the record holder's written consents to the dissent no later than the time the beneficial owner asserts his or her dissenters' rights. A beneficial owner may not dissent with respect to less than all shares of the same class or series owned by the beneficial owner, whether or not the shares owned by the beneficial owner are registered in the beneficial owner's name.

If the reorganization is approved and adopted, Customers Bank will deliver a further notice in accordance with Subchapter D to all shareholders who have satisfied the foregoing requirements. This notice will instruct the shareholder on the procedure for obtaining payment and will include a copy of Subchapter D. Failure to strictly follow the procedures set forth in the notice and Subchapter D regarding perfection of dissenters' rights may result in a loss of the right to payment.

The foregoing is only a summary of the rights of a dissenting shareholder of Customers Bank. If you intend to dissent from the reorganization, you should carefully review the applicable provisions of Subchapter D attached at Annex E and consult with your attorney. Your failure to follow precisely the procedures summarized above may result in the loss of your dissenters' rights. No additional notice of the events giving rise to dissenters' rights or any steps associated with asserting those rights will be furnished to you except as indicated above or otherwise required by law.

#### No Action Required to Exchange Shares

The outstanding stock certificates that presently represent shares of Customers Bank's Voting Common Stock and Class B Non-Voting Common Stock, and the outstanding warrants and options that represent a right to acquire Customers Bank's Voting Common Stock and Class B Non-Voting Common Stock, will be deemed automatically to represent one-third of such number of shares of Voting Common Stock, Class B Non-Voting Common Stock, warrants and options of CBI, as adjusted for any fractional shares. You will not be required to immediately exchange your present stock certificates, warrants or options (bearing the name "Customers Bank") for new stock certificates (bearing the name "Customers Bancorp, Inc.").

Upon completion of the reorganization, CBI will mail you a letter of transmittal and instructions related to the exchange of the certificates and other instruments representing your ownership of Customers Bank's Voting Common Stock, Class B Non-Voting Common Stock, or options or warrants to purchase Customers Bank's Voting Common Stock, as applicable, for certificates or other instruments representing CBI's securities into which your securities have been converted as a result of the reorganization.

**YOU SHOULD NOT SEND IN YOUR CERTIFICATES, WARRANTS OR OPTIONS UNTIL YOU ARE NOTIFIED TO DO SO.**

#### Accounting Treatment of the reorganization

Under Accounting Principles Generally Accepted in the United States of America ("USGAAP"), the reorganization represents a transaction between entities under common control. Assets and liabilities transferred between entities under common control are accounted for at cost. Accordingly, the assets and liabilities of CBI will be reflected at their carrying amounts in the accounts of Customers Bank at the effective time of the reorganization.

#### Interests Of Management And Others In The Reorganization

Customers Bank's directors and executive officers, as well as certain principal shareholders of Customers Bank, have interests in the completion of the reorganization. These interests include:

- Ownership of Voting Common Stock of Customers Bank and warrants or options to purchase additional shares of Customers Bank's Voting Common Stock. These interests will become interests in CBI. For more information on Customers Bank's directors and executive officers' ownership interests, see "SECURITY OWNERSHIP OF CERTAIN

BENEFICIAL OWNERS AND MANAGEMENT,” beginning on page 134 of this Joint Proxy Statement-Prospectus;

- Customers Bank has granted stock options to its executive officers and certain members of senior management. CBI will succeed to Customers Bank’s obligations;
- One or more directors and officers of Customers Bank and CBI have purchased stock in the February 2010 and March 2010 private offerings. For more information on their interests, see “SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT” beginning on page 134 of this Joint Proxy Statement-Prospectus; and
- Each of Messrs. Sidhu, Ehst and Brugger have entered into employment agreements with Customers Bank which will be assumed by CBI in connection with the reorganization. For more information with respect to these agreements, see the narrative following “EMPLOYEE BENEFITS – Officer Employment Agreements” beginning on page 132 of this Joint Proxy Statement-Prospectus.

Through the number of shares that they own, the directors and executive officers as a group, and certain principal holders of Customers Bank’s Voting Common Stock, may have a significant influence on the outcome of the shareholder vote. For more information on these matters, see, “SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT,” beginning on page 134 of this Joint Proxy Statement-Prospectus.

#### CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS OF THE REORGANIZATION

##### For Customers Bank Shareholders

For purposes of this discussion, the Voting Common Stock of Customers Bank, together with the Class B Non-Voting Common Stock of Customers Bank, are referred to as the “Customers Bank Shares;” the Voting Common Stock of CBI, par value \$1.00 per share, together with the Class B Non-Voting Common Stock of CBI, par value \$1.00 per share, are referred to as the “CBI Shares.”

The following discussion addresses certain of the material United States federal income tax consequences of the reorganization to a Customers Bank shareholder who holds Customers Bank Shares as a capital asset. This discussion is based upon the Code, Treasury regulations promulgated under the Code, judicial authorities, published positions of the Internal Revenue Service (the “IRS”) and other applicable authorities, all as in effect on the date of this document and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. This discussion is general in nature and does not address all aspects of United States federal income taxation that may be relevant to Customers Bank shareholders in light of their particular circumstances and does not address aspects of United States federal income taxation that may be applicable to Customers Bank shareholders subject to special treatment under the Code (including banks, tax-exempt organizations, insurance companies, dealers in securities, traders in securities that elect to use a mark-to-market method of accounting, investors in pass-through entities, Customers Bank shareholders who hold their Customers Bank Shares as part of a hedge, straddle or conversion reorganization, Customers Bank shareholders who acquired their Customers Bank Shares pursuant to the exercise of employee stock options or otherwise as compensation, Customers Bank shareholders, directors, officers, employees and other persons that hold options or warrants to acquire Customers Bank Shares, and Customers Bank shareholders who are not “United States persons” as defined in section 7701(a)(30) of the Code). In addition, the discussion does not address any aspect of state, local or foreign taxation. No assurance can be given that the IRS would not assert, or that a court would not sustain a position contrary to any of the tax aspects set forth below.



Customers Bank's tax counsel, Stradley Ronon Stevens & Young, LLP, has issued an opinion substantially to the effect that, on the basis of facts, representations and assumptions set forth or referred to in that opinion (including factual representations contained in certificates of officers of Customers Bank, New Century Interim Bank and CBI) if consistent with the state of facts existing as of the effective date of the reorganization, the reorganization will constitute a reorganization under Section 368(a)(1) of the Code. The tax opinions delivered in connection with the reorganization are not binding on the IRS or the courts, and neither Customers Bank nor CBI intends to request a ruling from the IRS with respect to the United States federal income tax consequences of the reorganization. Consequently, no assurance can be given that the IRS will not assert, or that a court would not sustain, a position contrary to any of those set forth below. In addition, if any of the facts, representations or assumptions upon which the opinions are based is inconsistent with the actual facts, the United States federal income tax consequences of the reorganization could be adversely affected.

Taxpayers and preparers of tax returns should be aware that under applicable Treasury regulations a provider of advice on specific issues of law is not considered an income tax return preparer unless the advice (1) is given with respect to events that have occurred at the time the advice is rendered and is not given with respect to the consequences of contemplated actions, and (2) is directly relevant to the determination of an entry on a tax return. Accordingly, taxpayers should consult their own tax advisors and tax return preparers regarding the preparation of any item on a tax return, even where the anticipated tax treatment has been discussed in this Joint Proxy Statement-Prospectus.

The principal federal income tax consequences that are expected to result from the reorganization, under currently applicable law, are as follows:

- The reorganization will qualify as a "reorganization" within the meaning of Section 368(a)(1) of the Code;
- No gain or loss will be recognized by any of Customers Bank, CBI, or New Century Interim Bank as a result of the reorganization.
- No gain or loss will be recognized by a shareholder of Customers Bank upon the exchange of Customers Bank Shares solely for CBI Shares (including any fractional share interests to which the shareholder may be entitled); however, if a cash payment is received by a shareholder of Customers Bank in lieu of a fractional share interest of CBI Shares, the cash payment will be treated as received by the shareholder as a distribution in redemption of that fractional share interest and will be treated as a distribution in full payment in exchange for the fractional share redeemed, subject to the provisions and limitations of Section 302 of the Code;
- The aggregate tax basis of CBI Shares (including any fractional share interests to which the shareholder may be entitled) to be received by a shareholder of Customers Bank will equal the shareholder's aggregate tax basis in Customers Bank Shares surrendered in exchange therefor;
- The holding period of CBI Shares (including any fractional share interests to which the shareholder may be entitled) to be received by a shareholder of Customers Bank will include the period for which such shareholder held Customers Bank Shares exchanged therefor, provided that such Customers Bank Shares are capital assets in the hands of such shareholder as of the closing of the reorganization; and

- If a shareholder of Customers Bank dissents to the proposed reorganization and receives solely cash in exchange for Customers Bank Shares, such cash will be treated as received by such shareholder as a distribution in redemption of his Customers Bank Shares, subject to the provisions and limitations of Section 302 of the Code.

Administrative precedent regarding cash paid in lieu of fractional shares in a reorganization where the cash paid represents merely a mechanical rounding of fractions in the exchange and not separately bargained for consideration, permits shareholders who receive both stock and cash to treat the exchange as if they received all stock in the tax free reorganization and then redeemed the fractional shares in a separate redemption transaction. Accordingly, subject to the special provisions and limitations of Section 302 of the Code, cash received by a Customers Bank shareholder instead of a fractional interest in CBI Shares generally will be treated as received in exchange for the fractional share, and gain or loss generally will be recognized based on the difference between the amount of cash received instead of the fractional share and the portion of the shareholder's aggregate adjusted tax basis in Customers Bank Shares surrendered that is allocable to the fractional share. The gain or loss generally will be long-term capital gain or loss if the holding period for Customers Bank Shares is more than one year.

## Dissenting Shareholders

The receipt of solely cash in exchange for Customers Bank Shares by a Customers Bank shareholder that exercises dissenters' rights is treated as a distribution in redemption (i.e., a taxable exchange), subject to the special provisions and limitations of Section 302 of the Code. In general, the determination of whether the gain recognized in the exchange will be treated as capital gain or has the effect of a distribution of a dividend depends upon whether and to what extent the exchange reduces the CBI shareholder's deemed percentage stock ownership of CBI. For purposes of this determination, Customers Bank shareholders will be treated as if they first exchanged all of their Bank Shares solely for CBI Shares, and then CBI immediately redeemed (the "deemed redemption") a portion of the CBI Shares in exchange for the cash actually received. The gain recognized in the exchange followed by a deemed redemption will be treated as capital gain if the deemed redemption (1) is in "complete redemption" of all of the CBI Shares treated as owned by the Customer Bank shareholder, (2) is "substantially disproportionate" with respect to the Customer Bank shareholder (and the shareholder actually or constructively owns after the deemed redemption less than 50% of voting power of the outstanding CBI Shares), or (3) is "not essentially equivalent to a dividend." In applying the above tests, a Customers Bank shareholder may, under the constructive ownership rules, be deemed to own stock that is owned by other persons or otherwise in addition to the stock actually owned by the shareholder.

## Backup Withholding

Customers Bank shareholders that receive cash may be subject to backup withholding at a rate of 28% if the shareholder is a non-corporate United States person and (1) fails to provide an accurate taxpayer identification number; (2) is notified by the IRS that it has failed to report all interest or dividends required to be shown on its federal income tax returns; or (3) in certain circumstances, fails to comply with applicable certification requirements. Amounts withheld under the backup withholding rules will be allowed as a refund or credit against a shareholder's United States federal income tax liability provided that the shareholder furnishes the required information to the IRS.

## Limitation on Use of Net Operating Losses

Subject to special rules that may apply to banks, net operating losses can generally be carried back two (2) years and carried forward to each of the twenty (20) years succeeding the loss year to offset taxable income. However, the amount of taxable income that may be offset may be subject to a Section 382 annual limitation ("Section 382 limitation") if, as of any testing date, there is an ownership change of more than 50 percent during a 3-year look-back period. The Section 382 limitation generally would equal the aggregate fair market value of CBI's stock on the testing date multiplied by the long-term tax-exempt rate for ownership changes during the month in which the change of ownership occurs, with certain adjustments. Customers Bank experienced an ownership change that resulted in the application of Section 382 limitation on June 29, 2009. In addition, the Section 382 limitation could also apply to CBI as a result of ownership changes resulting from recent transactions and stock offerings, as well as from the merger, if such ownership changes of CBI result in a more than 50% change of ownership of CBI during the 3-year look-back period. Whether any such 382 limitation would be material depends on the existence of any net operating losses and other facts on the date of the merger.

As of December 31, 2010, Customers Bank had net operating loss carryovers of approximately \$3.4 million, which expire in 2029, and the amount of such net operating losses would be increased by any current year loss to the extent that such loss is allocable to the period preceding the ownership change. Based on the April 2011 long term tax exempt rate for ownership changes of 4.55% and the approximate value of Customers Bank as of December 31, 2010 (the most recent period for which information is available), the Section 382 limitation with respect to the Customers Bank net operating loss carryovers would be approximately \$4.8 million. The Section 382 limitation with respect to Customers Bank 2009 net operating loss carryover is approximately \$800,000.



For Holders of Warrants and Options to Purchase Shares of Customers Bank Common Stock

Holders of outstanding warrants and options to purchase shares of Customers Bank Common Stock should discuss with their tax advisors the tax results of the reorganization and each course of action available to them.

This discussion is not intended to be a complete analysis or description of all potential United States federal income tax consequences of the reorganization. In addition this discussion does not address tax consequences that may vary with, or be contingent on, individual circumstances. It also does not address any federal estate tax or state, local or foreign tax consequences of the reorganization. Tax matters are very complicated, and the tax consequences of the reorganization to a Customers Bank shareholder will depend upon the facts of his or her particular situation. Accordingly, Customers strongly urges you to consult with a tax advisor to determine the particular tax consequences to you of the reorganization, as well as to any later sale of CBI shares received by you in the reorganization.

## PROPOSAL C2 AND B1

TO APPROVE AND ADOPT THE AGREEMENT AND PLAN OF MERGER, DATED AS OF AUGUST 24, 2010, BY AND AMONG BERKSHIRE BANCORP, INC., BERKSHIRE BANK, CUSTOMERS BANCORP, INC., AND CUSTOMERS BANK, AS AMENDED ON APRIL 27, 2011, AND TO APPROVE ALL TRANSACTIONS CONTEMPLATED BY SUCH AGREEMENT

## SUMMARY

Each of Customers Bank and BBI is seeking the consent of their respective shareholders to approve and adopt the Agreement and Plan of Merger, dated as of August 24, 2010, by and among Berkshire Bancorp, Inc., Berkshire Bank, Customers Bancorp, Inc., and Customers Bank, as amended on April 27, 2011 (which is referred to as the “Merger Agreement”), and to approve all transactions contemplated by the Merger Agreement (which is referred to as the “merger”). The consummation of the merger is contingent upon the consummation of the reorganization, Customers Bank and BBI shareholder approval, and bank regulatory approval.

In the merger, BBI shareholders will receive merger consideration as follows:

Each share of BBI common stock will be converted into the right to receive the number of shares of CBI Voting Common Stock equal to an exchange ratio to be calculated at the closing of the merger plus cash in lieu of fractional shares. The exchange ratio is the “Berkshire Valuation” divided by three (3) times the “NCB Valuation.”

The Merger Agreement defines the “Berkshire Valuation” as the greater of (1) \$1.95, or (2) (A) (i) BBI's tangible common book value as of the most recent calendar month-end prior to the effective time of the merger, minus (ii) the Book Value Adjustment (which is the dollar amount necessary, as of the most recent calendar month end prior to the effective time of the merger, to bring Berkshire Bank's total loan loss reserves up to an amount equal to 40% of its nonperforming loans), if any, minus the costs (whether capitalized or expensed) that have been accrued or otherwise incurred as of the effective time by either or both of BBI and Berkshire Bank related to the Merger Agreement and transactions contemplated thereby, divided by (B) the number of shares of BBI common stock outstanding at the effective time.

The Merger Agreement defines the “NCB Valuation” as Customers Bank's tangible common book value as of the most recent calendar month-end prior to the effective time of the merger, divided by the then-current number of shares of Customers Bank Voting Common Stock and Class B Non-Voting Common Stock outstanding at the effective time.

For example, if the effective time of the merger was April 1, 2011, the merger consideration would have been 0.1601 shares of CBI Voting Common Stock (with a pro forma tangible book value of \$12.18 per share of CBI Voting Common Stock) in exchange for each share of BBI common stock outstanding immediately prior to the merger. This is calculated as the Berkshire Valuation of \$1.95 divided by three times the NCB Valuation of \$4.06. The Berkshire Valuation of \$1.95 is the minimum Berkshire Valuation based on the Merger Agreement. The NCB Valuation of \$4.06 is (1) \$119,234,635 (tangible common book value), divided by (2) 29,360,720 shares of Customers Bank Common Stock outstanding as of April 1, 2011. Please keep in mind that numbers in this paragraph are provided as an example of what the merger consideration would be assuming the merger went into effect on April 1, 2011. Since this Joint Proxy Statement-Prospectus was declared effective and mailed after April 1, 2011, the numbers are not a true representation of what BBI shareholders will receive as consideration for the merger. As the tangible common book value of both BBI and Customers Bank fluctuates, the per share merger consideration will also change.

Shares of BBI common stock owned by Customers Bank, Berkshire Bank or BBI (other than BBI shares held in trust accounts, managed accounts and the like, or otherwise held in a fiduciary or agency capacity, that are beneficially owned by third parties and other than BBI shares held, directly or indirectly, by CBI, Customers Bank, BBI or

Berkshire Bank in respect of a debt previously contracted) are excluded from the shares of BBI common stock that will be exchanged in the merger.

In the event that any BBI shareholder would be entitled to receive as consideration for the merger a number of shares equaling greater than 4.9% of CBI's Voting Common Stock outstanding immediately after the merger, such BBI shareholder will receive as merger consideration only the number of shares equaling 4.9% of CBI's Voting Common Stock outstanding immediate after the merger until such BBI shareholder obtains applicable regulatory approval or accepts shares of CBI's Class B Non-Voting Common Stock for the rest of the merger consideration owed to such BBI shareholder.

For a more complete summary of the merger and the Merger Agreement, see "THE MERGER" beginning on page 55 of this Joint Proxy Statement-Prospectus, and "THE MERGER AGREEMENT" beginning on page 75 of this Joint Proxy Statement-Prospectus.

The affirmative vote of two-thirds of outstanding shares of each of Customers Bank's Voting Common Stock and BBI common stock is required for the approval of this Proposal. Proxies solicited by the board of each of Customers Bank and BBI will be voted "FOR" this Proposal, except to the extent that shareholders specify a contrary choice in their proxies.

THE BOARDS OF DIRECTORS OF BOTH BBI AND CUSTOMERS BANK RECOMMEND A VOTE "FOR" APPROVAL OF THIS PROPOSAL TO APPROVE AND ADOPT THE AGREEMENT AND PLAN OF MERGER, DATED AS OF AUGUST 24, 2010, BY AND AMONG BERKSHIRE BANCORP, INC., BERKSHIRE BANK, CUSTOMERS BANCORP, INC., AND CUSTOMERS BANK, AS AMENDED ON APRIL 27, 2011, AND TO APPROVE ALL TRANSACTIONS CONTEMPLATED BY SUCH AGREEMENT

## THE MERGER

### Background of the Merger

BBI's board of directors regularly reviewed and evaluated the strategic options available to it with the goals of strengthening its capital and financial position, identifying internal and external opportunities for growth and profitability consistent with safe and sound banking operations, and enhancing shareholder value. That strategic evaluation process included assessment of its ability to maintain adequate capital to support its business and achieve its goals independently, and under various scenarios including consideration of an affiliation with another financial institution with greater capital, sources of capital, and potential to increase long-term shareholder value.

The duration and severity of the current economic recession and real estate market conditions adversely affected BBI. Many business customers in BBI's market experienced a loss of revenue and there was an increase in unemployment and bankruptcies. Many over-leveraged real estate customers were forced to take action to improve their cash flows. These conditions produced stress on the asset quality of the BBI loan portfolio and primarily the commercial real estate portfolio. The increased stress to the commercial loan portfolio and the adverse development in BBI's results of operations in recent periods resulted in the Federal Reserve and FDIC imposing additional restrictions on BBI and preventing BBI from continuing to pay dividends on the preferred shares it issued pursuant to the United States Treasury Department's Capital Purchase Program (the "TARP Program").

In general, Mr. Jay Sidhu, Customers Bank's Chairman and Chief Executive Officer, has periodic meetings either by telephone or in person with various Presidents and Chief Executive Officers of financial institutions in the Customers Bank market area regarding various topics, including but not limited to, their thoughts on a potential merger. If interest is indicated, detailed discussions follow and further evaluation is performed by Mr. Sidhu and the executive management team to determine if the organizations and management teams would be viable merger candidates. On July 23, 2009, Mr. Sidhu placed such a call to Norman Heilenman, Chief Executive Officer of BBI. Mr. Heilenman indicated interest in a transaction with Customers Bank, and the following timeline outlines discussions and analysis performed by Customers Bank, BBI and their respective management teams as a result.

On July 30, 2009, BBI executives and Mr. Sidhu had a breakfast meeting and general discussions about each respective company.

On September 3, 2009, Mr. Sidhu met with the board of directors of BBI.

On September 9, 2009, BBI was contacted by Mr. Sidhu regarding commencement of potential merger discussions with Customers Bank.

On September 14, 2009, Norman Heilenman, Chief Executive Officer of BBI sent a confidentiality agreement to Customers Bank.

On September 15, 2009, Customers Bank board of directors discussed potential merger candidates and approved the undertaking of due diligence procedures for BBI.

On September 16, 2009, a confidentiality agreement was executed with Customers Bank.

On September 23, 2009, Mr. Sidhu sent a preliminary term sheet to Mr. Heilenman on behalf of Customers Bank. This term sheet contained provisions including pricing, structure, and resulting management. Customers Bank proposed pricing that started with BBI's tangible book value (\$2.34 per share) and contemplated substantial

unquantified credit related adjustments described by Customers as "real" book value, thereby potentially resulting in a proposed price that was substantially below BBI's book value.

On September 24, 2009, BBI's board of directors met to discuss a potential transaction with Customers Bank, as presented in the Customers Bank preliminary term sheet. At that meeting, BBI's financial advisor presented the financial terms of a potential transaction including the consideration which was anticipated to be an exchange of Customers Bank Voting Common Stock for BBI common stock based on book value of BBI to book value of Customers Bank with credit related adjustments that were not quantified in the proposal. In addition, no specificity was provided as to market value information for Customers Bank's Voting Common Stock since Customers Bank's stock was not publicly traded. At that time there were questions as to what Customers Bank would consider book value after giving effect to non-specific credit related adjustments. In addition, BBI's financial advisor discussed with the directors the value of BBI's stock, BBI's need for additional capital, a current and historical overview of BBI, a summary of current merger pricing, and a preliminary financial pro forma of the combined company. Representatives of BBI's special legal counsel discussed fiduciary duties of the board of directors in considering a transaction. The board of directors also discussed Customers Bank's business model, management team, capital position, and capital raising prospects. The board of directors concluded that a transaction with Customers Bank would require Customers Bank to raise additional capital. The board of directors of BBI authorized continued discussions to clarify terms and develop terms more favorable to BBI. The board of directors specifically wanted to develop pricing terms with a value for BBI common stock greater than or equal to book value. The board of directors discussed revised terms and authorized a revised term sheet. The revised term sheet contained pricing provisions that centered on a common stock exchange with BBI's book value without substantial credit related adjustments.

On September 28, 2009, BBI submitted a revised proposed term sheet to Customers Bank with BBI as the acquirer based on tangible book value to tangible book value exchange ratio, and without reduction for merger related costs, where BBI would issue shares to Customers Bank (CBI was not formed as a bank holding company or in organization at such time) in exchange for each share of Customers Bank stock. The BBI board of directors believed that this would potentially result in a transaction that was more favorable to BBI with less adjustments to BBI's book value and would utilize BBI's bank holding company.

On October 3, 2009, BBI's legal counsel circulated drafts of a definitive agreement to Customers Bank that included terms and structure discussed at the BBI board of directors' meeting on September 25, 2009. The parties continued to negotiate the financial sections of the agreement. No agreement was able to be reached on the exchange ratio and what constituted book value or the methodology of adjustments (credit or otherwise) to book value. There were extensive discussions over the methodology for the purchase price and BBI's loan loss reserve both in amount, coverage, and adequacy. These discussions focused on price and value and no conclusion was reached by the parties.

On October 6, 2009, BBI executives and Mr. Sidhu discussed proposed transaction terms. The price mechanism was the principal issue of discussion. Each Party held to their basic positions of Berkshire proposing minimal adjustments and Customers Bank proposing material adjustments for credit related issues. Since the parties disagreed on the methodology, no agreement was reached.

On October 15, 2009, BBI's board of directors met to discuss proposed terms of the transaction and the negotiations to date. The board of directors determined that the terms proposed by Customers Bank were not sufficiently favorable to the BBI shareholders to continue negotiations.

On October 16, 2009, BBI's board of directors informed Customers Bank executive officers that BBI would not pursue a possible transaction with Customers Bank and BBI would begin raising capital. BBI's board of directors determined that Customers Bank's proposal was not in the best interests of the BBI constituents because the share price proposed by Customers Bank was too low relative to the BBI board of directors' view of the value of the company and the methodology to determine value was too speculative, unclear, and lacked specificity. Therefore, BBI's board of directors decided that BBI should raise capital, thereby improving BBI's capital ratios and enhancing execution of its business strategies.

On November, 2009, BBI's board of directors authorized an attempt to raise additional capital through a preferred stock offering. While BBI was able to raise privately approximately Fifty Thousand Dollars (\$50,000) in November of 2009, that amount was considerably short of its goal. Faced with the continuing need for additional capital and a market in which the prospects of raising additional capital were limited, the board of directors expanded its evaluation of strategic options. These strategic options included, among others, the merger of BBI with and into a financial institution with a better capital position that would be able to meet the future challenges of the business and regulatory environments or a business combination with an entity where the resulting entity would have greater capital raising prospects and abilities.

On December 21, 2009, Mr. Sidhu contacted Mr. Heilenman to re-open discussions. After Mr. Heilenman consulted with and was authorized by the board of directors, discussions re-opened. The board of directors outlined terms it thought would be favorable to BBI. The principal term was an exchange of shares of BBI common stock at tangible book value (\$2.32 per share) for shares of Customers Bank's Voting Common Stock at tangible book value (\$4.38 per share) based on each company's tangible book value as of quarter end prior to closing of a potential transaction. BBI also proposed representation on Customers Bank's board of directors for representatives of BBI to protect the BBI shareholder interests.

On January 5, 2010, BBI presented proposed terms for discussion to Customers Bank. These terms once again included an exchange of CBI and BBI shares of common stock at tangible book value (\$3.89 per share and \$2.09 per share, respectively), with no credit related adjustments, and multiple BBI representatives on the CBI board of directors. BBI also requested information on Customers Bank's capital raising efforts, earnings and business plans.

On January 19, 2010, BBI received revised proposed terms from Customers Bank. The terms proposed by Customers Bank once again contained a substantial credit related adjustment for loans of BBI that fell into certain categories that were not quantified in the proposal. This provision would have resulted in a pricing mechanism where BBI shareholders would more likely than not be receiving less than book value for their shares in a share exchange.

On January 20, 2010, BBI revised Customers Bank's proposed terms and sent the revised terms to Customers Bank. The revised terms contained a price based on a common stock tangible book value exchange, as of quarter end prior to closing and multiple representation on the Customers Bank board of directors.



On February 24, 2010, BBI executives, Customer Bank executives, and BBI legal counsel met in Phoenixville, Pennsylvania to discuss proposed terms. No conclusions were reached or party positions changed.

On March 15, 2010, BBI executives and Mr. Sidhu discussed proposed terms. No conclusions were reached or party positions changed.

On March 17, 2010, Customers Bank held an executive session of the board of directors and discussed the proposed terms.

On March 22, 2010, BBI executives, Mr. Sidhu, and BBI legal counsel met for dinner and discussion of terms in Flying Hills, PA. No conclusions were reached or party positions changed.

On March 28, 2010, BBI's board of directors held a special board meeting attended by Mr. Sidhu. Mr. Sidhu discussed Customers Bank's strategic vision, business plan, and capital raising plan with the board of directors. After Mr. Sidhu left the meeting, the board of directors discussed and revised proposed terms. BBI's board of directors once again proposed transaction pricing at book value with limited credit related adjustments, and multiple member representation on the Customers Bank board of directors.

On April 1, 2010, BBI revised the proposed terms and presented to Customers Bank as its final proposal. This final proposal required pricing at signing based on the tangible book value of BBI (\$2.10 per share), not a percentage thereof, with credit adjustments equalling the amount necessary to bring Berkshire Bank's loan loss reserves up to a level equal to 100% of NPLs. "NPLs" are defined as all loans more than 90 days past due. The proposal included multiple representation on the Customers Bank board of directors.

On April 14, 2010, BBI executives were introduced to executives of another financial institution over dinner by such institution's financial advisors ("Party B"). At that time there were no discussions regarding a potential merger.

On April 26, 2010, BBI received a revised offer from Customers Bank. BBI's board of directors reviewed the proposal, which was priced at tangible book value as of March 31, 2010 or most recent quarter end prior to closing less an adjustment equalling the amount necessary to bring Berkshire Bank's loan loss reserves up to a level equal to 100% of NPLs with no floor limitations. The BBI board of directors did not feel that the proposal was indicative of the value of BBI. BBI did not agree with the book value credit related adjustment mechanism in the Customers Bank proposal or Customers Bank's assessment of BBI's loan loss reserves. BBI's directors also desired a floor price for the company which was not part of the current proposal. BBI also had concerns about Customers Bank's ability to raise additional capital as Customers Bank had not completed an outstanding capital raise. The board of directors concluded not to move forward with Customers Bank at that time.

On April 30, 2010, BBI communicated with Customers Bank BBI's rejection of Customers Bank's proposal. BBI engaged in strategic, capital, and business planning processes.

On May 4, 2010, BBI executives had lunch with the executives of Party B. The parties engaged in preliminary discussions related to the potential of a merger between both companies. These discussions focused on a book value exchange of shares, representation on the board of directors of the resulting bank, and capital raising needs and abilities of Party B and the combined entity.



On May 13, 2010, BBI and Party B entered into a confidentiality agreement.

On May 18, 2010, the BBI executives, Party B executives, and BBI legal counsel met to discuss terms. These terms and concepts discussed included structure of the resulting bank, price of shares at book value, the definition of book value, credit related adjustments, loan loss reserve coverage ratios, and board representation.

On June 25, 2010, BBI met with Party B to discuss additional details of a combination of both companies including items discussed on May 18, credit related adjustments, and the roles of management and employees.

On June 25, 2010, Party B sent BBI a non-binding preliminary term sheet. The term sheet proposed a transaction where Party B would acquire BBI. The exchange ratio would be equal to the common equity of BBI less an adjustment divided by the common equity of Party B less an adjustment at the month end prior to closing a transaction. The adjustment was based on a coverage ratio of loan loss reserves and non-performing and past due loans, however, the required coverage ratio was not expressed in the term sheet.

On June 29, 2010, BBI and Party B met to discuss terms of the preliminary term sheet with discussions focusing on the loan loss provisions of BBI and credit related adjustments to the price.

On July 8, 2010, BBI board of directors held a special meeting to discuss the terms of the potential transaction. The BBI board of directors revised the terms of the potential transaction favorable to BBI. The terms revised by the BBI board of directors were the definition of book value and a limit on credit related adjustments. BBI proposed credit adjustments less than those proposed by Party B.

On July 9, 2010, BBI executives and Party B's chief executive officer discussed terms and BBI submitted a revised term sheet based on the BBI July 8, 2010 board of directors' meeting.

On July 10, 2010, BBI engaged Commonwealth Advisors LLC as its investment advisor.

On July 15, 2010, BBI held a board of directors meeting to discuss the status of the potential transaction. The chief executive officer of Party B was invited to attend the board meeting. The chief executive officer of Party B discussed the terms of the transaction as well as selected components of Party B's strategic plan, expected future growth, and capital raising prospects. In addition, Commonwealth Advisors LLC presented on the merger and acquisition environment for financial institutions and recent local and national merger and acquisition transaction values. Commonwealth Advisors LLC presented information on the financial pro forma of a combined company of BBI and Party B. The projected earnings per share of Party B and Party B's ability to raise capital were discussed and assessed. Financial information was also exchanged between BBI and Party B. The BBI board of directors discussed concerns over Party B's calculation of book value, method of credit adjustments, the value and prospects of Party B's shares, and Party B's ability to raise capital.

On July 22, 2010, BBI held a board of directors' meeting to discuss regulatory issues and requirements placed on the company and the bank by the regulators. The transaction with Party B was also discussed and the board of directors voiced concern over the feasibility of Party B's projections (principally the assumed growth rate of Party B's earnings and assets), sufficiency of capital, and capital raising prospects.

On July 28, 2010, BBI held a board of directors meeting to review the Party B proposal. Party B's proposal focused on an exchange ratio at book value of each company but with adjustments based on BBI's loan loss reserve coverage ratios. The board of directors reviewed the financial aspects of the proposal and Party B's capital raising prospects and business model. The board of directors had concerns over Party B's proposal and its calculation of the credit related adjustment coverage ratios. The board of directors also had concerns over Party B's ability to raise capital.

On July 29, 2010, Mr. Sidhu called Mr. Heilenman and expressed Customers Bank's renewed interest in a transaction. In addition, Mr. Sidhu and Mr. Heilenman discussed the significant improvements Customers Bank had made since the last discussion of a transaction, including, but not limited to, the initiation of the process to form a holding company, substantial increase in CBI's capital, the hiring of additional management, increase in Customers Bank's loan loss reserves, and the stabilization of Customers Bank's loan portfolio. In addition, Customers Bank expressed it had the ability to pay a higher purchase price than offered in previous discussions.

On July 29, 2010, Mr. Heilenman solicited and received authorization from the BBI board of directors to re-open discussions with Customers Bank. The board of directors authorized BBI's counsel to meet with Mr. Sidhu and to propose terms as communicated to Mr. Sidhu orally on July 30 and July 31, 2010, in BBI's term sheet.

On July 30, 2010, Mr. Heilenman discussed the proposed terms with the Party B chief executive officer. No conclusion was reached or party position changed.

On July 30, 2010, representatives of Bybel Rutledge LLP, special legal counsel to BBI, and Mr. Sidhu met in Valley Forge, Pennsylvania to discuss preliminary terms of the transaction. BBI's counsel indicated that a price with an exchange of common stock at book value with an identifiable floor price, not subject to substantial credit related adjustments, was important to the board of directors of BBI, as was representation on the CBI board of directors. Mr. Sidhu requested that BBI submit a preliminary term sheet based upon its acceptable terms.

On July 31, 2010, BBI submitted a non-binding preliminary term sheet to Mr. Sidhu through legal counsel. The term sheet contained the main terms of the Merger Agreement between Customers Bank and BBI. The proposed price was an exchange of shares of BBI common stock for Customers Bank's Voting Common Stock at tangible book value (\$2.10 per share) to tangible book value (\$3.22 per share) calculated at the month end prior to closing, with limited credit related adjustments, equal to the amount necessary to bring Berkshire Bank's loan loss reserve up to a level equal to 40% of NPLs, and a floor price of \$1.95 not subject to further downward adjustments in pricing, but that CBI would have a standard material adverse change clause in the agreement.

On August 1, 2010, Mr. Sidhu responded to the term sheet that Customers Bank was interested and agreeable to such terms.

On August 2, 2010, BBI sent the financial information for the quarter ending June 30, 2010 to Customers Bank.

On August 3, 2010, BBI's management met with Party B, the FDIC, and the Pennsylvania Department of Banking in Blue Bell, Pennsylvania regarding regulatory status of each party and the regulator's view of a potential merger of Party B and BBI.

On August 5, 2010, BBI received a letter of intent from Party B containing a "no-shop" provision and a termination fee.

On August 6, 2010, Customers Bank's board of directors approved a revised term sheet and it was sent to BBI. The term sheet proposed a price based on each company's tangible book value as of the month end prior to closing, a floor of \$1.95 per share of BBI common stock provided NPLs and nonperforming assets were no greater than 20% more than those at July 31, 2010.

On August 6, 2010, BBI informed Party B that it would not sign the proposed letter of intent due to the "no-shop" and termination provisions.

On August 12, 2010, BBI's special legal counsel received a draft merger agreement from Party B.

On August 12, 2010, at a meeting of the board of directors, representatives of Bybel Rutledge LLP reviewed the current status of negotiations with Customers Bank and Party B with BBI's board of directors. Representatives of Commonwealth Advisors LLC discussed the financial aspects of both transactions with the board of directors, specifically the pricing mechanisms, the material adverse effect provisions, the history and potential future growth of both companies, the capital ratios and the capital prospects of each company. The proposed terms of each transaction and strategic and business plans of each company were discussed by the BBI board of directors. After the board of directors meeting, representatives of Commonwealth Advisors LLC and Bybel Rutledge LLP, at the direction of the BBI board of directors, met with Mr. Sidhu in Phoenixville, Pennsylvania to discuss the terms of the transaction, specifically the exchange ratio of tangible book value of shares of BBI common stock for shares of Customers Bank Voting Common Stock at tangible book value with a mechanism for pricing adjustment based on BBI's loan coverage ratios, a floor to the exchange ratio of a value of \$1.95 per share of BBI common stock for shares of Customers Bank Voting Common Stock, and the parameters of a material adverse change provision to be included in the agreement. Mr. Sidhu indicated that those terms would be taken to Customers Bank's board of directors for its consideration with his recommendation to move forward.

On August 13, 2010, BBI sent Customers a revised proposal containing the terms discussed on August 12, 2010. Specifically, the proposal provided for an exchange ratio based on tangible book value of each company less any adjustment to BBI's tangible book value equal to the amount necessary to bring Berkshire Bank's total loan loss reserves up to 40% of NPLs at the month end prior to closing. The costs related to the proposed transaction would not be included in the tangible book value calculation. BBI would have a price floor of \$1.95 below which the price could not change downward. Further, if Berkshire Bank's combined NPLs and nonperforming assets were greater than 20% more than those as of July 31, 2010, it would be considered a material adverse change.

On August 16, 2010, BBI and Party B met with the Federal Reserve regarding regulatory status, potential merger, and capital requirements.

On August 17, 2010, Customers Bank's board of directors approved moving forward with the transaction on the terms previously discussed by the Parties on August 12, 2010.

On August 19, 2010, BBI received a draft merger agreement from Customers Bank's legal counsel. BBI held a meeting of the board of directors to further discuss transaction terms.

From August 19 through August 23, 2010, BBI and Customers Bank's counsel negotiated agreement terms specifically providing for the exchange ratio mechanism, the floor to the exchange ratio, and the material adverse change provisions all of which were contained in the final agreement.

On August 22, 2010, Bybel Rutledge LLP and Commonwealth Advisors LLC performed a due diligence review of Customers Bank in Phoenixville, Pennsylvania.

On August 23, 2010, BBI held a meeting of the board of directors to review both offers and merger agreements. The board of directors reviewed both offers and the chronology of the negotiations to date at the time. In addition, representatives of Commonwealth Advisors LLC reviewed with the board of directors due diligence findings and an overview of the proposed transactions. Representatives of Bybel Rutledge LLP provided an overview of the non-financial aspects of the transactions including the material terms of both parties' merger agreements and exhibits. In addition, representatives of Bybel Rutledge LLP discussed with BBI's board of directors their fiduciary duties under Pennsylvania law in the context of competing offers and the factors that could be considered and the protections of the business judgment rule. The board of directors discussed and considered both offers and each merger agreement and for the reasons discussed below, approved and adopted the Merger Agreement with Customers Bank.

On August 24, 2010, Customers Bank's board of directors approved and ratified the Merger Agreement and BBI informed Party B of the transaction with Customers Bank.

On April 21, 2011, BBI held a board meeting which was attended by Mr. Sidhu. At the meeting, Mr. Sidhu suggested extending the Merger Agreement until July 31, 2011, with a further automatic 45 day extension in the event that the reorganization is not approved by the shareholders of Customers Bank by July 31, 2011. BBI's board of directors approved the extension and authorized BBI's counsel to prepare and executive officers to execute an amendment to the Merger Agreement.

On April 27, 2011, Customers Bank's board of directors approved and ratified the amendment to the Merger Agreement, and the amendment to the Merger Agreement was executed, extending the termination date to July 31, 2011 as discussed above.

#### Reasons for the Merger – Customers Bank

In connection with its approval of the merger, Customers Bank's board of directors reviewed the terms of the proposed acquisition and definitive agreements and their potential impact on Customers. In reaching its decision to approve the merger, Customers Bank's board of directors considered a number of factors, including the following:

**Acquisition Strategy.** Customers Bank's acquisition strategy focuses on community banks in identified states, primarily along the Eastern seaboard, with the goal of creating a leading community bank holding company. Customers is looking to achieve sufficient scale in each region and, over time, build a combined balance sheet of \$2.5 to \$5.0 billion. The merger with Berkshire is a step towards that goal as it will produce a significant presence for Customers Bank in a concentrated area Pennsylvania, namely Berks County.





**Location.** The merger of BBI with and into CBI will provide a cost effective way to create a bank with enough scale to effectively expand into the Berks County, Pennsylvania market. It will allow Customers Bank to expand its branch office network to 6 banking offices immediately (from 1 currently) without incurring the start up costs associated with expanding organically. Had Customers undertaken such expansion in the absence of the merger, it would have incurred significant costs and risks in conducting such expansion. Customers believes that its shareholders are better served by obtaining an established banking entity such as Berkshire at a reasonable price. Further, Berks County presents a number of qualities that are attractive to Customers in relation to its acquisition strategy including population density, a concentration of business activity, attractive bank deposit bases, potential for economic growth over time and favorable local banking competitive dynamics. The merger may also provide opportunities for Customers Bank to expand even further into Lancaster, Lebanon and Lehigh Counties, Pennsylvania.

**Future Prospects of Customers Bank and CBI.** Based on its understanding of the business, operations, financial condition, earnings, management and future prospects of Berkshire, Customers Bank's board of directors believes that a business combination with Berkshire will enable Customers Bank shareholders to participate in a combined company with enhanced future prospects compared to those that Customers is likely to achieve on a stand-alone basis.

**Cost Savings.** Currently, Customers Bank's expense levels remain elevated due to a combination of higher regulatory costs (FDIC insurance premiums and the impacts of financial regulatory reform) and credit expenses (OREO and asset disposition costs). The merger with Berkshire has the potential to produce meaningful cost savings for the combined entity, including with respect to operational synergies which are expected to be obtained by combining the operations of Customers Bank and BBI. In August 2010, when Customers Bank's board of directors was considering whether Customers Bank should enter into the merger agreement with BBI, Customers Bank anticipated that the combined entity could experience a total annual cost savings of up to 45% of the then-current Berkshire operating expenses.

**Business Expansion.** The fact that BBI's business model would increase Customers Bank's ability to serve the small and mid-sized business sector, and also expand Customers Bank's commercial lending opportunities.

**Terms of the Merger.** The review by the Customers Bank's board of directors of the structure of the merger and the financial and other terms of the Merger Agreement.

**Berkshire Management Team.** The experience of the Berkshire management team and how it might contribute in executing Customers' organic growth and acquisition strategies.

Net Operating Loss Carryovers. Potential net operating loss carryovers and the limitations thereof.

Reorganization. The expectation that the merger will constitute a reorganization under Section 368(a)(1) of the Code.

Berkshire's Financial Condition. BBI's balance sheet and capital levels, asset quality, and certain financial information projected for the combined entity, acknowledging a number of risks inherent in the transaction which are more particularly described below.

In the course of its deliberations regarding the merger, Customers Bank's board of directors also considered the risks attendant to the merger, including without limitation, such factors as:

Risks to Capital Levels. The likely capital levels of the resulting entity and whether such capital levels would be sufficient for the resulting entity to remain well capitalized under applicable regulatory standards.

Allowance for Loan and Lease Losses. The allowance for loan and loss leases ("ALLL") and how the change in ALLL might effect Customers Bank's potential need for additional capital reserves as a result of the merger.

Continued Risks in the Financial Services Industry Generally or Relating to Real Estate Specifically. The combination of Customers and Berkshire results in a larger combined entity that remains exposed to economic factors that have been unfavorable over the recent term for financial institutions and for lenders to real estate in Pennsylvania. Rather than diversifying away from such risks, the merger increases the exposure of Customers to such risks.

Risk of Termination. The possibility that the merger might not be completed and the impact of a public announcement of the termination of the merger agreement on, among other things, the market price of Customers Bank common stock and Customers Bank operating results, particularly in light of the costs incurred in connection with the transaction.

Integration Issues. The challenges of combining the businesses, assets and workforces of Customers Bank and Berkshire Bank, which could affect post-merger success, and the ability to achieve anticipated cost savings and other potential synergies.

The discussion and factors considered by Customers Bank's board of directors are not intended to be exhaustive, but include material factors considered. In approving the merger and ancillary agreements, Customers Bank's board did not specifically identify any one factor or group of factors as being more significant than any other factor in the decision making process. Rather, Customers Bank's board of directors based its recommendation on the totality of information presented to it. Individual members of Customers Bank's board may have given differing weight or priority to different factors.

We cannot provide certainty that the above benefits of the merger anticipated by Customers will occur. Actual results may vary materially from those anticipated. For more information on the factors that could affect actual results, see "FORWARD-LOOKING STATEMENTS," on page 1 and "RISK FACTORS," on page 20 of this Joint Proxy Statement-Prospectus.



Reasons for the Merger – BBI

BBI's board of directors has determined that the merger is advisable and in the company's best interest and the best interests of BBI's shareholders. In approving the Merger Agreement, BBI's board of directors consulted with Commonwealth Advisors LLC regarding the fairness of the transaction to its shareholders from a financial point of view and with its legal counsel regarding its legal duties and the terms of the Merger Agreement and ancillary documents. In determining to approve the Merger Agreement and recommend that shareholders approve and adopt the merger, the board of directors, in consultation with BBI's senior management and financial and legal advisors, considered a number of factors, including the following material factors:

- The understanding of the board of directors of the strategic options available to BBI and its board of directors' assessment of those options with respect to the prospects and estimated results of the execution of its business plan as an independent entity under various scenarios, and the determination that none of those options or the execution of its business plan under the best case scenarios were likely to create greater present or potentially future value for BBI shareholders than the potential value of the transaction with Customers. In addition, the board of directors believed that the CBI transaction has greater upside potential in this regard than a transaction with Party B.
- The board of directors of BBI believed that the future business environment for financial institutions would become more competitive, concentrated, and regulatorily burdensome. It believed that this was illustrated during the past year with the enactment of the Dodd-Frank Act which the board believed will increase BBI's cost of doing business and divert resources to compliance and away from profitable banking operations. The board of directors also believed that the business and regulatory environment will be challenging for smaller financial institutions like BBI because of increased needs for qualified personnel and capital resources. It also believed that the merger with CBI would help the resulting company be more competitive with the financial institutions remaining in the market place because the combined company will have numerous and greater resources than either company had individually in terms of capital, business resources and contacts, management experience, breadth and depth, and certainly more numerous and greater resources than BBI's as of the date that the transaction was approved by the board of directors and that may be expected in the foreseeable future.
- BBI's ability to execute its business plan in light of the regulatory constraints to which BBI is subject and the prospects of the imposition of additional regulatory actions and constraints made a merger with CBI on the terms agreed to preferable to remaining independent. Specifically, BBI and Berkshire Bank are subject to various regulatory constraints issued by the bank regulatory agencies which have been manifested in various resolutions adopted by the board of directors. The board of directors believed that a merger with CBI will likely eliminate many if not all regulatory restrictions and any constraints on future business operations of CBI.
- A merger with CBI on the terms agreed upon would enhance the resulting company's business opportunities, operations, prospective financial condition, future earnings and both short-term and long-term business prospects. More specifically, whereas BBI's branch network is limited to Berks County, Pennsylvania, the combined

company's larger footprint and CBI's future growth strategy would likely grant it a greater competitive edge against other regional and national financial institutions within its market area. The combined bank is expected to have greater capital resources to profitably grow within its current markets and in new more attractive markets, with a diverse customer demographic from which to generate profits, and a more diverse product line from which to generate revenues.

- A merger with CBI on the terms agreed upon would be superior to the other proposal due to Customers' superior capital position and future capital aggregation prospects and the depth and breadth of Customers' management team and their previous experience at larger financial institutions. Specifically, Customers Bank had completed a \$43 million capital raise in early 2010 granting it the ability to take advantage of faster, more profitable growth whereby Customers' management team would likely be able to manage such growth based on past large financial institution experience. Party B had not undertaken any capital raising projects as of the date of entering into the transaction with CBI.
- A merger with CBI on the terms agreed upon would be more likely to receive regulatory approval and be consummated (with a higher certainty of transaction closure, effectiveness and anticipated results) than a merger with the other potential acquirer due to Customers' superior capital position, specifically the addition of \$43 million in capital in early 2010, and its management team's background and experience, and the fact that Customers Bank had been approved for an FDIC assisted transaction.

- A merger with CBI on the terms agreed upon would result in a better business model than the other proposal and a resulting company in a better position to execute that business model. The CBI business model was reviewed and monitored by BBI since late 2009. During this period Customers Bank illustrated and provided evidence that it was capable of executing its business plan, raising capital, developing management, and profitably growing CBI. Party B did not illustrate this to the BBI board of directors.
- The exchange ratio in the Merger Agreement with CBI (calculated as a book value to book value exchange of common stock with adjustments to the ratio as provided in the Merger Agreement) also contains price protection of a guaranteed minimum value of each BBI share of common stock of \$1.95, and additional and greater specificity on the calculation of the exchange ratio adjustments compared to the alternative proposal from Party B which had no minimum price per share floor and less specificity for credit adjustments with adjustment ratios more restrictive than the CBI proposal. The BBI board of directors believed that the book value and earnings growth of CBI has greater upside potential because of its current earnings momentum and the potential earnings that may be generated by its recent FDIC assisted acquisition.
- The prospects to increase long-term shareholder value by increasing the potential of share liquidity enhanced consolidated earnings and earnings per share, immediate increase in franchise value and anticipated further increase of franchise value due to CBI's business plan. The BBI board of directors believed that the earnings prospects of CBI were more favorable than Party B or BBI on a standalone basis as demonstrated by the most recent results of operations of CBI and as reviewed against Party B's projections and BBI's budget.
- The combination could result in significant annual potential cost savings of \$800,000 or more, as well as the potential for incremental revenue opportunities potentially contributing to an increase in earnings, and improving long-term investor value.
- The prospect of exiting participation in the U.S. Department of Treasury's Capital Purchase Program was attractive to the BBI board of directors as it may positively impact the resulting company's long-term value.
- The ability to offer more diverse and progressive business services and products of CBI to BBI customers could result in opportunities to obtain synergies and compete with larger financial institutions as products are cross-marketed and distributed over a broader customer base.
- BBI's board of directors did not anticipate significant branch closures by either BBI or CBI because the market areas are tangential and not overlapping which the board believed would result in more opportunities and less job loss for current BBI employees.
- BBI's board of directors took into account its understanding of the current need for additional capital to support BBI's current operations and its assessment, in

consultation with Commonwealth Advisors LLC, that the financial terms that BBI would likely have to offer to attract potential investors would be highly dilutive to its existing shareholders, creating materially less present value for the shareholders than the potential value of the transaction with CBI.

- The receipt of Commonwealth Advisors LLC's written opinion indicated that, as of August 23, 2010, the merger consideration was fair to the shareholders of BBI from a financial point of view.
- BBI's board of directors also took into account the likelihood of timely receipt of regulatory and shareholder approvals of the transaction with CBI because of Customers Bank's and CBI's strong financial condition with over \$65 million in capital, experienced management and previous approval of an FDIC assisted transaction.

- The results of the due diligence review of Customers Bank indicated the significant progress that Customers Bank had made over the 10 months preceding entry into the Merger Agreement in developing and enhancing its capital position, management depth, regulatory status, business model, and future prospects.
- The fact that one current member of BBI's board of directors will be appointed to the board of directors of CBI.
- The probability that CBI would undertake accretive FDIC assisted transactions because of its capital position and management team would likely have a positive impact on the resulting company and its shareholders and would likely create short and long term value to the BBI shareholders and CBI shares.

The foregoing information and factors considered by BBI's board of directors is not exhaustive, but includes all material factors that the board of directors considered and discussed in approving the Merger Agreement and recommending that BBI's shareholders vote to approve the merger. In view of the wide variety of factors considered and discussed by the board of directors in connection with its evaluation of the merger and the complexity of these factors, the board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign any specific or relative weights to the specific factors that it considered in reaching its decision; rather it considered all of the factors as a whole. The board of directors discussed and considered the foregoing factors and reached consensus that the merger with CBI was in BBI's best interest and the best interests of BBI's shareholders. In considering the foregoing factors, individual directors may have assigned different weights to different factors. The board of directors relied on the experience and expertise of Commonwealth Advisors LLC for quantitative analysis of the financial terms of the Merger Agreement. See "THE MERGER -Fairness Opinion of Commonwealth Advisors LLC" on page 68. This explanation of the reasoning of the board of directors and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under "FORWARD-LOOKING STATEMENTS" on page 1.

#### Financial Interests of Directors, Officers and Others in the Merger

Certain members of management of BBI and the board of directors may have interests in the transaction in addition to their interests as shareholders of BBI. The BBI board of directors was aware of these factors and considered them, among other matters, in approving the Merger Agreement.

**Share Ownership.** As of June 30, 2011, the directors, executive officers and other significant shareholders of BBI may be deemed to be the beneficial owners of 969,529 shares, representing 22.49% of the outstanding shares of BBI common stock.

**Indemnification and Insurance.** CBI has agreed for six years after the effective date of the merger to indemnify the directors and officers of BBI and its subsidiaries against any threatened or actual claim, action, suit, proceeding or investigation, whether civil, criminal or administrative, arising out of or pertaining to the individual's role as a director occurring prior to the merger's effective time, including the transactions contemplated by the Merger Agreement prior to, at or after the effective date of the merger, to the fullest extent permitted under BBI's articles of incorporation, bylaws, and applicable law prior to the merger.



CBI has also agreed that for six years after the effective date of the merger, CBI will, at its expense, maintain directors' and officers' liability insurance for the former directors and officers of BBI and its subsidiaries with respect to matters occurring at or prior to the effective date of the merger.

The insurance coverage is to be on based on conditions and terms substantially comparable to the director and officer liability policy of BBI as of the date of the Merger Agreement, so long as the policy can be obtained at a cost not in excess of 200% of the rate for such director and officer liability insurance tail policy, in effect as of the date of the Merger Agreement. In the event CBI is unable to obtain a director and officer liability insurance tail policy at a cost not in excess of 200% of such rate, CBI shall obtain a director and officer liability insurance tail policy with the maximum coverage reasonably available for a cost that is equal to 200% of the rate.

**Board of Directors and Management Following Completion of the Merger.** Upon completion of the merger, the current directors and officers of Customers are expected to continue in their current positions. At the closing of the merger, CBI will expand and cause Customers Bank to expand the size of each of their respective boards by one member and will appoint Rick Burkey as a director on each such board, who will be entitled to compensation in such capacity on the same basis as other Customers directors. Pursuant to the terms of the Merger Agreement, Rick Burkey, or if he must be replaced, a former BBI director replacement, will continue as a director of CBI and Customers Bank for three (3) years following the effective time of the merger.

Additionally, each individual director of BBI and Berkshire Bank who will not be appointed to the board of directors of CBI and Customers Bank will be invited to join CBI's Berks/Schuylkill advisory board after the merger.

**Existing Employment Agreements.** BBI and Berkshire Bank are parties to employment agreements with Norman Heilenman, Richard Gromis, and Lori Maley. Subject to any applicable TARP restrictions that may remain in effect at the effective time of the merger and any other regulatory approvals, CBI will assume each of these contracts which shall be amended to reflect the employee's new title and position. Further, Norman Heilenman, Richard Gromis, and Lori Maley will each be offered management positions with CBI following the merger.

Messrs. Heilenman's and Gromis's agreements have three (3) year terms and Ms. Maley's agreement has a two (2) year term. Each agreement is automatically extended on the anniversary date for an additional year. If the executive's employment is terminated for reasons other than cause or a voluntary termination (except for good reason), he or she receives the compensation due under the remaining term of his or her agreement, together with continuation of health and welfare benefits for the remaining term. The employment agreements currently provide for an annual base salary of \$156,280 for Messrs. Heilenman and Gromis and \$109,975 for Ms. Maley.

**Supplemental Executive Retirement Plan Agreements.** BBI and Berkshire Bank are parties to supplemental employee retirement plan agreements ("SERPs") with Norman Heilenman, Richard Gromis, and Lori Maley. Subject to any applicable TARP restrictions that may remain in effect at the effective time of the merger and any other regulatory approvals, CBI shall assume the obligations of the SERPs. Under these agreements which are financed by certain life insurance policies on the life of each executive, BBI is obligated to provide each executive or his or her beneficiaries benefits payable in equal monthly installments for fifteen (15) years. In the event, Messrs. Heilenman and Gromis and Ms. Maley remain employed until his or her sixty-fifth (65th) birthday, he or she shall be entitled to receive a pre-determined benefit payable in equal monthly installments for fifteen (15) years. The merger will constitute a change of control under the agreement; after the change of control, if Messrs. Heilenman or Gromis or Ms. Maley is terminated within twenty-four (24) months, his or her benefits under the agreement become vested. In addition, certain death benefits are payable to the beneficiary. Currently, if the executives terminate their employment after the retirement age of 65, the Bank will make yearly payments of \$41,878, \$56,121 and \$72,565 respectively to Mr. Heilenman, Mr. Gromis and Ms. Maley.

Voting Agreements. As a condition to CBI entering into the Merger Agreement, each of the directors of BBI entered into an agreement with CBI, dated as of August 24, 2010, pursuant to which each director agreed to vote all of their shares of BBI common stock in favor of the Merger Agreement. A form of voting agreement is Exhibit A to the Merger Agreement, which is attached to this document as Annex B. The voting agreements may have the effect of discouraging persons from making a proposal for an acquisition transaction involving BBI. Each director of BBI agreed, among other things, to vote or cause to be voted all of BBI common stock as to which he or she has power to vote or direct the voting of, in favor of the Merger Agreement and merger.

#### Fairness Opinion of Commonwealth Advisors LLC

Pursuant to an engagement letter dated as of July 1, 2010, Berkshire Bank retained Commonwealth Advisors LLC to act as its exclusive financial advisor in connection with its consideration of a possible business combination. In connection with the merger with CBI, the BBI board requested Commonwealth Advisors LLC to render its opinion as to the fairness of the merger consideration to the holders of BBI common stock from a financial point of view.

Commonwealth Advisors LLC was selected to act as BBI's financial advisor in connection with the merger with CBI. Commonwealth Advisors LLC has knowledge of, and experience with the Pennsylvania and surrounding banking markets, as well as banking organizations operating in those markets, and was selected by BBI because of its knowledge of, experience with, and reputation in the financial services industry. Commonwealth Advisors LLC is a Pennsylvania limited liability company that is an indirect subsidiary of Bybel Rutledge LLP. Bybel Rutledge LLP serves as special counsel to BBI with respect to the merger.

On August 23, 2010, BBI's board of directors approved and executed the Merger Agreement. Prior to the approval, Commonwealth Advisors LLC delivered its opinion to BBI's board of directors stating that, as of such date, the merger consideration pursuant to the Merger Agreement was fair to the shareholders of BBI from a financial point of view. The full text of the opinion which sets forth assumptions made, matters considered and limits on the review undertaken is attached as Annex D to this document. The summary of the opinion of Commonwealth Advisors LLC set forth below is qualified in its entirety by reference to the full text of the opinion. No limitations were imposed by BBI's board of directors upon Commonwealth Advisors LLC with respect to the investigations made or procedures followed by Commonwealth Advisors LLC in rendering the opinion.

In arriving at its opinion, Commonwealth Advisors LLC, among other things:

- reviewed the Merger Agreement;
- reviewed and discussed with BBI and CBI certain publicly available business and financial information concerning BBI and CBI and the industry in which they operate;
- reviewed and discussed with BBI and CBI matters relating to their asset quality, reserves, liquidity, leverage and capital adequacy;
- compared the proposed financial terms of the transaction with the publicly available financial terms of certain transactions involving companies it deemed relevant;
- compared the financial and operating performance of BBI and CBI with publicly available information concerning certain other companies it deemed relevant and reviewed the current and historical market prices of BBI common stock (BBI is not publically traded) and CBI Voting Common Stock and certain publicly traded securities of such other companies;
- reviewed and discussed with BBI and CBI certain internal financial analyses and forecasts prepared by the management of BBI and CBI relating to their businesses;
- reviewed and discussed with CBI the estimated amount and timing of the cost savings and related expenses expected to result from the transaction; and
- performed such other financial studies and analyses and considered such other information as it deemed appropriate for the purposes of the opinion.

In connection with rendering its opinion, Commonwealth Advisors LLC assumed that in the course of obtaining material governmental regulatory or other consents and approvals for the merger, no restriction will be imposed on CBI or BBI that would have an adverse effect. Commonwealth Advisors LLC also assumed that no material adverse change in the prospects or operations of CBI after the merger would occur which would void the agreement.

In giving its opinion, Commonwealth Advisors LLC relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with them by BBI and CBI or otherwise reviewed by or for them, and Commonwealth Advisors LLC did not independently verify (nor did they assume responsibility or liability for independently verifying) any such information or its accuracy or completeness. Commonwealth Advisors LLC did not review individual credit files of BBI or CBI, nor did Commonwealth Advisors LLC conduct or was provided with any valuation or appraisal of any assets or liabilities (including any derivative or off- balance sheet liabilities) of BBI or CBI, nor did Commonwealth Advisors LLC evaluate the solvency of BBI or CBI under any state or federal laws relating to bankruptcy, insolvency or similar

matters. Commonwealth Advisors LLC are not experts in the evaluation of loan and lease portfolios for assessing the adequacy of the allowances for losses with respect thereto and, accordingly, Commonwealth Advisors LLC did not make an independent evaluation of the adequacy of the allowance for loan losses of BBI or CBI and Commonwealth Advisors LLC assumed that the respective allowances for loan losses for both BBI or CBI, respectively, were adequate to cover such losses and will be adequate on a pro forma basis for the combined entity. In relying on financial analyses and forecasts provided to it by BBI or CBI or derived therefrom, Commonwealth Advisors LLC assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of BBI to which such analyses or forecasts relate, and that they were reviewed and accepted by the parties' respective regulators. Commonwealth Advisors LLC expressed no view as to the validity or accuracy of any analyses, forecasts or estimates referred to above, or the assumptions on which they were based. Commonwealth Advisors LLC have also assumed that the transaction contemplated by the Merger Agreement will qualify as a tax-free reorganization for United States federal income tax purposes, and will be consummated as described in the Merger Agreement. Commonwealth Advisors LLC also assumed that the representations and warranties made by BBI or CBI in the Merger Agreement and the related agreements are and will be true and correct in all respects material to its analysis and that the covenants and agreements contained therein will be performed in all respects material to its analysis. Commonwealth Advisors LLC is not a legal, regulatory or tax expert and relied on the assessments made by advisors to BBI with respect to such issues. Commonwealth Advisors LLC further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the transaction will be obtained without any adverse effect on BBI or CBI or on the contemplated benefits of the transaction. The Merger Agreement provides that CBI's obligation to carry out the transaction may be voided a material adverse effect, as described in the Merger Agreement, in which case its opinion is void.

The following is a summary of the material analyses prepared by Commonwealth Advisors LLC and presented to BBI's board of directors in connection with the opinion and analyzed by Commonwealth Advisors LLC in connection with the opinion. Additionally, none of the analyses prepared by Commonwealth Advisors LLC in connection with the issuance of the opinion failed to support Commonwealth Advisors LLC's conclusion that the merger consideration was fair to the holders of BBI common stock from a financial point of view as of the date of the opinion. The following analyses do not include the impact of any potential revenue enhancements available to the combined entity or any subsequent transactions by CBI.

#### Transaction Summary

Commonwealth Advisors LLC reviewed the financial terms of the proposed transaction. Based upon financial information for BBI as of and for the twelve month period ended July 31, 2010, Commonwealth Advisors LLC calculated the following ratios with respect to the transaction value per share of BBI common stock:

Transaction Ratios	
Transaction Value/Last Twelve Months Earnings per Share	NM (1)
Transaction Value/Book Value	NA
Transaction Price/Tangible Book Value	100% (2)

(1) Not Meaningful.

(2) The ratio is based on BBI's tangible book value of \$2.09 per share as of July 31, 2010 and the calculation of the exchange ratio in the Merger Agreement. This ratio may change as of the closing date.

The aggregate transaction value as of July 31, 2010 was approximately \$11.8 million based on 3,876,063 shares of BBI common stock outstanding, conversion of 50 shares of Series C Preferred Stock, and repayment of approximately \$3 million in TARP to the Treasury. In addition, 774,571 BBI common stock warrants will be exchanged for warrants of CBI Voting Common Stock on the terms and conditions set forth in the Merger Agreement.

#### Contribution Analysis

Commonwealth Advisors LLC analyzed the contribution that CBI and BBI would make to the combined company based on financial information of both institutions as of July 31, 2010 using information for CBI as of March 31, 2010. This analysis indicated that the implied contributions to the combined entity were as follows:

Contribution Analysis(1)	CBI	BBI
Ownership	89%	11%
Assets	78%	22%
Gross Loans	76%	24%
Deposits	76%	24%
Tangible Common Equity	89%	11%
2011 GAAP Net Income	97%	3%
2011 Cash Net Income	97%	3%
2012 GAAP Net Income	98%	2%
2012 Cash Net Income	98%	2%
Pre-Deal Market Capitalization(2)	89%	11%

(1) Excludes purchase accounting adjustments.

(2) Implied trading value of 0.80x tangible book value.

Comparable Company Analysis

Commonwealth Advisors LLC used publicly available information to compare selected financial, operating and market trading information for BBI and two peer groups of commercial banking institutions selected by Commonwealth Advisors LLC.

The first peer group consists of Pennsylvania headquartered banks with total assets between \$100 million and \$200 million including:

Affinity Bank of Pennsylvania, Wyomissing, PA  
Jim Thorpe National Bank, Jim Thorpe, PA  
Gratz National Bank, Gratz, PA

Apollo Trust Company, Apollo, PA  
 First Resource Bank, Exton, PA  
 National Bank of Malvern, Malvern, PA  
 Gateway Bank of Pennsylvania, McMurray, PA  
 Valley Green Bank, Philadelphia, PA  
 Union National Bank of Mount Carmel, Mount Carmel, PA  
 Union Bank and Trust Company, Pottsville, PA  
 Earthstar Bank, Southampton, PA  
 Allegiance Bank of North America, Bala Cynwyd, PA  
 Clarion County Community Bank, Clarion, PA  
 MileStone Bank, Doylestown, PA

The analysis compared publicly available financial, operating and market information for BBI as of July 31, 2010 and the data for the peer group as of June 30, 2010.

	Peer Group Average (%)	Peer Group Median (%)	BBI (%)
Core ROA	0.25	0.46	0.01
Core ROE	-6.9	4.2	0.12
Net Interest Margin	3.66	3.50	4.58
Fee Income/Revenue	10.3	7.8	18.2
Efficiency Ratio	75.2	76.2	80.5
Tangible Equity/Tangible Assets	9.00	9.21	7.83
Loans/Deposits	78.9	80.9	81.9
Core Deposits/Deposits	80.1	82.0	91.3
Loan Loss Reserve/Loans	1.41	1.26	1.18
Loan Loss Reserve/Non-Performing Loans	137.1	56.9	50.6
Net Charge-Offs/Average Loans	0.49	0.07	0.14

The second peer group consists of Pennsylvania headquartered de novo banks formed since January 1, 2000 with total assets less than \$1 billion including:

Monument Bank, Doylestown, PA  
 Victory Bank, Limerick, PA  
 Vantage Point Bank, Fort Washington, PA  
 MileStone Bank, Doylestown, PA  
 Hometown Bank of Pennsylvania, Bedford, PA  
 Colonial American Bank, Horsham, PA  
 Hyperion Bank, Philadelphia, PA  
 Royal Asian Bank, Philadelphia, PA  
 MoreBank, Philadelphia, PA  
 East River Bank, Philadelphia, PA  
 Valley Green Bank, Philadelphia, PA  
 First Priority Bank, Malvern, PA  
 First Resource Bank, Exton, PA  
 Penn Liberty Bank, Wayne, PA  
 Bucks County Bank, Doylestown, PA

Meridian Bank, Devon, PA  
Gateway Bank of Pennsylvania, McMurray, PA  
Clarion County Community Bank, Clarion, PA  
Integrity Bank, Camp Hill, PA  
Affinity Bank of Pennsylvania, Wyomissing, PA  
York Traditions Bank, York, PA  
Embassy Bank for the Lehigh Valley, Bethlehem, PA  
Landmark Community Bank, Pittston, PA  
Earthstar Bank, Southampton, PA  
First CornerStone Bank, King of Prussia, PA



The analysis compared publicly available financial, operating and market information for BBI as of July 31, 2010 and the data for the peer group as of June 30, 2010.

	Peer Group Average (%)	Peer Group Median (%)	BBI (%)
Core ROA	0.01	0.22	0.01
Core ROE	-1.4	2.3	0.12
Net Interest Margin	3.61	3.52	4.58
Fee Income/Revenue	11.1	6.8	18.2
Efficiency Ratio	90.6	86.1	80.5
Tangible Equity/Tangible Assets	8.68	9.03	7.83
Loans/Deposits	89.5	90.1	81.9
Core Deposits/Deposits	75.4	76.6	91.3
Loan Loss Reserve/Loans	1.49	1.24	1.18
Loan Loss Reserve/Non-Performing Loans	91.5	78.7	50.6
Net Charge-Offs/Average Loans	0.29	0.11	0.14

#### Selected Merger Analysis

Commonwealth Advisors LLC reviewed two sets of merger transactions it deemed comparable to the proposed transaction. Importantly, although representative, no transaction or group is identical to the proposed transaction. The first group represents 18 transactions involving banks located in the Mid-Atlantic region after January 1, 2008 with deal values under \$100 million.

The results of these comparisons are set forth in the following table:

	Average	Median
Price/Book	109%	103%
Price/Tangible Book	124%	117%
Price/Assets	10.0%	7.6%
Core Deposit Premium	7.0%	3.5%

Since BBI's proportion of nonperforming assets ("NPAs") was above the average and medians of acquired banks in those 18 transactions, Commonwealth Advisors LLC performed a second analysis of transactions involving acquisitions with higher levels of NPAs. The second group represents 29 national transactions after January 1, 2008 involving targets with NPAs to assets greater than 6.0% and NPAs to assets greater than 4% and assets between \$50 million and \$500 million.

The results of these comparisons are set forth in the following table:

	NPAs/Total Assets greater than 6%		NPAs/Total Assets greater than 4%	
	Average	Median	Average	Median
Price/Book	65%	70%	79%	76%
Price/Tangible Book	66%	70%	82%	77%
Price/Assets	8.3%	8.6%	9.1%	8.6%

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Merger Analysis

Commonwealth Advisors LLC performed a merger analysis on the combined company's earnings and earnings per shares using net income forecasts and estimates provided by CBI's and BBI's management.

	For the Year Ended 31,				
	2011	2012	2013	2014	2015
CBI – Net Income	\$10,350	\$ 18,654	\$ 25,390	\$ 27,929	\$ 30,722
BBI – Net Income	337	339	505	530	557
After-tax merger adjustments:					
Cost Savings	801	833	866	901	937
Opportunity Cost of Cash	(70 )	(70 )	(70 )	(70 )	(70 )
Core Deposit Amortization from Transaction	(677 )	(580 )	(483 )	(387 )	(290 )
Pro Forma Net Income	\$10,741	\$ 19,176	\$ 26,208	\$ 28,904	\$ 31,856
Stand Alone EPS for BBI	\$0.09	\$ 0.09	\$ 0.13	\$ 0.14	\$ 0.14
Pro Forma Earnings per BBI share	0.32	0.56	0.77	0.85	0.94
Change in EPS	0.23	0.48	0.64	0.71	0.79
Accretion/(Dilution) for BBI	263.1 %	544.4 %	491.2 %	521.0 %	551.8 %

Commonwealth Advisors LLC performed a merger analysis on the combined company's capital impact using tangible book value per shares forecasts and estimates provided by CBI's and BBI's management.

	Quarter Ended 3/31/10	Estimated Close 12/31/10	2011	2012	2013	2014	2015
Tangible Book Value Per Share:							
CBI	\$ 3.18	\$ 4.09	\$ 4.60	\$ 5.52	\$ 6.76	\$ 8.13	\$ 9.64
CBI – Pro Forma		3.71	4.22	5.09	6.27	7.55	8.95
% Change		(9.4 %)	(8.3 %)	(7.7 %)	(7.3 %)	(7.2 %)	(7.1 %)
Tangible Common Equity/Tangible Assets:							
CBI	12.86 %	15.96 %	9.97 %	8.85 %	8.34 %	8.73 %	8.99 %
CBI – Pro Forma		12.75 %	8.81 %	8.09 %	7.76 %	8.13 %	8.39 %
Basis points change		(321 )	(116 )	(76 )	(58 )	(59 )	(61 )
Leverage Ratio:							
CBI	16.40 %	20.33 %	12.69 %	11.26 %	10.61 %	11.09 %	11.43 %
CBI – Pro Forma		16.87 %	11.58 %	10.57 %	10.09 %	10.52 %	10.82 %
Basis points change		(347 )	(111 )	(69 )	(53 )	(57 )	(61 )
Well capitalized is 5.0%							
Tier I Risked Based Ratio:							
CBI	28.60 %	35.46 %	22.13 %	19.64 %	18.51 %	19.35 %	19.94 %
CBI – Pro Forma		25.65 %	18.41 %	17.06 %	16.41 %	17.12 %	17.60 %
Basis points change		(981 )	(372 )	(259 )	(210 )	(223 )	(233 )
Well capitalized is 6.0%							

Total Risked Based  
Ratio:

CBI	30.61 %	37.44 %	23.79 %	21.19 %	19.99 %	20.80 %	21.36 %
CBI – Pro Forma		27.40 %	19.98 %	18.55 %	17.85 %	18.54 %	19.00 %
Basis points change		(1,005 )	(381 )	(264 )	(214 )	(226 )	(236 )

Well capitalized is  
10.0%

#### Discounted Cash Flow Analysis

Commonwealth Advisors LLC performed a discounted cash flow analysis on BBI using financial forecasts and estimates confirmed by BBI's management for the calendar years 2011 through 2015, after taking into account the potential cost savings anticipated by CBI's management to result from the proposed merger. Commonwealth Advisors LLC calculated a range of present values for a share of BBI common stock by discounting the cash flows and the terminal value at a discount rate ranging from 10% to 14%. The terminal values were calculated using a range of terminal value multiples ranging from 10.0x to 14.0x the trailing twelve month earnings at December 31, 2016. This analysis resulted in ranges of implied present values of approximately \$7,132,000 to \$12,482,000 aggregate value of the shares of BBI common stock as compared to the implied aggregate value of the merger consideration of \$11.8 million.

Discount Rate	Terminal Multiple		
	10.0x	12.0x	14.0x
10%	\$8,610	\$10,546	\$12,482
12%	\$7,831	\$9,600	\$11,370
14%	\$7,132	\$8,751	\$10,371

In connection with the discounted cash flow analysis performed, Commonwealth Advisors LLC considered and discussed with BBI's board of directors how the present value analysis would be affected by changes in the underlying assumptions, including variations with respect to the cost savings. Commonwealth Advisors LLC noted that the discounted cash flow analysis is a widely used valuation methodology, but the results are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of the actual values or expected values of BBI common stock. However, having noted those caveats, the results of Commonwealth Advisors LLC's discounted cash flow analysis were within the range noted above.

#### Pro Forma Merger Analysis

Commonwealth Advisors LLC analyzed certain pro forma effects of the acquisition using several assumptions including the following: (1) the aggregate consideration to be paid is \$11.8 million, (2) all of the shares of BBI common stock are exchanged for CBI's Voting Common Stock, (3) financial projections for CBI and BBI were consistent with those discussed with the senior management of CBI and BBI, (4) certain purchase accounting adjustments, charges and transaction costs associated with the acquisition and estimated cost savings, and (5) the transaction was completed on December 31, 2010. The analysis indicated that for the year ended December 31, 2011, the acquisition would have had a dilutive effect of approximately 8.0% on CBI earnings per share and an accretive effect of approximately 263.1% on BBI earnings per share. With respect to pro forma capital impact, the analysis indicated that CBI's capital ratios all would remain above regulatory minimum for well-capitalized institutions. This analysis does not include the impact of any potential revenue enhancements available to the combined entity or any subsequent transactions by CBI.

In connection with rendering its opinion, Commonwealth Advisors LLC performed what it deemed were the material financial analyses. Although the evaluation of the fairness, from a financial point of view, of the merger consideration in the merger was to some extent a subjective one based on the experience and judgment of Commonwealth Advisors LLC and not merely the result of mathematical analysis of financial data, Commonwealth Advisors LLC principally relied on the previously discussed financial valuation methodologies in its determinations. Commonwealth Advisors LLC believes its analyses must be considered as a whole and that selecting portions of such analyses and factors considered by Commonwealth Advisors LLC without considering all such analyses and factors could create an incomplete view of the process underlying Commonwealth Advisors LLC's opinion. In its analyses, Commonwealth Advisors LLC made numerous assumptions with respect to business, market, and economic conditions, industry performance and other matters, many of which are beyond BBI and CBI's control. Any estimates contained in Commonwealth Advisors LLC's analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than such estimates.

In reaching its opinion as to fairness, none of the analyses or factors considered by Commonwealth Advisors LLC was assigned any particular weight by Commonwealth Advisors LLC. As a result of its consideration of the aggregate of all factors present and analyses performed, Commonwealth Advisors LLC reached the conclusion, and opined, that the merger consideration pursuant to the Merger Agreement was fair to the shareholders of BBI from a financial point of view.

Commonwealth Advisors LLC's opinion was based solely upon the information available to it and the economic, market and other circumstances as they existed as of the date its opinion was delivered; events occurring after the date of its opinion could materially affect the assumptions used in preparing its opinion. Commonwealth Advisors LLC has not undertaken to reaffirm and revise its opinion or otherwise comment upon any events occurring after the date of the opinion.

The full text of the Commonwealth Advisors LLC opinion, dated as of August 23, 2010, which sets forth assumptions made and matters considered, is attached as Annex D to this document. BBI's shareholders are urged to read the opinion in its entirety. Commonwealth Advisors LLC's opinion is directed only to the merger consideration pursuant to the Merger Agreement from a financial point of view, is for the information of the board of directors of BBI, and does not address any other aspect of the merger nor does it constitute a recommendation to any holder of BBI common stock as to how such holder should vote at the BBI special meeting. The foregoing provides only a summary of the analyses performed in the opinion of Commonwealth Advisors LLC and is qualified in its entirety by reference to the full text of that opinion.

### Compensation of Commonwealth Advisors LLC

BBI and Commonwealth Advisors LLC entered into an agreement relating to the services to be provided by Commonwealth Advisors LLC in connection with the merger. BBI agreed to pay Commonwealth Advisors LLC a cash fee of \$5,000 upon execution of the engagement letter. In addition, upon delivery of its fairness opinion, BBI agreed to pay Commonwealth Advisors LLC a cash fee equal to \$50,000 and an additional \$45,000 upon closing of the transaction. Pursuant to the Commonwealth Advisors LLC engagement, BBI also agreed to reimburse Commonwealth Advisors LLC for reasonable out-of-pocket expenses incurred in connection with its retention and to indemnify it against certain liabilities.

### Rights of Dissenting Shareholders

Pursuant to the Pennsylvania Business Corporation Law, shareholders of BBI have the right to dissent from the merger and to obtain payment of the “fair value” of their BBI common stock if the merger is consummated. The term “fair value” means the value of BBI common stock immediately before completion of the merger, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the merger.

The following summary of the steps necessary to exercise the right to dissent is qualified in its entirety by the full text of Section 1930 and Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law, which are attached as Annex E to this Joint Proxy Statement-Prospectus. Each step must be taken in the indicated order and in strict compliance with the applicable provisions of the statute in order to perfect dissenters’ rights. The failure of any BBI shareholder to comply with these steps will result in the shareholder receiving the consideration contemplated by the Merger Agreement. See “THE MERGER AGREEMENT”. Any BBI shareholder who contemplates exercising the right to dissent is urged to read carefully the provisions of Section 1930 and Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law.

Any written notice or demand by a BBI shareholder which is required in connection with the exercise of dissenters’ rights, whether before or after the effective date of the merger, must be sent to Berkshire Bancorp, Inc., 1101 Woodland Road, Wyomissing, Pennsylvania 19610, Attention: Corporate Secretary.

BBI Shareholders who wish to dissent must:

1. Prior to the vote of shareholders on the merger at the BBI special meeting, file a written notice with BBI of intention to demand that they be paid the fair value for their shares of BBI common stock;
2. Effect no change in the beneficial ownership of their BBI common stock from the date of the filing of the intention to demand payment through the effective date of the merger; and
3. Refrain from voting their BBI common stock to approve and adopt the Merger Agreement and the merger.

Neither submitting a proxy against nor a vote in person against adoption and approval of the Merger Agreement will constitute the necessary written notice of intention to dissent described above. Beneficial owners of BBI common stock whose shares are held of record in “street name” by a brokerage firm or other nominee must obtain the written consent of the record holder to the beneficial owners’ exercise of dissenters’ rights and must submit the consent to BBI, as the case may be, no later than the time of the filing of their notice of intention to dissent.

If the merger is adopted and approved by the required vote of BBI’s shareholders at its special meeting, BBI will mail a notice to all dissenters who gave due notice of intention to demand payment and who refrained from voting in favor

of the merger. The notice will state where and when a demand for payment must be sent, where certificates for BBI common stock must be deposited in order to obtain payment, and to what extent transfer of uncertificated shares, if any, will be restricted from the time that demand for payment is received. It also will include a form for demanding payment that includes a request for certification of the date on which the shareholder acquired beneficial ownership of the shares and a copy of Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law. The time set for receipt of the demand for payment and deposit of stock certificates will not be less than 30 days from the date of mailing of the notice.

Shareholders who fail to timely demand payment or fail to timely deposit stock certificates, as required by BBI's notice, will not have any right to receive payment of the fair value of their BBI common stock.

Promptly after the merger is complete, or upon timely receipt of demand for payment if the merger already has been completed, BBI will either remit to dissenters who have made demand and have deposited their stock certificates the amount that CBI, as successor to BBI, estimates to be the fair value of the BBI common stock or give written notice that no such remittance is being made. The remittance or notice will be accompanied by:

1. A closing balance sheet and an income statement of BBI for a fiscal year ending not more than 16 months before the date of remittance, together with the latest available interim financial statements;
2. A statement of CBI's estimate of the fair value of the BBI common stock; and
3. A notice of the right of the dissenter to demand payment or supplemental payment under Pennsylvania Business Corporation Law accompanied by a copy of Subchapter D of Chapter 15 of Pennsylvania Business Corporation Law.

If CBI does not remit the estimated fair value for shares with respect to which demand for payment has been made, stock certificates have been deposited and uncertificated shares have been restricted, then CBI will return any certificates that have been deposited and release uncertificated shares from any transfer restrictions imposed by reason of the demand for payment. CBI will mark returned certificates and any certificates subsequently issued in exchange therefor to record the fact that demand for payment has been made. Transferees of shares so marked will not acquire any rights in CBI other than those rights held by the original dissenter after such dissenter demanded payment of fair value.

If a dissenter believes that the amount stated or remitted by CBI is less than the fair value of the BBI common stock, the dissenter may send CBI his or her own estimate of the fair value of the BBI common stock which will constitute a demand for payment of the amount of the deficiency. If CBI provides notice of or remits payment of its estimated value of a dissenter's BBI common stock and the dissenter does not file his own estimate within 30 days after the mailing by CBI of its notice or remittance, the dissenter will be entitled to no more than the amount stated in the notice or remitted to him or her by CBI.

Within 60 days after the latest to occur of (1) the completion of the merger, (2) the timely receipt by BBI of any demands for payment, or (3) timely receipt by BBI or CBI of any estimates by dissenters of fair value, if any demands for payment remain unsettled, CBI may file in the Court of Common Pleas of Wyomissing County an application requesting that the fair value of the BBI common stock be determined by the Court. In such case, all dissenters, wherever residing, whose demands have not been settled must be made parties to the proceeding as in an action against their shares, and a copy of the application must be served on each dissenter.

If CBI were to fail to file an application, then any dissenter, on behalf of all dissenters who have made a demand and who have not settled their claim against CBI, may file an application in the name of CBI at any time within the 30-day period after the expiration of the 60-day period and request that the fair value be determined by the Court. The fair value determined by the Court may, but need not, equal the dissenters' estimates of fair value. If no dissenter files such an application, then each dissenter entitled to do so shall be paid CBI's estimate of the fair value of the BBI common stock and no more, and may bring an action to recover any amount not previously remitted, plus interest at a rate the Court finds fair and equitable.

CBI and BBI intend to negotiate in good faith with any dissenting shareholder. If after negotiation, a claim cannot be settled, then BBI and/or CBI, as successor, intends to file an application requesting that the fair value of the BBI common stock be determined by the Court.

#### THE MERGER AGREEMENT

A copy of the Merger Agreement is attached as Annex B to this Joint Proxy Statement-Prospectus. Please read the entire Merger Agreement. The following description is only a summary of the material terms of the Merger Agreement. There are several steps to the merger:



## Terms of the Merger

Each of CBI's, Customers Bank's, BBI's and Berkshire Bank's board of directors has approved the Merger Agreement, which provides for the merger of BBI into CBI, with CBI being the surviving corporation in the merger. Each share of BBI common stock, par value \$1.00 per share, issued and outstanding immediately prior to the completion of the merger, except for shares of BBI common stock held by CBI, Customers Bank, Berkshire Bank or BBI (other than BBI shares held in trust accounts, managed accounts and the like, or otherwise held in a fiduciary or agency capacity, that are beneficially owned by third parties and other than BBI shares held, directly or indirectly, by CBI, Customers Bank, BBI or Berkshire Bank in respect of a debt previously contracted), will be converted into the right to receive the merger consideration as calculation in accordance with the formula discussed below. The formula for merger consideration takes into account the 3 for 1 exchange ratio of Customers Bank shares to CBI shares that will be used in connection with the reorganization, but if the number of shares of common stock of any of CBI, BBI or Customers Bank otherwise changes before the merger is completed because of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar change in capitalization, an appropriate and proportionate adjustment shall be made to the per share merger consideration.

#### Formula for Determining Merger Consideration

The merger consideration will be calculated based on the tangible common book value per share of common stock of each of BBI and Customers Bank, adjusted to take into account the exchange ratio of Customers Bank shares to be exchanged for CBI shares in the reorganization, on the terms and conditions set forth below.

Each share of BBI common stock will be converted into the right to receive the number of shares of CBI Voting Common Stock equal to an exchange ratio to be calculated at the closing of the merger plus cash in lieu of fractional shares. The exchange ratio is the “Berkshire Valuation” divided by three (3) times the “NCB Valuation.”

The Merger Agreement defines the “Berkshire Valuation” as the greater of (1) \$1.95, or (2) (A) (i) BBI's tangible common book value as of the most recent calendar month-end prior to the effective time of the merger, minus (ii) the Book Value Adjustment (which is the dollar amount necessary, as of the most recent calendar month end prior to the effective time of the merger, to bring Berkshire Bank’s total loan loss reserves up to an amount equal to 40% of its nonperforming loans), if any, minus the costs (whether capitalized or expensed) that have been accrued or otherwise incurred as of the effective time by either or both of BBI and Berkshire Bank related to the Merger Agreement and transactions contemplated thereby, divided by (B) the number of shares of BBI common stock outstanding at the effective time.

The Merger Agreement defines the “NCB Valuation” as Customers Bank’s tangible common book value as of the most recent calendar month-end prior to the effective time of the merger, divided by the then-current number of shares of Customers Bank Voting Common Stock and Class B Non-Voting Stock outstanding as of the effective time.

For example, if the effective time of the merger was April 1, 2011, the merger consideration would have been 0.1601 shares of CBI Voting Common Stock (with a pro forma tangible book value of \$12.18 per share of CBI Voting Common Stock) in exchange for each share of BBI common stock outstanding immediately prior to the merger. This is calculated as the Berkshire Valuation of \$1.95 divided by three times the NCB Valuation of \$4.06. The Berkshire Valuation of \$1.95 is the minimum Berkshire Valuation based on the Merger Agreement. The NCB Valuation of \$4.06 is (1) \$119,234,635 (tangible common book value), divided by (2) 29,360,720 shares of Customers Bank Common Stock outstanding as of April 1, 2011. Please keep in mind that numbers in this paragraph are provided as an example of what the merger consideration would be assuming the merger went into effect on April 1, 2011. Since this Joint Proxy Statement-Prospectus was declared effective and mailed after April 1, 2011, the numbers are not a true representation of what BBI shareholders will receive as consideration for the merger. As the tangible common book value of both BBI and Customers Bank fluctuates, the per share merger consideration will also change.

CBI will not issue any fractional shares of CBI Voting Common Stock in the merger. BBI shareholders who would otherwise be entitled to a fractional share of CBI Voting Common Stock will instead receive an amount in cash, rounded to the nearest whole cent and without interest, equal to the product of (1) the NCB Valuation multiplied by (2) the fraction of a share (after taking into account all BBI shares of common stock held by such holder at the effective time of the merger and rounded to the nearest thousandth when expressed in decimal form) of CBI Voting Common Stock to which such holder would otherwise be entitled to receive.

In the event that any BBI shareholder would be entitled to receive as consideration for the merger a number of shares equaling greater than 4.9% of CBI’s Voting Common Stock outstanding immediately after the merger, such BBI shareholder will receive as merger consideration only the number of shares equaling 4.9% of CBI’s Voting Common Stock outstanding immediate after the merger until such BBI shareholder obtains applicable regulatory approval or accepts shares of CBI’s Class B Non-Voting Common Stock for the rest of the merger consideration owed to such BBI shareholder.

The CBI articles of incorporation as in effect at the time of the merger will be the articles of incorporation of the surviving corporation (the name of the surviving corporation will be Customers Bancorp, Inc.), and the bylaws of CBI, as then in effect, will be the bylaws of the surviving corporation.

#### Conversion of BBI Warrants

All warrants to purchase BBI common stock that are outstanding and unexercised immediately prior to the effective time of the merger will be converted automatically into the right to receive warrants to purchase shares of CBI Voting Common Stock upon the same terms and conditions as the BBI warrants, except that the expiration date shall be extended five (5) years and the number of shares and exercise price of the warrants will be adjusted as follows:

- The number of shares of CBI Voting Common Stock to be subject to the converted BBI warrants will be equal to the product of the number of shares of BBI common stock subject to the BBI warrants multiplied by the exchange ratio (described above in “What will I receive as consideration? – The Merger”), provided that any fractional shares of CBI Voting Common Stock resulting from such multiplication will be rounded down to the nearest whole share; and
- The exercise price per share of CBI Voting Common Stock under the converted BBI warrants will be equal to the exercise price per share of BBI common stock under the BBI warrants divided by the exchange ratio, provided that such exercise price will be rounded up to the nearest cent.

At all times after the effective time of the merger, CBI will reserve for issuance such number of shares of CBI Voting Common Stock as necessary so as to permit the exercise of converted BBI warrants in the manner contemplated by the Merger Agreement and in the instruments pursuant to which such BBI warrants were granted.

#### Closing and Effective Time of the Merger

The merger will be completed only if all conditions to the merger discussed in this Joint Proxy Statement-Prospectus and set forth in the Merger Agreement are either satisfied or waived. See “Conditions to Complete the Merger” below.

The merger will become effective on the time and date set forth in the articles of merger filed with the Pennsylvania Department of State. It currently is anticipated that the completion of the merger will occur in the third quarter of 2011, but it cannot be guaranteed when or if the merger will be completed.

#### Conversion of Shares; Exchange of Certificates

The conversion of BBI common stock into the right to receive the merger consideration will occur automatically upon completion of the merger. As promptly as reasonably practicable after the completion of the merger, an exchange agent will exchange certificates representing shares of BBI stock for the merger consideration, without interest, to be received by holders of BBI stock in the merger pursuant to the terms of the Merger Agreement. CBI will appoint StockTrans as exchange agent in the merger to exchange certificates for the merger consideration and perform other duties as explained in the Merger Agreement.

If any CBI Voting Common Stock is to be issued, or cash payment for fractional shares made, in a name other than that in which the BBI stock certificates surrendered in exchange for the merger consideration are registered, the person requesting the exchange must pay any transfer or other taxes required by reason of the issuance of the new CBI Voting Common Stock or the payment of the cash in lieu of fractional shares in a name other than that of the registered holder of the BBI stock certificate surrendered, or must establish to the satisfaction of CBI or the exchange agent that any such taxes have been paid or are not applicable.

#### Letter of Transmittal

As soon as reasonably practicable after the completion of the merger, the exchange agent will mail a letter of transmittal to those persons who were BBI record shareholders immediately prior to the completion of the merger. This mailing will contain instructions on how to surrender shares of BBI stock in exchange for the merger consideration the holder is entitled to receive under the Merger Agreement.

If a certificate for BBI stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the Merger Agreement upon receipt of appropriate evidence as to that loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification.

#### Withholding

Each of CBI and the exchange agent will be entitled to deduct and withhold from the consideration payable to any BBI shareholder such amounts as it is required to deduct and withhold under any federal, state, local or foreign tax law. If either of them withholds any such amounts, these amounts will be treated for all purposes of the merger as having been paid to the shareholders from whom they were withheld.

#### Dividends and Distributions

Until BBI shares of common stock are surrendered for exchange, any dividends or other distributions declared after the effective time with respect to CBI Voting Common Stock into which shares of BBI common stock may have been converted will accrue but will not be paid. CBI will pay to former BBI shareholders any unpaid dividends or other distributions, without interest, only after they have duly surrendered their BBI stock certificates.

Prior to the completion of the merger, BBI and its subsidiaries may not declare or pay any dividend or distribution on its capital stock or repurchase any shares of its capital stock without the prior written consent of Customers Bank or at the request of a regulatory agency or government entity.

#### Redemption or Exchange of Series C Preferred Stock

Prior to the closing of the merger, BBI must obtain all requisite approvals to redeem or exchange all BBI 6% non-cumulative, non-voting, convertible perpetual preferred stock, Series C for shares of CBI Voting Common Stock, as Customers may elect.

#### Representations and Warranties

The Merger Agreement contains customary representations and warranties of Berkshire and Customers relating to their respective businesses. With the exception of certain representations that must be true and correct in all material respects, no representation or warranty will be deemed untrue or incorrect, and Berkshire will not be deemed to have breached any such representation or warranty, in any case, as a consequence of the existence of any fact, event or circumstance except to the extent such fact, circumstance or event, individually or in the aggregate with all other facts, events or circumstances inconsistent with the representation or warranty, has had or would be reasonably likely to have an effect that is material and adverse to the financial condition, results of operations or business of CBI and its subsidiaries taken as a whole, or BBI and its subsidiaries taken as a whole, respectively, or does or would materially impair the ability of either Berkshire, on the one hand, or Customers, on the other hand, to perform its obligations under the Merger Agreement on a timely basis or otherwise materially threaten or materially impede the consummation of the transactions contemplated by the Merger Agreement. In determining whether any such material adverse effect has occurred or is reasonably likely to occur, the parties will disregard effects resulting from (1) changes in GAAP or regulatory accounting requirements generally applicable to banks or savings associations and their holding companies, (2) changes in laws and regulations affecting banks or savings associations or their holding companies generally, or interpretations thereof by courts or governmental entities, (3) changes after the date of the Merger Agreement of global or national political conditions (including national emergencies, the outbreak of war or acts of terrorism) or in general economic and market conditions affecting banks or savings associations or their holding companies generally, (4) the consummation or public disclosure of the Merger Agreement and the transactions contemplated thereby, and compliance with the Merger Agreement, including the expenses incurred by the parties in consummating the transactions contemplated by the Merger Agreement, and (5) the actions or omissions of Berkshire or Customers taken with the prior written consent of the other. A material adverse effect shall be deemed to have occurred if the combined nonperforming loans and nonperforming assets exceed \$9,685,907.80.

Each of Customers and Berkshire has made representations and warranties to the other regarding, among other things:

- corporate matters, including due organization and qualification;
  - capitalization;
- power and authority to execute, deliver and perform its obligations under the Merger Agreement; and
  - tax matters.

In addition, Berkshire has made representations and warranties to Customers regarding, among other things:

- required government filings and consents;
- financial reports and statements and regulatory matters;
- brokers, finders and financial advisors fees payable in connection with the merger;
- absence of certain changes or events in the business;
- legal proceedings;

- - employee matters;
  - compliance with applicable law;
  - certain contracts;
  - risk management instruments;
  - investment securities and commodities;
  - real property;
  - intellectual property;
  - environmental liability;
  - personal property leases;
  - securitizations;
  - reorganization approvals;
- fairness opinion with respect to the merger;

- information supplied by BBI with respect to Joint Proxy Statement – Prospectus and pending registration statement;
  - the inapplicability of state takeover laws;
    - loan portfolio;
    - internal controls;
  - United States Treasury Capital Purchase Program compliance; and
  - shareholder vote requirement.