

Customers Bancorp, Inc.  
Form 10-Q/A  
November 30, 2018  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q/A  
(Amendment No. 1)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2018

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
001-35542  
(Commission File number)

(Exact name of registrant as specified in its charter)

Pennsylvania 27-2290659  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) Identification No.)  
1015 Penn Avenue  
Suite 103  
Wyomissing PA 19610  
(Address of principal executive offices)  
(610) 933-2000  
(Registrant's telephone number, including area code)  
N/A  
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated

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filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller Reporting Company

Emerging Growth Company

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

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

On May 4, 2018, 31,498,221 shares of Voting Common Stock were outstanding.

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EXPLANATORY NOTE

This Amendment No. 1 to Customers Bancorp, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 (the "March 31, 2018 Form 10-Q/A") is being filed to amend and restate the following items presented in Customers Bancorp, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018, which was initially filed with the Securities and Exchange Commission on May 9, 2018, (the "Original March 31, 2018 Form 10-Q"):

The Consolidated Balance Sheet (unaudited) included in Part I, Item 1 "Customers Bancorp, Inc. Consolidated Financial Statements as of March 31, 2018 and for the three month periods ended March 31, 2018 and 2017 (unaudited)" are being amended and restated as of March 31, 2018 as set forth in the Consolidated Balance Sheets (unaudited) and described in NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION.

The Consolidated Statements of Cash Flows (unaudited) included in Part I, Item 1 are being amended and restated for the three months ended March 31, 2018 and 2017 as set forth in the Consolidated Statements of Cash Flows (unaudited) and described in NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION.

NOTE 7 - LOANS HELD FOR SALE, NOTE 8 - LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES, AND NOTE 10 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS included in Part I, Item 1 are being amended and restated as set forth in the notes accompanying the unaudited consolidated financial statements and described in NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION.

Part I, Item 4 "Controls and Procedures" is being amended to address management's re-evaluation of disclosure controls and procedures and reflect the identification of a material weakness in internal control over financial reporting in conjunction with the restatement.

Part II, Item 6 "Exhibits" also has been amended to include currently dated certifications from Customers Bancorp, Inc.'s Principal Executive Officer and Principal Financial Officer as required by sections 302 and 906 of the Sarbanes Oxley Act of 2002. The certifications are attached to this March 31, 2018 Form 10-Q/A as Exhibits 31.1, 31.2, 32.1 and 32.2. The Interactive Data Files have also been amended in conjunction with the restatement and are attached to this March 31, 2018 Form 10-Q/A as Exhibit 101.

This March 31, 2018 Form 10-Q/A also restates previously reported amounts included in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Original March 31, 2018 Form 10-Q to present the corrected classification of Customers Bancorp, Inc.'s commercial mortgage warehouse lending activities.

As previously reported on its Current Report on Form 8-K, which was filed with the SEC on November 13, 2018, Customers Bancorp, Inc. is restating its previously issued audited consolidated financial statements for 2017, 2016 and 2015 and its interim unaudited consolidated financial statements as of and for the three months ended March 31, 2018 and 2017 and the three and six months ended June 30, 2018 and 2017, because of misclassifications of cash flow activities associated with its commercial mortgage warehouse lending activities between operating and investing activities on the consolidated statements of cash flows because the related loan balances were incorrectly classified as held for sale rather than held for investment on the consolidated balance sheets. Accordingly, management has concluded that the control deficiency that resulted in these incorrect classifications constituted a material weakness in internal control over financial reporting. Solely as a result of this material weakness, management revised its earlier assessment and has now concluded that its disclosure controls and procedures were not effective at March 31, 2018.

These misclassifications had no effect on total cash balances, total loans, the allowance for loan losses, total assets, total capital, regulatory capital ratios, net interest income, net interest margin, net income to shareholders, basic or

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diluted earnings per share, return on average assets, return on average equity, the efficiency ratio, asset quality ratios or any other key performance metric, including non-GAAP performance metrics, that Customers routinely discusses with analysts and investors. This March 31, 2018 Form 10-Q/A has not been updated for other events or information subsequent to the date of the filing of the Original March 31, 2018 Form 10-Q, except as noted above, and should be read in conjunction with the Original March 31, 2018 Form 10-Q and our other filings with the SEC.

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CUSTOMERS BANCORP, INC. AND SUBSIDIARIES

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

	March 31, 2018 (As Restated)	December 31, 2017 (As Restated)
<b>ASSETS</b>		
Cash and due from banks	\$9,198	\$ 20,388
Interest-earning deposits	206,213	125,935
Cash and cash equivalents	215,411	146,323
Investment securities, at fair value	1,181,661	471,371
Loans held for sale (includes \$662 and \$1,886, respectively, at fair value)	662	146,077
Loans receivable, mortgage warehouse, at fair value	1,874,853	1,793,408
Loans receivable	6,943,566	6,768,258
Allowance for loan losses	(39,499)	(38,015)
Total loans receivable, net of allowance for loan losses	8,778,920	8,523,651
FHLB, Federal Reserve Bank, and other restricted stock	130,302	105,918
Accrued interest receivable	31,812	27,021
Bank premises and equipment, net	11,556	11,955
Bank-owned life insurance	259,222	257,720
Other real estate owned	1,742	1,726
Goodwill and other intangibles	17,477	16,295
Other assets	140,501	131,498
Total assets	\$ 10,769,266	\$ 9,839,555
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
<b>Deposits:</b>		
Demand, non-interest bearing	\$ 1,260,853	\$ 1,052,115
Interest-bearing	5,781,606	5,748,027
Total deposits	7,042,459	6,800,142
Federal funds purchased	195,000	155,000
FHLB advances	2,252,615	1,611,860
Other borrowings	186,735	186,497
Subordinated debt	108,904	108,880
Accrued interest payable and other liabilities	64,465	56,212
Total liabilities	9,850,178	8,918,591
<b>Shareholders' equity:</b>		
Preferred stock, par value \$1.00 per share; liquidation preference \$25.00 per share; 100,000,000 shares authorized, 9,000,000 shares issued and outstanding as of March 31, 2018 and December 31, 2017	217,471	217,471
Common stock, par value \$1.00 per share; 200,000,000 shares authorized; 31,996,531 and 31,912,763 shares issued as of March 31, 2018 and December 31, 2017; 31,466,271 and 31,382,503 shares outstanding as of March 31, 2018 and December 31, 2017	31,997	31,913
Additional paid in capital	424,099	422,096
Retained earnings	279,942	258,076
Accumulated other comprehensive loss, net	(26,188)	(359)
Treasury stock, at cost (530,260 shares as of March 31, 2018 and December 31, 2017)	(8,233)	(8,233)
Total shareholders' equity	919,088	920,964

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Total liabilities and shareholders' equity	\$10,769,266	\$9,839,555
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See accompanying notes to the unaudited consolidated financial statements.

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

	Three Months Ended March 31,	
	2018	2017
Interest income:		
Loans	\$85,931	\$75,407
Investment securities	8,672	5,887
Other	2,361	1,800
Total interest income	96,964	83,094