

AUDIT COMMITTEE CHARTER

Purpose:

The Audit Committee (hereinafter also referred to as the “Committee”) is appointed by the Board of Directors (the “Board”) of Customers Bancorp, Inc. (the “Company”) to assist the Board in overseeing:

- i. the integrity of the financial statements of the Company,
- ii. the qualifications and independence of the Company’s independent registered public accounting firm (“independent auditor”),
- iii. the performance of the Company’s internal audit function and independent auditors,
- iv. the compliance by the Company with legal and regulatory requirements,
- v. the Company’s systems of disclosure controls and procedures, and
- vi. the Company’s compliance with ethical standards adopted by the Company.

The primary responsibility of the Committee is to oversee the Company’s accounting and financial reporting process on behalf of the Board and report the results of their activities to the Board regarding the execution of the Committee’s duties and responsibilities, activities, any issues encountered, and related recommendations. Management is responsible for preparing the Company’s financial statements and related disclosures and the Company’s independent auditors are responsible for auditing those financial statements. It is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and in accordance with GAAP. It shall be the duty of the Committee to assist the Board in the oversight of the Company’s compliance with legal and regulatory requirements. The Committee is responsible to assist the Board in the oversight of the Internal Audit function, including review and approval of the Internal Audit plan.

Composition:

The Committee shall consist of no fewer than three and no more than seven members, each of whom shall be a director of the Company. Each member of the Committee shall be independent as defined in Rule 10A-3(b) under the Securities and Exchange Act of 1934, as amended, and the listing standards of the New York Stock Exchange (NYSE). The determination of independence will be made by the Board. Further, all members of the Committee must be (or become after a reasonable period of time) “financially literate” within the meaning of the NYSE listing standards, including having a basic understanding of accounting policies and being able to read and understand financial statements, including the Company’s balance sheet, income statement, and cash flow statement. At least one member of the Committee shall be an “audit committee financial expert,” within the meaning of applicable Securities and Exchange Commission (“SEC”) rules. To help meet these requirements, the Committee will provide its members with annual continuing education opportunities in financial reporting and other areas relevant to the Committee. A majority of the members of the Committee shall constitute a quorum. Every action approved by a majority of the members present at any meeting duly held at which a quorum is present is the act of the Committee.

Committee members shall be appointed in accordance with the Company’s bylaws and policies established by the Board. Unless a chairperson is appointed by the full Board, the members of the Committee may designate a chairperson by majority vote. The Board will determine that a Director’s simultaneous service on multiple audit committees will not impair the ability of such member to effectively serve on the Committee.

The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee without the consent of management or the Board. The Committee shall meet with management, the internal auditors and the independent auditor in separate executive sessions at least quarterly. The Committee shall make regular reports to the Board. The Committee shall review and

reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review the Committee's own performance and present such review to the Board.

Statement of Policy:

The Committee shall provide assistance to the Board in overseeing the Company's corporate accounting and financial reporting processes, the systems of internal accounting and financial controls, the internal audit function, and the annual independent audit of the Company's financial statements.

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible, in order to best react to changing circumstances and conditions and should foster adherence to the Company's policies, procedures, and practices at all levels.

The Committee, and each member of the Committee in his or her capacity as such, shall be entitled to rely, in good faith, on information, opinions, reports or statements, or other information prepared or presented to them by:

- i. officers and other team members of the Company or Customers Bank, whom such member believes to be reliable and competent in the matters presented, or
- ii. counsel, public accountants or other persons as to matters which the member believes to be within the professional competence of such person.

Committee Authority and Responsibilities:

Responsibilities Relating to Retention of the Independent Auditor - The Committee shall be directly responsible for the appointment, compensation, retention, oversight of the work, evaluation and termination of the independent auditor employed by the Company (including resolving disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report and related work. The independent auditor shall report directly to the Committee.

Preapproval of Services - All auditing services (which may entail providing comfort letters or consents in connection with securities underwritings) and all non-audit services, provided to the Company by the Company's independent auditor, which are not prohibited by law, shall be preapproved by the Committee pursuant to such processes as are determined to be advisable.

Delegation - The Committee may delegate to one or more designated members of the Committee the authority to grant required preapprovals. The decisions of any member to whom authority is delegated under this paragraph to preapprove an activity under this subsection shall be presented to the full Committee at its next scheduled meeting.

Bank Policies Oversight – The Committee is responsible for oversight of the following policies:

- i. Whistleblower Policy
- ii. Affiliate and Related Party Transaction Policy
- iii. Internal Audit Policy

Complaints - The Committee shall establish, maintain and oversee procedures to facilitate:

- i. the receipt, retention, and treatment of complaints received by the Company from third parties regarding accounting, internal accounting controls, or auditing matters; and
- ii. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Financial Statement and Disclosure Matters:

The Committee, to the extent deemed necessary or appropriate, shall:

- Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis of financial condition and results of operation and any other matters required to be communicated to the Committee by the independent auditors under Public Company Accounting Oversight Board (PCAOB), and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
- Review and discuss with management and the independent auditor the Company's quarterly financial statements, including the disclosures made in management's discussion and analysis of financial condition and results of operations prior to the filing of the Company's Form 10-Q, including the results of the independent auditors' review of the quarterly financial statements and any other matters required to be communicated to the Committee by the independent auditors under PCAOB.
- Receive reports from the independent auditor and management regarding, and review and discuss the adequacy and effectiveness of, the Company's internal controls, including any significant deficiencies in the design or operation of internal controls and significant changes in internal controls reported to the Committee by the independent auditor or management.
- Receive and review any disclosure from the Company's CEO and CFO made in connection with the certification of the Company's quarterly and annual reports to be filed with the SEC of: a) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
- Annually the Committee shall receive a report from the independent auditor together with management's response prior to the filing of its audit report with the SEC that addresses:
 - i. Any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles,
 - ii. Any major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies,
 - iii. The development, selection and disclosure of critical accounting estimates,
 - iv. All material alternative treatments of financial information within GAAP that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and treatment preferred by the independent auditor,
 - v. Analyses of the effects of alternative GAAP methods on the financial statements,
 - vi. Their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of adequacy of the disclosures, including financial trends of the financial statements and notes thereto,
 - vii. The adoption of, or changes to, the Company's significant auditing and accounting principles and practices,
 - viii. Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information or

- personnel and any significant disagreements with management,
- ix. Any accounting adjustments that were noted or proposed by the auditor (immaterial or otherwise),
 - x. And any other matters required to be communicated to the Committee by the independent auditors under PCAOB. The report should also include any other formal written communications between the independent auditor and management, including the management letter provided by the independent auditor and the Company's response to that letter and any schedule of unadjusted differences.
- Review the report required to be delivered by the independent auditor in the immediately preceding paragraph and any analyses prepared by management regarding the items covered in the independent auditor's report.
 - Discuss with management the Company's earnings press release, prior to its release, including the use of "pro-forma", "adjusted" or other non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be in general terms (i.e., discussion of the types of information to be disclosed and the type of presentations to be made)"
 - Discuss with management and the independent auditor the effect of accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
 - Discuss with management, the internal auditors, and the legal and compliance departments the effect of regulatory initiatives on the Company's financial statements.
 - Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies including appropriate guidelines and policies to govern the process.
 - Consider the risk of management's ability to override the Company's internal controls.

Oversight of the Company's Relationship with the Independent Auditor:

- Review the experience and qualifications of the senior members of the independent auditor team.
- Obtain and review a written report from the independent auditor at least annually regarding:
 - i. The auditor's internal quality control procedures,
 - ii. Any material issues raised by the most recent quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years concerning one or more independent audits carried out by the firm,
 - iii. Any steps taken to deal with any such issues, and
 - iv. All relationships, both direct and indirect, between the independent auditor and the Company. The Committee shall engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor. The Committee shall evaluate the qualifications, performance and independence of the

independent auditor, including considering whether the auditor's quality controls are adequate and the provision of non-audit services is compatible with maintaining the auditor's independence, and take into account the opinions of management and the internal auditor in this evaluation. The Committee shall present its conclusions to the Board.

- Monitor the time period for which the lead audit partner for the independent auditor has performed audit services for the Company to ensure compliance with Section 203 of the Sarbanes-Oxley Act and the applicable rules of the SEC adopted thereunder (including Rule 2-01(c)(6) of Regulation S-X). Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the lead audit partner or even the independent auditing firm itself on a regular basis.
- Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account.
- Discuss with the independent auditor any audit problems or difficulties and management's response, including issues on which the independent auditor communicated with its national office regarding auditing or accounting issues.
- Meet with the independent auditor prior to the audit to discuss the scope of the annual audit and the planning and staffing of the audit.
- Discuss with the independent auditor the matters required to be discussed under the standards of the PCAOB.
- In consultation with the independent auditor and the internal audit function, review the integrity of the Company's financial reporting processes (both internal and external).

Oversight of the Company's Internal Audit Function:

- Be engaged in the recruitment, appointment and replacement of the Company's Chief Audit Executive.
- Review the activities and organizational structure of the internal audit function, as well as the qualifications of its team members.
- Review and provide input regarding the performance evaluation and compensation of the Chief Audit Executive. .
- Review and approve the risk-based annual internal audit plan including the staffing plan and succession plan.
- Review and approve internal audits that are outsourced to a third party.
- Review and approve the Internal Audit Charter on an annual basis.
- Review and approve the Company's policy for Internal Audit.
- Receive communications from the Chief Audit Executive on the internal audit performance relative to its plan and other matters.
- Review budgeted to actual hours on completed audits monthly to the Audit Committee to

monitor sufficiency of resources.

- Review the internal audit reports to management prepared by Internal Audit and management's responses.
- Discuss with Internal Audit the department's responsibilities, budget and resources and any recommended changes in the planned scope of the internal audit.
- Recommend to Internal Audit any additional audits or investigations the Committee may deem appropriate.
- Address and take any action, as it deems necessary or appropriate, with respect to any issues relating to inquiries or investigations regarding the quality of internal audits or internal controls as identified by internal audits or regulatory examinations.
- Review the results of Internal Audit's quality assurance and improvement program, including internal and external assessments, to monitor Internal Audit's conformance with applicable professional standards.
- Be informed about and respond to any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.

The Chief Audit Executive shall escalate to the Board any instances where management's risk acceptance appears inconsistent with the Board-approved risk appetite or risk tolerance, for the Board's awareness and oversight.

Compliance Oversight:

- Obtain from the independent auditor such assurance as the Committee deems adequate that such auditor has fulfilled its responsibilities under Section 10A of the Securities Exchange Act of 1934.

Review and discuss with management, Compliance, and the Chief Audit Executive the adequacy of processes and controls supporting regulatory reporting to federal and state regulators, including key regulatory filings (e.g., Call Reports, FR Y-9C, and other supervisory filings), and the Company's compliance with applicable legal and regulatory requirements related to such reporting.
- Discuss with the independent auditor their evaluation of the Company's identification of, accounting for, and disclosure of its relationships with related parties as set forth under the standards of the PCAOB. Review reports and disclosures of insider and affiliated party transactions, and perform all duties delegated to it under any Company policies for the review, approval and ratification of related person transactions.

Review with management, Internal Audit, and the Company's legal and compliance departments matters related to the Company's compliance with laws and regulations that could have a material impact on the financial statements or related disclosures, and report significant such matters to the Board, as appropriate.

- Review with the Office of the Company's General Counsel, pending material litigation and compliance matters.
- Perform all duties delegated to it under the Company's Code of Conduct. It is not the duty of the Committee to assure compliance with the Code of Conduct. Oversee, review, and periodically update the Company's code of business conduct and ethics.
- Address and take any action, as it deems necessary or appropriate, with respect to any

issues relating to inquiries or investigations regarding the quality of financial reports filed by the Company with the SEC, regulatory agencies or otherwise distributed to the public.

Miscellaneous Powers and Responsibilities:

The Committee shall have the power to investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is necessary or appropriate. The Committee shall also have the authority, without the consent of management or the Board, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other advisors or consultants to advise the Committee in connection with fulfilling its obligations hereunder and seek any information it requires from employees, officers and Directors.

- The Committee shall receive appropriate funding, as determined by the Committee, from the Company for payment of (i) the fees of the independent auditor for performing audit, review or attest services for the Company, (ii) compensation to any such advisors or consultants (as described in the preceding paragraph), and (iii) ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's duties.

The Audit Committee shall keep the Board informed of its activities, including providing updates on significant matters, as appropriate.

- The Audit Committee shall have the responsibility to prepare the report required to be included in the Company's annual proxy statement by the rules of the Securities and Exchange Commission and for oversight of the compliance effort as it relates to the internal and external audit functions.
- The Committee shall have the power to access the Company's counsel without the approval of management, as it determines necessary to carry out its duties.
- Review, with management, the Company's finance function, including its budget, organization, and quality of personnel.

The Committee shall review with management and the independent auditor any significant or material correspondence with regulators or governmental agencies that relates to financial or regulatory reporting, including examination reports and management's responses, and any related internal control matters

- The Committee shall have the responsibility of discussing with management and the independent auditor any employee complaints (including without limitation, complaints pursuant to the Company's Whistleblower Policy), or published reports that raise material issues regarding the Company's financial statements or accounting policies and review management's replies to such complaints.
- The Committee shall have the responsibility to discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements.
- The Committee shall annually evaluate the performance of the Committee and assess the adequacy of the Committee's charter.
- Consistent with this Charter, the Company's bylaws, and governing laws, the Committee shall take such other actions as the Committee deems necessary and appropriate or as requested by the Board.

Meetings:

The Committee shall meet as often as it determines, but not less frequently than quarterly. Minutes of



each meeting will be compiled by Internal Audit. The Company's CFO shall act as Secretary to the Committee, or in the absence of the CFO, the Company's Chief Accounting Officer or any other person designated by the Committee Chairperson shall act as Secretary to the Committee.

An executive session of the Committee absent members of management will be scheduled at least quarterly.

The Committee chairperson will approve the agenda for the Committee's meetings and any member may suggest items for consideration. Briefing materials will be provided to the Committee as far in advance of meetings as practicable.

*End of Customers Bancorp, Inc.
Audit Committee Charter*