Customers Bancorp (Wyomissing, PA) Announces Definitive Merger Agreement with CMS Bancorp, Inc. (NASDAQ: CMSB)

Deal Value: Approximately $20.8 million

Sandler O'Neill served as financial advisor and provided a fairness opinion to CMS Bancorp in this transaction. This transaction is Sandler O'Neill's 72nd bank or thrift transaction since January 1, 2010. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.[1]

Wyomissing, PA and White Plains, NY – Customers Bancorp Inc., the parent company for Customers Bank, which currently has a single branch in Rye Brook, NY, and CMS Bancorp, Inc., the parent company of CMS Bank, a five branch bank headquartered in White Plains, NY, jointly announced their execution of a definitive Agreement and Plan of Merger. CMS Bank is a community and customer-oriented bank offering services to consumers and small businesses in Westchester County, New York, and the surrounding areas.

The CMS Bancorp acquisition is expected to be mildly accretive to Customers Bancorp's capital, earnings and book value per share within the first six months after closing. The total transaction value is approximately $20.8 million, and the Agreement provides for CMS Bancorp stockholders to receive shares of Customers Bancorp voting common stock based upon an exchange ratio determined at the closing of the transaction, with fractional shares to be cashed out. CMS Bancorp stock will be valued at 95% of CMS Bancorp's common stockholders' equity as of the month end prior to the closing, while Customers Bancorp stock will be valued at 125% of Customer Bancorp's modified stockholder equity as of the month end prior to closing. Based on the March 31, 2012 book value per share for each company, the exchange ratio would be 0.6383x.

"We are pleased to enhance our New York franchise and we believe that these transactions will allow Customers Bank to better serve small to medium sized businesses, professionals, multi-family projects, commercial real estate projects, individuals and families in the communities in Westchester County using our Concierge banking, "high touch supported with high tech" model and we welcome all CMS Bank employees, customers and their stockholders to Customers Bank," said Jay Sidhu, Chairman and CEO of Customers Bancorp. "The transactions announced today is consistent with our long term strategy to conservatively grow both organically and through acquisitions." "We plan to be actively engaged with the local community and bring more lending and competitive deposit offerings to the region," Sidhu continued.

John E. Ritacco, President and CEO of CMS, said, "The merger with Customers is good news for our stockholders, customers and employees. Our stockholders will benefit from the earnings potential in Customers' stock. Our customers will gain access to enhanced products and services, and CMS will serve as a platform for Customers' continued expansion in the Westchester market. Our bank will continue to have the same friendly people and the same commitment to being involved in the community, but with the added resources of a larger banking organization. We will soon be able to offer an expanded array of deposit products, a larger lending capacity and mortgage lending services."

Closing of the CMS Bancorp merger, which is subject to regulatory approval, customary closing conditions and the approval of CMS Bancorp's stockholders, is expected to occur in the first half of 2013.

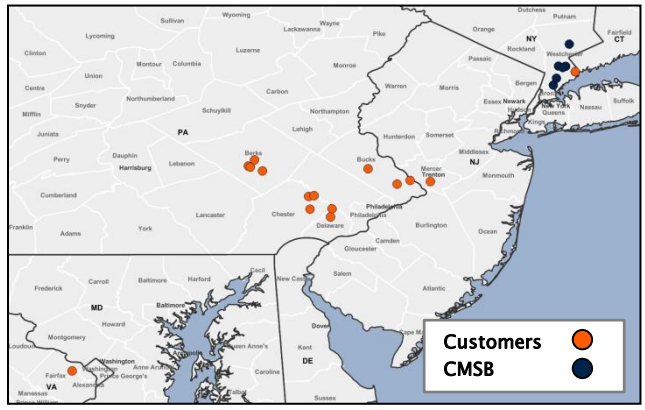
Financial Highlights

(Dollars in millions)	CMSB	Customers
Financial data as of:	03/31/12	06/30/12
Total Assets	$247	$2,283
Net Loans	$184	$1,918
Total Deposits	$208	$1,930
Total Equity	$22	$159
Tang. Comm. Equity / Tang. Assets	8.86%	6.86%

(1) Includes bank or thrift transactions since 2010; excludes terminated transactions and self-advisory roles

Source: SNL Financial

Pro Forma Map



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