



Supplemental Financial Information

**For the quarter ended January 31, 2017
(unaudited)**

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Use of this Report

This financial information is supplementary to the Bank's First Quarter Press Release and its 2016 audited financial statements and should be read in conjunction with those documents.

This report is unaudited and all amounts are in thousands of Canadian dollars, unless indicated otherwise.

**VERSABANK
HIGHLIGHTS
(unaudited)
(C\$ thousands)**

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	QUARTER					YEAR ENDED		
	2017	2016				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1			
Results of Operations								
Total interest income	\$ 18,586	\$ 17,462	\$ 17,628	\$ 17,346	\$ 17,226	\$ 69,662	\$ 64,457	\$ 58,161
Net interest income	11,145	10,066	9,836	9,360	9,142	38,404	33,974	27,874
Non-interest income	287	320	343	285	325	1,273	1,394	2,633
Total revenue	11,432	10,386	10,179	9,645	9,467	39,677	35,368	30,507
Provision for credit losses	303	422	24	213	212	871	1,545	919
Non-interest expenses	6,458	6,779	6,654	6,472	6,051	25,956	24,784	22,947
Restructuring charges	470	549	98	445	-	1,092	-	434
Net income before income tax	4,201	2,636	3,403	2,515	3,204	11,758	9,039	6,207
Income tax provision (recovery)	(7,663)	740	947	708	893	3,288	821	531
Net income	\$ 11,864	\$ 1,896	\$ 2,456	\$ 1,807	\$ 2,311	\$ 8,470	\$ 8,218	\$ 5,676
Per Common Share (\$'s)								
Basic earnings per share	0.56	0.07	0.09	0.06	0.09	0.32	0.33	0.29
Diluted earnings per share	0.56	0.07	0.09	0.06	0.09	0.32	0.33	0.29
Return on average common equity	27.22%	3.43%	4.90%	3.40%	4.79%	4.15%	4.50%	4.17%
Book value/share	8.20	7.79	7.72	7.63	7.56	7.79	7.47	7.14
Closing market price (common share)	4.84	5.10	5.55	5.50	4.80	5.10	5.69	5.61
Weighted average number of common shares	20,095	20,095	20,095	19,817	19,437	19,861	19,437	19,437
Number of common shares outstanding at period end	21,124	20,095	20,095	20,095	19,437	20,095	19,437	19,437
Total market value of common shares	102,240	102,485	111,527	110,523	93,298	102,485	110,597	109,042
Financial Ratios								
Yield	4.24%	4.09%	4.15%	4.05%	4.11%	4.18%	4.20%	4.09%
Cost of funds	1.70%	1.73%	1.84%	1.87%	1.93%	1.87%	1.99%	2.13%
Net interest income (%)	2.54%	2.36%	2.31%	2.23%	2.18%	2.31%	2.21%	1.96%
Non-interest expenses to average total assets (annualized)	1.47%	1.59%	1.56%	1.55%	1.44%	1.56%	1.61%	1.61%
Efficiency ratio	56.49%	65.27%	65.37%	67.10%	63.92%	65.42%	70.07%	75.22%
Number of full time equivalent staff at period end	82	80	84	83	84	80	79	78
Assets to full time employee	\$ 21,755	\$ 21,385	\$ 20,063	\$ 20,388	\$ 20,190	\$ 21,385	\$ 20,502	\$ 18,537
Credit Quality								
Gross impaired loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross impaired loans as a % of total loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net impaired loans	\$ (3,032)	\$ (3,031)	\$ (2,893)	\$ (3,104)	\$ (3,163)	\$ (3,031)	\$ (3,212)	\$ (2,905)
Provision for credit losses as a % of average loans	0.02%	0.03%	0.01%	0.01%	0.01%	0.06%	0.12%	0.08%
Financial Position								
Cash and securities	\$ 135,949	\$ 103,922	\$ 152,028	\$ 141,534	\$ 170,422	\$ 103,922	\$ 149,511	\$ 193,940
Cash and securities to total assets (%)	7.67%	6.10%	9.02%	8.33%	10.01%	6.10%	9.20%	13.41%
Total loans	1,590,470	1,563,612	1,499,006	1,522,280	1,501,889	1,563,612	1,447,660	1,224,247
Mortgages and loans to total assets (%)	89.70%	91.74%	88.95%	89.64%	88.24%	91.74%	89.04%	84.67%
Total assets	1,773,004	1,704,400	1,685,294	1,698,305	1,702,015	1,704,400	1,625,806	1,445,860
Average assets	1,738,702	1,694,847	1,691,800	1,700,160	1,663,911	1,665,103	1,535,833	1,425,234
Deposits	1,430,359	1,369,647	1,357,963	1,378,023	1,396,502	1,369,647	1,325,828	1,193,797
Subordinated notes payable	14,095	14,067	14,039	14,011	13,984	14,067	13,959	13,863
Shareholders' equity	202,583	185,884	184,537	182,633	176,374	185,884	174,622	152,519

VERSABANK
NET INCOME
(unaudited)
(C\$ thousands except per share amounts)

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	QUARTER					YEAR ENDED		
	2017	2016				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1			
Interest Income								
Loans	\$ 18,324	\$ 17,209	\$ 17,288	\$ 17,079	\$ 16,920	\$ 68,496	\$ 62,973	\$ 55,278
Securities	262	253	340	267	306	1,166	1,484	2,883
Total interest income	18,586	17,462	17,628	17,346	17,226	69,662	64,457	58,161
Yield %	4.24%	4.09%	4.15%	4.05%	4.11%	4.18%	4.20%	4.09%
Interest Expense								
Deposits and other	7,085	7,043	7,438	7,641	7,733	29,855	29,091	28,767
Notes	356	353	354	345	351	1,403	1,392	1,520
Total interest expense	7,441	7,396	7,792	7,986	8,084	31,258	30,483	30,287
Cost of funds %	1.70%	1.73%	1.84%	1.87%	1.93%	1.87%	1.99%	2.13%
Net interest income	11,145	10,066	9,836	9,360	9,142	38,404	33,974	27,874
Spread %	2.54%	2.36%	2.31%	2.18%	2.18%	2.31%	2.21%	1.96%
Non-interest income	287	320	343	285	325	1,273	1,394	2,633
Total revenue	11,432	10,386	10,179	9,645	9,467	39,677	35,368	30,507
Provision for credit losses	303	422	24	213	212	871	1,545	919
	11,129	9,964	10,155	9,432	9,255	38,806	33,823	29,588
Non-interest expenses	6,458	6,779	6,654	6,472	6,051	25,956	24,784	22,947
Restructuring charges	470	549	98	445	-	1,092	-	434
	6,928	7,328	6,752	6,917	6,051	27,048	24,784	23,381
Net income before taxes	4,201	2,636	3,403	2,515	3,204	11,758	9,039	6,207
Income taxes (recovery)	(7,663)	740	947	708	893	3,288	821	531
Net income	\$ 11,864	\$ 1,896	\$ 2,456	\$ 1,807	\$ 2,311	\$ 8,470	\$ 8,218	\$ 5,676
Earnings per common share:								
Basic	\$ 0.56	\$ 0.07	\$ 0.09	\$ 0.06	\$ 0.09	\$ 0.32	\$ 0.33	\$ 0.29
Diluted	\$ 0.56	\$ 0.07	\$ 0.09	\$ 0.06	\$ 0.09	\$ 0.32	\$ 0.33	\$ 0.29
Comprehensive Income								
Net income	\$ 11,864	\$ 1,896	\$ 2,456	\$ 1,807	\$ 2,311	\$ 8,470	\$ 8,218	\$ 5,676
Other comprehensive income (loss), net of tax								
Net unrealized gains (losses) on assets held as available-for-sale	(3)	2	(2)	2	(9)	(7)	(6)	(5)
Amount transferred to net income (loss) for available-for-sale assets	-	-	-	-	-	-	-	-
	(3)	2	(2)	2	(9)	(7)	(6)	(5)
Total comprehensive income	\$ 11,861	\$ 1,898	\$ 2,454	\$ 1,809	\$ 2,302	\$ 8,463	\$ 8,212	\$ 5,671

VERSABANK
NET INTEREST INCOME, NON-INTEREST INCOME AND TOTAL REVENUES
(unaudited)
(C\$ thousands)

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	QUARTER					YEAR ENDED		
	2017	2016				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1			
Net Interest Income	\$ 11,145	\$ 10,066	\$ 9,836	\$ 9,360	\$ 9,142	\$ 38,404	\$ 33,974	\$ 27,874
Net Interest Income (NII)	11,145	10,066	9,836	9,360	9,142	38,404	33,974	27,874
Gain on sale of loans	-	-	-	-	-	-	-	1,207
Credit card non-interest revenue	249	318	328	277	311	1,234	1,308	1,369
Other income	38	2	15	8	14	39	86	57
Total non-interest income	287	320	343	285	325	1,273	1,394	2,633
Total revenue	\$ 11,432	\$ 10,386	\$ 10,179	\$ 9,645	\$ 9,467	\$ 39,677	\$ 35,368	\$ 30,507
Non-interest income as a % of total revenue	2.51%	3.08%	3.37%	2.95%	3.43%	3.21%	3.94%	8.63%
Net interest income per average assets	2.54%	2.36%	2.31%	2.23%	2.18%	2.31%	2.21%	1.96%

(unaudited)
(C\$ thousands)

	QUARTER					YEAR ENDED		
	2017	2016				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1			
Average loans	\$ 1,577,041	\$ 1,531,309	\$ 1,510,643	\$ 1,512,085	\$ 1,474,775	\$ 1,505,636	\$ 1,335,954	\$ 1,191,590
Average total assets	\$ 1,738,702	\$ 1,694,847	\$ 1,691,800	\$ 1,700,160	\$ 1,663,911	\$ 1,665,103	\$ 1,535,833	\$ 1,425,234

VERSABANK
NON-INTEREST EXPENSES
(unaudited)
(C\$ thousands)

	QUARTER					YEAR ENDED		
	2017	2016				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1			
Salaries and Employee Benefits								
Salaries	\$ 2,748	\$ 2,919	\$ 2,945	\$ 2,887	\$ 2,757	\$ 11,508	\$ 10,667	\$ 9,277
Employee benefits	580	678	644	628	632	\$ 2,582	2,374	1,996
Total	3,328	3,597	3,589	3,515	3,389	14,090	13,041	11,273
Premises								
Rent	187	184	176	177	176	713	673	610
Depreciation	99	190	199	297	90	776	393	395
Other	284	197	388	60	251	896	1,029	1,080
Total	570	571	763	534	517	2,385	2,095	2,085
General and administrative								
Capital taxes and other assessments	950	947	790	724	725	3,186	3,641	3,313
Insurance	102	110	104	100	101	415	394	385
Listing, sustaining and annual meeting fees	84	39	52	132	61	284	310	227
Marketing and business development	98	123	74	83	93	373	298	482
Professional fees and consulting services	186	259	194	347	150	950	754	626
Credit card administration	326	300	273	360	383	1,316	1,394	1,476
Other	814	833	815	677	632	2,957	2,857	3,080
Total	2,560	2,611	2,302	2,423	2,145	9,481	9,648	9,589
Restructuring charges	470	549	98	445	-	1,092	-	434
Total non-interest expenses	\$ 6,928	\$ 7,328	\$ 6,752	\$ 6,917	\$ 6,051	\$ 27,048	\$ 24,784	\$ 23,381

VERSABANK
BALANCE SHEET
(unaudited)
(C\$ thousands)

	QUARTER					YEAR ENDED		
	2017	2016				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1			
Cash and cash equivalents	\$ 135,606	\$ 93,964	\$ 142,048	\$ 119,091	\$ 147,982	\$ 93,964	\$ 127,078	\$ 145,140
Securities	343	9,958	9,980	22,443	22,440	9,958	22,433	48,800
Total	135,949	103,922	152,028	141,534	170,422	103,922	149,511	193,940
Loans								
Government loans	64,126	66,016	65,112	67,067	69,734	66,016	72,181	87,332
Loan and lease receivables	796,766	783,669	739,735	706,072	670,923	783,669	618,432	392,175
Residential mortgages	90,555	95,624	99,681	121,427	113,376	95,624	112,759	122,686
Commerical mortgages	237,079	227,816	220,699	263,792	286,628	227,816	269,193	266,250
Construction mortgages	258,811	256,429	260,711	236,053	228,774	256,429	237,100	212,571
Commercial loans	114,434	102,265	82,023	98,268	99,809	102,265	104,996	109,811
Credit card receivables and other	26,238	29,373	28,733	27,549	30,687	29,373	31,168	31,939
Allowance for credit losses	(3,032)	(3,031)	(2,893)	(3,104)	(3,163)	(3,031)	(3,212)	(2,905)
Accrued interest	5,493	5,451	5,205	5,156	5,121	5,451	5,043	4,388
Total	1,590,470	1,563,612	1,499,006	1,522,280	1,501,889	1,563,612	1,447,660	1,224,247
Other assets								
Capital assets	6,600	4,330	4,335	4,251	4,273	4,330	4,349	4,507
Other assets	39,985	32,536	29,925	30,240	25,431	32,536	24,286	23,166
Total	46,585	36,866	34,260	34,491	29,704	36,866	28,635	27,673
Total assets	\$ 1,773,004	\$ 1,704,400	\$ 1,685,294	\$ 1,698,305	\$ 1,702,015	\$ 1,704,400	\$ 1,625,806	\$ 1,445,860
Deposits								
Demand	\$ 18,134	\$ 17,458	\$ 17,335	\$ 17,861	\$ 17,137	\$ 17,458	\$ 17,048	\$ 19,067
Trustee chequing accounts	197,174	189,074	160,293	141,435	119,831	189,074	110,575	83,814
Term (including accrued interest)	1,215,051	1,163,115	1,180,335	1,218,727	1,259,534	1,163,115	1,198,205	1,090,916
Total	1,430,359	1,369,647	1,357,963	1,378,023	1,396,502	1,369,647	1,325,828	1,193,797
Securitization liabilities	33,382	43,585	43,685	43,555	43,655	43,585	43,525	43,466
Other liabilities	92,585	91,217	85,070	80,083	71,500	91,217	67,872	42,215
Subordinated notes payable	14,095	14,067	14,039	14,011	13,984	14,067	13,959	13,863
Shareholders' equity								
Share capital	182,094	176,706	176,706	176,706	171,706	176,706	171,706	155,993
Retained earnings (deficit)	20,486	9,172	7,827	5,921	4,664	9,172	2,903	(3,493)
Accumulated other comprehensive income	3	6	4	6	4	6	13	19
Total	202,583	185,884	184,537	182,633	176,374	185,884	174,622	152,519
Total liabilities and shareholders' equity	\$ 1,773,004	\$ 1,704,400	\$ 1,685,294	\$ 1,698,305	\$ 1,702,015	\$ 1,704,400	\$ 1,625,806	\$ 1,445,860

VERSABANK
IMPAIRED LOANS AND ALLOWANCE FOR CREDIT LOSSES
(unaudited)
(C\$ thousands)

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	QUARTER					YEAR ENDED		
	2017 Q1	2016				2016	2015	2014
		Q4	Q3	Q2	Q1			
Gross impaired loans								
Residential mortgages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial and government loans	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-
Total gross impaired loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Allowance for credit losses								
Individual allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collective allowance	2,048	1,976	1,835	2,042	2,090	1,976	2,146	1,918
Collective allowance - credit cards and other	984	1,055	1,058	1,062	1,073	1,055	1,066	987
Total allowance for credit losses	\$ 3,032	\$ 3,031	\$ 2,893	\$ 3,104	\$ 3,163	\$ 3,031	\$ 3,212	\$ 2,905
Reconciliation of allowance for credit losses								
Balance, beginning of period	\$ 3,031	\$ 2,894	\$ 3,104	\$ 3,163	\$ 3,212	\$ 3,212	\$ 2,905	\$ 3,275
Provision for credit losses	303	422	24	213	212	871	1,545	919
Recoveries (write-offs)	(302)	(285)	(235)	(272)	(261)	(1,052)	(1,238)	(1,289)
Balance, end of period	\$ 3,032	\$ 3,031	\$ 2,893	\$ 3,104	\$ 3,163	\$ 3,031	\$ 3,212	\$ 2,905
Total net impaired loans	\$ (3,032)	\$ (3,031)	\$ (2,893)	\$ (3,104)	\$ (3,163)	\$ (3,031)	\$ (3,212)	\$ (2,905)
Total loans	\$ 1,590,470	\$ 1,563,612	\$ 1,499,006	\$ 1,522,280	\$ 1,501,889	\$ 1,563,612	\$ 1,447,660	\$ 1,224,247
Gross impaired loans as a % of total loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Provision for credit losses as a % of average loans	0.02%	0.03%	0.01%	0.01%	0.01%	0.06%	0.12%	0.08%

VERSABANK
LEVERAGE RATIO DISCLOSURE
(unaudited)
(C\$ thousands)

On-Balance Sheet Exposures

- 1 On-balance sheet items
- 2 Asset amounts deducted in determining Basel III 'all-in' Tier 1 Capital
- 3 Total on-balance sheet exposures

Other Off-Balance Sheet Exposures

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Capital and Total Exposures

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Leverage Ratios

- 22 Basel III leverage ratio

	All-in				
2017	2016				
Q1	Q4	Q3	Q2	Q1	
\$ 1,773,004	\$ 1,704,400	\$ 1,685,294	\$ 1,698,305	\$ 1,702,015	
(28,869)	(6,562)	(7,101)	(7,841)	(8,348)	
1,744,135	1,697,838	1,678,193	1,690,464	1,693,667	
\$ 254,133	\$ 435,556	\$ 472,297	\$ 405,612	\$ 432,629	
(160,972)	(306,877)	(334,857)	(290,895)	(305,973)	
93,161	128,679	137,440	114,717	126,656	
173,714	179,322	177,436	174,791	168,026	
1,837,296	1,826,517	1,815,633	1,805,181	1,820,323	
9.45%	9.82%	9.77%	9.68%	9.23%	