



## **Supplemental Financial Information**

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

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### **Use of this Report**

This financial information is supplementary to the Bank's Third 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)**

	QUARTER								9 MONTHS ENDED		YEAR ENDED		
	2017			2016			2017	2016	2016				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q3	Q3	2016	2015	2014	
<b>Results of Operations</b>													
Total interest income	\$ 17,584	\$ 17,463	\$ 18,586	\$ 17,462	\$ 17,628	\$ 17,346	\$ 17,226	\$ 53,633	\$ 52,200	\$ 69,662	\$ 64,457	\$ 58,161	
Net interest income	10,751	10,579	11,145	10,066	9,836	9,360	9,142	\$ 32,475	\$ 28,338	38,404	33,974	27,874	
Non-interest income	12	(453)	287	320	343	285	325	\$ (154)	\$ 953	1,273	1,394	2,633	
Total revenue	10,763	10,126	11,432	10,386	10,179	9,645	9,467	\$ 32,321	\$ 29,291	39,677	35,368	30,507	
Provision for credit losses	38	(582)	303	422	24	213	212	\$ (241)	\$ 449	871	1,545	919	
Non-interest expenses	7,012	6,220	6,458	6,779	6,654	6,472	6,051	\$ 19,690	\$ 19,177	25,956	24,784	22,947	
Restructuring charges	-	1,575	470	549	98	445	-	\$ 2,045	\$ 543	1,092	-	434	
Net income before income tax	3,713	2,913	4,201	2,636	3,403	2,515	3,204	\$ 10,827	\$ 9,122	11,758	9,039	6,207	
Income tax provision (recovery)	1,031	809	(7,663)	740	947	708	893	\$ (5,823)	\$ 2,548	3,288	821	531	
Net income	\$ 2,682	\$ 2,104	\$ 11,864	\$ 1,896	\$ 2,456	\$ 1,807	\$ 2,311	\$ 16,650	\$ 6,574	\$ 8,470	\$ 8,218	\$ 5,676	
<b>Per Common Share (\$')</b>													
Basic earnings per share	0.10	0.07	0.56	0.07	0.09	0.06	0.09	0.72	0.24	0.32	0.33	0.29	
Diluted earnings per share	0.10	0.07	0.56	0.07	0.09	0.06	0.09	0.72	0.24	0.32	0.33	0.29	
Return on average common equity	4.81%	3.66%	27.22%	3.43%	4.90%	3.40%	4.79%	12.03%	4.05%	4.15%	4.50%	4.17%	
Book value/share	8.38	8.28	8.20	7.79	7.72	7.63	7.56	8.38	7.63	7.79	7.47	7.14	
Closing market price (common share)	4.50	4.70	4.84	5.10	5.55	5.50	4.80	4.50	5.50	5.10	5.69	5.61	
Weighted average number of common shares	21,124	21,124	20,095	20,095	20,095	19,817	19,437	20,777	19,625	19,861	19,437	19,437	
Number of common shares outstanding at period end	21,124	21,124	21,124	20,095	20,095	20,095	19,437	21,124	20,095	20,095	19,437	19,437	
Total market value of common shares	95,058	99,283	102,240	102,485	111,527	110,523	93,298	95,058	110,523	102,485	110,597	109,042	
<b>Financial Ratios</b>													
Yield	4.14%	4.14%	4.24%	4.09%	4.13%	4.05%	4.11%	4.23%	4.20%	4.18%	4.20%	4.09%	
Cost of funds	1.61%	1.63%	1.70%	1.73%	1.82%	1.87%	1.93%	1.67%	1.92%	1.87%	1.99%	2.13%	
Net interest income (%)	2.53%	2.51%	2.54%	2.36%	2.31%	2.23%	2.18%	2.56%	2.28%	2.31%	2.21%	1.96%	
Non-interest expenses to average total assets (annualized)	1.65%	1.47%	1.47%	1.59%	1.56%	1.55%	1.44%	1.55%	2.32%	1.56%	1.61%	1.61%	
Efficiency ratio	65.15%	61.43%	56.49%	65.27%	65.37%	67.10%	63.92%	60.92%	65.47%	65.42%	70.07%	75.22%	
Number of full time equivalent staff at period end	77	75	82	80	84	83	84	77	83	80	79	78	
Assets to full time employee	\$ 21,877	\$ 22,669	\$ 21,755	\$ 21,385	\$ 20,063	\$ 20,388	\$ 20,190	\$ 21,877	\$ 20,388	\$ 21,385	\$ 20,502	\$ 18,537	
<b>Credit Quality</b>													
Gross impaired loans	\$ 627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627	\$ -	\$ -	\$ -	\$ -	
Gross impaired loans as a % of total loans	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	
Net impaired loans	\$ (1,682)	\$ (2,271)	\$ (3,032)	\$ (3,031)	\$ (2,893)	\$ (3,104)	\$ (3,163)	\$ (1,682)	\$ (3,104)	\$ (3,031)	\$ (3,212)	\$ (2,905)	
Provision for credit losses as a % of average loans	0.00%	-0.15%	0.08%	0.11%	0.01%	0.01%	0.01%	-0.02%	0.06%	0.06%	0.12%	0.08%	
<b>Financial Position</b>													
Cash and securities	\$ 103,579	\$ 100,252	\$ 135,949	\$ 103,922	\$ 152,028	\$ 141,534	\$ 170,422	\$ 103,579	\$ 141,534	\$ 103,922	\$ 149,511	\$ 193,940	
Cash and securities to total assets (%)	6.15%	5.94%	7.67%	6.10%	9.02%	8.33%	10.01%	6.15%	8.33%	6.10%	9.20%	13.41%	
Total loans	1,534,893	1,543,266	1,590,470	1,563,612	1,499,006	1,522,280	1,501,889	1,534,893	1,522,280	1,563,612	1,447,660	1,224,247	
Mortgages and loans to total assets (%)	91.12%	91.38%	89.70%	91.74%	88.95%	89.64%	88.24%	91.12%	89.64%	91.74%	89.04%	84.67%	
Total assets	1,684,523	1,688,852	1,773,004	1,704,400	1,685,294	1,698,305	1,702,015	1,684,523	1,698,305	1,704,400	1,625,806	1,445,860	
Average assets	1,686,688	1,730,928	1,738,702	1,694,847	1,691,800	1,700,160	1,663,911	1,694,462	1,655,550	1,665,103	1,535,833	1,425,234	
Deposits	1,343,612	1,348,323	1,430,359	1,369,647	1,357,963	1,378,023	1,396,502	1,343,612	1,378,023	1,369,647	1,325,828	1,193,797	
Subordinated notes payable	9,772	14,124	14,095	14,067	14,039	14,011	13,984	9,772	14,011	14,067	13,959	13,863	
Shareholders' equity	206,267	204,139	202,583	185,884	184,537	182,633	176,374	206,267	182,633	185,884	174,622	152,519	

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

	QUARTER							9 MONTHS ENDED		YEAR ENDED		
	2017			2016				2017	2016	2016		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q3	Q3	2016	2015	2014
<b>Interest Income</b>												
Loans	\$ 17,259	\$ 17,138	\$ 18,324	\$ 17,209	\$ 17,288	\$ 17,079	\$ 16,920	\$ 52,721	51,287	\$ 68,496	\$ 62,973	\$ 55,278
Securities	325	325	262	253	340	267	306	912	913	1,166	1,484	2,883
Total interest income	17,584	17,463	18,586	17,462	17,628	17,346	17,226	53,633	52,200	69,662	64,457	58,161
Yield %	4.14%	4.14%	4.24%	4.09%	4.13%	4.05%	4.11%	4.23%	4.20%	4.18%	4.20%	4.09%
<b>Interest Expense</b>												
Deposits and other	6,443	6,536	7,085	7,043	7,438	7,641	7,733	20,064	22,812	29,855	29,091	28,767
Notes	390	348	356	353	354	345	351	1,094	1,050	1,403	1,392	1,520
Total interest expense	6,833	6,884	7,441	7,396	7,792	7,986	8,084	21,158	23,862	31,258	30,483	30,287
Cost of funds %	1.61%	1.63%	1.70%	1.73%	1.82%	1.87%	1.93%	1.67%	1.92%	1.87%	1.99%	2.13%
Net interest income	10,751	10,579	11,145	10,066	9,836	9,360	9,142	32,475	28,338	38,404	33,974	27,874
Spread %	2.53%	2.51%	2.54%	2.36%	2.31%	2.18%	2.18%	2.56%	2.28%	2.31%	2.21%	1.96%
Non-interest income	12	(453)	287	320	343	285	325	(154)	953	1,273	1,394	2,633
Total revenue	10,763	10,126	11,432	10,386	10,179	9,645	9,467	32,321	29,291	39,677	35,368	30,507
Provision for credit losses	38	(582)	303	422	24	213	212	(241)	449	871	1,545	919
	10,725	10,708	11,129	9,964	10,155	9,432	9,255	32,562	28,842	38,806	33,823	29,588
Non-interest expenses	7,012	6,220	6,458	6,779	6,654	6,472	6,051	19,690	19,177	25,956	24,784	22,947
Restructuring charges	-	1,575	470	549	98	445	-	2,045	543	1,092	-	434
	7,012	7,795	6,928	7,328	6,752	6,917	6,051	21,735	19,720	27,048	24,784	23,381
Net income before taxes	3,713	2,913	4,201	2,636	3,403	2,515	3,204	10,827	9,122	11,758	9,039	6,207
Income taxes (recovery)	1,031	809	(7,663)	740	947	708	893	(5,823)	2,548	3,288	821	531
<b>Net income</b>	\$ 2,682	\$ 2,104	\$ 11,864	\$ 1,896	\$ 2,456	\$ 1,807	\$ 2,311	\$ 16,650	\$ 6,574	\$ 8,470	\$ 8,218	\$ 5,676
<b>Earnings per common share:</b>												
Basic	\$ 0.10	\$ 0.07	\$ 0.56	\$ 0.07	\$ 0.09	\$ 0.06	\$ 0.09	\$ 0.72	\$ 0.24	\$ 0.32	\$ 0.33	\$ 0.29
Diluted	\$ 0.10	\$ 0.07	\$ 0.56	\$ 0.07	\$ 0.09	\$ 0.06	\$ 0.09	\$ 0.72	\$ 0.24	\$ 0.32	\$ 0.33	\$ 0.29
<b>Comprehensive Income</b>												
Net income	\$ 2,682	\$ 2,104	\$ 11,864	\$ 1,896	\$ 2,456	\$ 1,807	\$ 2,311	\$ 16,650	\$ 6,574	\$ 8,470	\$ 8,218	\$ 5,676
Other comprehensive income (loss), net of tax												
Net unrealized gains (losses) on assets held as available-for-sale	(4)	2	(3)	2	(2)	2	(9)	(5)	(9)	(7)	(6)	(5)
Amount transferred to net income (loss) for available-for-sale assets	-	-	-	-	-	-	-	-	-	-	-	-
	(4)	2	(3)	2	(2)	2	(9)	(5)	(9)	(7)	(6)	(5)
<b>Total comprehensive income</b>	\$ 2,678	\$ 2,106	\$ 11,861	\$ 1,898	\$ 2,454	\$ 1,809	\$ 2,302	\$ 16,645	\$ 6,565	\$ 8,463	\$ 8,212	\$ 5,671

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

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	QUARTER							9 MONTHS ENDED		YEAR ENDED		
	2017			2016				2017	2016			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q3	Q3	2016	2015	2014
Net Interest Income	\$ 10,751	\$ 10,579	\$ 11,145	\$ 10,066	\$ 9,836	\$ 9,360	\$ 9,142	\$ 32,475	\$ 28,338	\$ 38,404	\$ 33,974	\$ 27,874
<b>Net Interest Income (NII)</b>	<b>10,751</b>	<b>10,579</b>	<b>11,145</b>	<b>10,066</b>	<b>9,836</b>	<b>9,360</b>	<b>9,142</b>	<b>32,475</b>	<b>28,338</b>	<b>38,404</b>	<b>33,974</b>	<b>27,874</b>
Gain on sale of loans	-	-	-	-	-	-	-	-	-	-	-	1,207
Credit card non-interest revenue	-	(464)	249	318	328	277	311	(215)	916	1,234	1,308	1,369
Other income	12	11	38	2	15	8	14	61	37	39	86	57
<b>Total non-interest income</b>	<b>12</b>	<b>(453)</b>	<b>287</b>	<b>320</b>	<b>343</b>	<b>285</b>	<b>325</b>	<b>(154)</b>	<b>953</b>	<b>1,273</b>	<b>1,394</b>	<b>2,633</b>
<b>Total revenue</b>	<b>\$ 10,763</b>	<b>\$ 10,126</b>	<b>\$ 11,432</b>	<b>\$ 10,386</b>	<b>\$ 10,179</b>	<b>\$ 9,645</b>	<b>\$ 9,467</b>	<b>\$ 32,321</b>	<b>\$ 29,291</b>	<b>\$ 39,677</b>	<b>\$ 35,368</b>	<b>\$ 30,507</b>
Non-interest income as a % of total revenue	0.11%	-4.47%	2.51%	3.08%	3.37%	2.95%	3.43%	-0.48%	3.25%	3.21%	3.94%	8.63%
Net interest income per average assets	2.53%	2.51%	2.54%	2.36%	2.31%	2.23%	2.18%	2.56%	2.28%	2.31%	2.21%	1.96%

(unaudited)  
(C\$ thousands)

	QUARTER							9 MONTHS ENDED		YEAR ENDED		
	2017			2016				2017	2016			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q3	Q3	2016	2015	2014
<b>Average loans</b>	\$ 1,539,080	\$ 1,566,868	\$ 1,577,041	\$ 1,531,309	\$ 1,510,643	\$ 1,512,085	\$ 1,474,775	\$ 1,549,253	\$ 1,473,333	\$ 1,505,636	\$ 1,335,954	\$ 1,191,590
<b>Average total assets</b>	\$ 1,686,688	\$ 1,730,928	\$ 1,738,702	\$ 1,694,847	\$ 1,691,800	\$ 1,700,160	\$ 1,663,911	\$ 1,694,462	\$ 1,655,550	\$ 1,665,103	\$ 1,535,833	\$ 1,425,234

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

	QUARTER								9 MONTHS ENDED		YEAR ENDED		
	2017			2016				2017	2016	2016	2015	2014	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q3	Q3	2016	2015	2014	
<b>Salaries and Employee Benefits</b>													
Salaries	\$ 2,828	\$ 2,772	\$ 2,748	\$ 2,919	\$ 2,945	\$ 2,887	\$ 2,757	\$ 8,348	\$ 8,589	\$ 11,508	\$ 10,667	\$ 9,277	
Employee benefits	621	590	580	678	644	628	632	1,791	1,904	2,582	2,374	1,996	
Total	3,449	3,362	3,328	3,597	3,589	3,515	3,389	10,139	10,493	14,090	13,041	11,273	
<b>Premises</b>													
Rent	177	188	187	184	176	177	176	552	529	713	673	610	
Depreciation	144	143	99	190	199	297	90	386	586	776	393	395	
Other	195	165	284	197	388	60	251	644	699	896	1,029	1,080	
Total	516	496	570	571	763	534	517	1,582	1,814	2,385	2,095	2,085	
<b>General and administrative</b>													
Capital taxes and other assessments	969	952	950	947	790	724	725	2,871	2,239	3,186	3,641	3,313	
Insurance	118	118	102	110	104	100	101	338	305	415	394	385	
Listing, sustaining and annual meeting fees	44	97	84	39	52	132	61	225	245	284	310	227	
Marketing and business development	120	82	98	123	74	83	93	300	250	373	298	482	
Professional fees and consulting services	757	164	186	259	194	347	150	1,107	691	950	754	626	
Credit card administration	-	145	326	300	273	360	383	471	1,016	1,316	1,394	1,476	
Other	1,039	804	814	833	815	677	632	2,657	2,124	2,957	2,857	3,080	
Total	3,047	2,362	2,560	2,611	2,302	2,423	2,145	7,969	6,870	9,481	9,648	9,589	
<b>Restructuring charges</b>													
	-	1,575	470	549	98	445	-	2,045	543	1,092	-	434	
<b>Total non-interest expenses</b>	\$ 7,012	\$ 7,795	\$ 6,928	\$ 7,328	\$ 6,752	\$ 6,917	\$ 6,051	\$ 21,735	\$ 19,720	\$ 27,048	\$ 24,784	\$ 23,381	

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

	QUARTER								YEAR ENDED		
	2017			2016				2016	2015	2014	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
<b>Cash and cash equivalents</b>	\$ 103,323	\$ 99,911	\$ 135,606	\$ 93,964	\$ 142,048	\$ 119,091	\$ 147,982	\$ 93,964	\$ 127,078	\$ 145,140	
<b>Securities</b>	256	341	343	9,958	9,980	22,443	22,440	9,958	22,433	48,800	
<b>Total</b>	103,579	100,252	135,949	103,922	152,028	141,534	170,422	103,922	149,511	193,940	
<b>Loans</b>											
Government loans	56,568	58,958	64,126	66,016	65,112	67,067	69,734	66,016	72,181	87,332	
Loan and lease receivables	800,215	779,644	796,766	783,669	739,735	706,072	670,923	783,669	618,432	392,175	
Residential mortgages	88,213	89,416	90,555	95,624	99,681	121,427	113,376	95,624	112,759	122,686	
Commerical mortgages	262,015	259,244	237,079	227,816	220,699	263,792	286,628	227,816	269,193	266,250	
Construction mortgages	215,565	244,839	258,811	256,429	260,711	236,053	228,774	256,429	237,100	212,571	
Commercial loans	106,031	105,069	114,434	102,265	82,023	98,268	99,809	102,265	104,996	109,811	
Credit card receivables and other	2,982	3,022	26,238	29,373	28,733	27,549	30,687	29,373	31,168	31,939	
Allowance for credit losses	(2,309)	(2,271)	(3,032)	(3,031)	(2,893)	(3,104)	(3,163)	(3,031)	(3,212)	(2,905)	
Accrued interest	5,613	5,345	5,493	5,451	5,205	5,156	5,121	5,451	5,043	4,388	
<b>Total</b>	1,534,893	1,543,266	1,590,470	1,563,612	1,499,006	1,522,280	1,501,889	1,563,612	1,447,660	1,224,247	
<b>Other assets</b>											
Capital assets	7,625	7,353	6,600	4,330	4,335	4,251	4,273	4,330	4,349	4,507	
Other assets	38,426	37,981	39,985	32,536	29,925	30,240	25,431	32,536	24,286	23,166	
<b>Total</b>	46,051	45,334	46,585	36,866	34,260	34,491	29,704	36,866	28,635	27,673	
<b>Total assets</b>	\$ 1,684,523	\$ 1,688,852	\$ 1,773,004	\$ 1,704,400	\$ 1,685,294	\$ 1,698,305	\$ 1,702,015	\$ 1,704,400	\$ 1,625,806	\$ 1,445,860	
<b>Deposits</b>											
Demand	\$ 18,648	\$ 19,328	\$ 18,134	\$ 17,458	\$ 17,335	\$ 17,861	\$ 17,137	\$ 17,458	\$ 17,048	\$ 19,067	
Trustee chequing accounts	252,367	213,431	197,174	189,074	160,293	141,435	119,831	189,074	110,575	83,814	
Term (including accrued interest)	1,072,597	1,115,564	1,215,051	1,163,115	1,180,335	1,218,727	1,259,534	1,163,115	1,198,205	1,090,916	
<b>Total</b>	1,343,612	1,348,323	1,430,359	1,369,647	1,357,963	1,378,023	1,396,502	1,369,647	1,325,828	1,193,797	
<b>Securitization liabilities</b>	33,409	33,230	33,382	43,585	43,685	43,555	43,655	43,585	43,525	43,466	
<b>Other liabilities</b>	91,463	89,036	92,585	91,217	85,070	80,083	71,500	91,217	67,872	42,215	
<b>Subordinated notes payable</b>	9,772	14,124	14,095	14,067	14,039	14,011	13,984	14,067	13,959	13,863	
<b>Shareholders' equity</b>											
Share capital	182,094	182,094	182,094	176,706	176,706	176,706	171,706	176,706	171,706	155,993	
Retained earnings (deficit)	24,172	22,040	20,486	9,172	7,827	5,921	4,664	9,172	2,903	(3,493)	
Accumulated other comprehensive income	1	5	3	6	4	6	4	6	13	19	
<b>Total</b>	206,267	204,139	202,583	185,884	184,537	182,633	176,374	185,884	174,622	152,519	
<b>Total liabilities and shareholders' equity</b>	\$ 1,684,523	\$ 1,688,852	\$ 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			2016					2016	2015	2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
<b>Gross impaired loans</b>											
Residential mortgages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial and government loans	-	-	-	-	-	-	-	-	-	-	-
Other loans	627	-	-	-	-	-	-	-	-	-	-
<b>Total gross impaired loans</b>	<b>\$ 627</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Allowance for credit losses</b>											
Individual allowance	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collective allowance	2,118	2,262	2,048	1,976	1,835	2,042	2,090	1,976	2,146	1,918	
Collective allowance - credit cards and other	-	9	984	1,055	1,058	1,062	1,073	1,055	1,066	987	
<b>Total allowance for credit losses</b>	<b>\$ 2,309</b>	<b>\$ 2,271</b>	<b>\$ 3,032</b>	<b>\$ 3,031</b>	<b>\$ 2,893</b>	<b>\$ 3,104</b>	<b>\$ 3,163</b>	<b>\$ 3,031</b>	<b>\$ 3,212</b>	<b>\$ 2,905</b>	
<b>Reconciliation of allowance for credit losses</b>											
Balance, beginning of period	\$ 2,271	\$ 3,032	\$ 3,031	\$ 2,894	\$ 3,104	\$ 3,163	\$ 3,212	\$ 3,212	\$ 2,905	\$ 3,275	
Provision for credit losses	38	(582)	303	422	24	213	212	871	1,545	919	
Recoveries (write-offs)	-	(179)	(302)	(285)	(235)	(272)	(261)	(1,052)	(1,238)	(1,289)	
Balance, end of period	\$ 2,309	\$ 2,271	\$ 3,032	\$ 3,031	\$ 2,893	\$ 3,104	\$ 3,163	\$ 3,031	\$ 3,212	\$ 2,905	
<b>Total net impaired loans</b>	<b>\$ (1,682)</b>	<b>\$ (2,271)</b>	<b>\$ (3,032)</b>	<b>\$ (3,031)</b>	<b>\$ (2,893)</b>	<b>\$ (3,104)</b>	<b>\$ (3,163)</b>	<b>\$ (3,031)</b>	<b>\$ (3,212)</b>	<b>\$ (2,905)</b>	
<b>Total loans</b>	<b>\$ 1,534,893</b>	<b>\$ 1,543,266</b>	<b>\$ 1,590,470</b>	<b>\$ 1,563,612</b>	<b>\$ 1,499,006</b>	<b>\$ 1,522,280</b>	<b>\$ 1,501,889</b>	<b>\$ 1,563,612</b>	<b>\$ 1,447,660</b>	<b>\$ 1,224,247</b>	
Gross impaired loans as a % of total loans	0.04%	0.00%	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	0.00%	-0.15%	0.02%	0.03%	0.01%	0.01%	0.01%	0.06%	0.12%	0.08%	

**VERSABANK**  
**BASEL III DISCLOSURE**  
(unaudited)  
(C\$ thousands)

**Modified Capital Disclosure Template**

**Common Equity Tier 1 capital: instruments and reserves**

1	Directly issued qualifying common share capital	\$	152,757	\$	152,757	\$	152,756	\$	147,369	\$	147,369	\$	147,369	\$	142,368
2	Retained earnings		24,172		22,040		20,486		9,172		7,827		5,921		4,664
3	Accumulated other comprehensive income				1		5		3		6		4		6
6	Common Equity Tier 1 capital before regulatory adjustments		176,930		174,802		173,245		156,547		155,200		153,295		147,036
28	Total regulatory adjustments to Common Equity Tier 1		27,328		28,221		28,869		6,562		7,101		7,841		8,348
29	Common Equity Tier 1 capital (CET1)		149,602		146,581		144,376		149,985		148,099		145,454		138,688

**Additional Tier 1 capital: instruments**

30	Directly issued qualifying Additional Tier 1 instruments		29,337		29,337		29,337		29,337		29,337		29,337		29,338
45	Tier 1 capital (T1 = CET1 + AT1)		178,939		175,918		173,714		179,322		177,436		174,791		168,026

**Tier 2 capital: instruments and allowances**

47	Directly issued capital instruments subject to phase out from Tier 2		6,000		6,900		9,800		9,800		9,800		9,800		12,700
51	Tier 2 capital before regulatory adjustments		6,000		6,900		9,800		9,800		9,800		9,800		12,700
57	Total regulatory adjustments to Tier 2 capital		-		-		-		-		-		-		-
58	Tier 2 capital (T2)		6,000		6,900		9,800		9,800		9,800		9,800		12,700

59 Total capital (TC = T1 + T2)

60 Total risk-weighted assets

**Capital ratios**

61	Common Equity Tier 1 ( as a % of risk-weighted assets)		11.00%		10.68%		10.28%		10.52%		10.70%		10.59%		10.11%
62	Tier 1 ( as a % of risk-weighted assets)		13.16%		12.81%		12.37%		12.58%		12.82%		12.73%		12.25%
63	Total capital ( as a % of risk-weighted assets)		13.60%		13.31%		13.07%		13.27%		13.53%		13.44%		13.17%

**OSFI all-in target**

69	Common Equity Tier 1 all-in target ratio		7.00%		7.00%		7.00%		7.00%		7.00%		7.00%		7.00%
70	Tier 1 capital all-in target ratio		8.50%		8.50%		8.50%		8.50%		8.50%		8.50%		8.50%
71	Total capital all-in target ratio		10.50%		10.50%		10.50%		10.50%		10.50%		10.50%		10.50%

**Capital instruments subject to phase-out arrangements**

84	Current cap on T2 instruments subject to phase-out arrangements	\$	25,750	\$	25,750	\$	25,750	\$	30,900	\$	30,900	\$	30,900	\$	30,900
85	Amounts excluded from T2 due to cap		-		-		-		-		-		-		-

	ALL-IN						
	2017			2016			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Common Equity Tier 1 capital: instruments and reserves</b>							
1	\$ 152,757	\$ 152,757	\$ 152,756	\$ 147,369	\$ 147,369	\$ 147,369	\$ 142,368
2	24,172	22,040	20,486	9,172	7,827	5,921	4,664
3	1	5	3	6	4	6	4
6	176,930	174,802	173,245	156,547	155,200	153,295	147,036
28	27,328	28,221	28,869	6,562	7,101	7,841	8,348
29	149,602	146,581	144,376	149,985	148,099	145,454	138,688
<b>Additional Tier 1 capital: instruments</b>							
30	29,337	29,337	29,337	29,337	29,337	29,337	29,338
45	178,939	175,918	173,714	179,322	177,436	174,791	168,026
<b>Tier 2 capital: instruments and allowances</b>							
47	6,000	6,900	9,800	9,800	9,800	9,800	12,700
51	6,000	6,900	9,800	9,800	9,800	9,800	12,700
57	-	-	-	-	-	-	-
58	6,000	6,900	9,800	9,800	9,800	9,800	12,700
59	\$ 184,939	\$ 182,818	\$ 183,514	\$ 189,122	\$ 187,236	\$ 184,591	\$ 180,726
60	\$ 1,360,050	\$ 1,373,051	\$ 1,403,760	\$ 1,425,171	\$ 1,384,117	\$ 1,373,594	\$ 1,372,173
<b>Capital ratios</b>							
61	11.00%	10.68%	10.28%	10.52%	10.70%	10.59%	10.11%
62	13.16%	12.81%	12.37%	12.58%	12.82%	12.73%	12.25%
63	13.60%	13.31%	13.07%	13.27%	13.53%	13.44%	13.17%
<b>OSFI all-in target</b>							
69	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
70	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
71	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
<b>Capital instruments subject to phase-out arrangements</b>							
84	\$ 25,750	\$ 25,750	\$ 25,750	\$ 30,900	\$ 30,900	\$ 30,900	\$ 30,900
85	-	-	-	-	-	-	-

**Modified Capital Disclosure Template**

29	Common Equity Tier 1 capital (CET1)	\$	155,068	\$	152,226	\$	150,150	\$	152,610	\$	150,938	\$	148,590	\$	142,027
45	Tier 1 capital (T1 = CET1 + AT1)	\$	184,405	\$	181,563	\$	179,488	\$	181,947	\$	180,275	\$	177,927	\$	171,365
59	Total capital (TC = T1 + T2)	\$	190,405	\$	188,463	\$	189,288	\$	191,747	\$	190,075	\$	187,727	\$	184,065

60 Total risk-weighted assets

**Capital ratios**

61	Common Equity Tier 1 ( as a % of risk-weighted assets)		11.36%		11.04%		10.65%		10.69%		10.88%		10.79%		10.33%
62	Tier 1 ( as a % of risk-weighted assets)		13.50%		13.17%		12.73%		12.74%		13.00%		12.92%		12.46%
63	Total capital ( as a % of risk-weighted assets)		13.94%		13.67%		13.43%		13.43%		13.70%		13.64%		13.38%

	TRANSITIONAL						
	2017			2016			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Common Equity Tier 1 capital (CET1)</b>							
29	\$ 155,068	\$ 152,226	\$ 150,150	\$ 152,610	\$ 150,938	\$ 148,590	\$ 142,027
45	\$ 184,405	\$ 181,563	\$ 179,488	\$ 181,947	\$ 180,275	\$ 177,927	\$ 171,365
59	\$ 190,405	\$ 188,463	\$ 189,288	\$ 191,747	\$ 190,075	\$ 187,727	\$ 184,065
60	\$ 1,365,516	\$ 1,378,694	\$ 1,409,534	\$ 1,427,796	\$ 1,386,957	\$ 1,376,730	\$ 1,375,512
<b>Capital ratios</b>							
61	11.36%	11.04%	10.65%	10.69%	10.88%	10.79%	10.33%
62	13.50%	13.17%	12.73%	12.74%	13.00%	12.92%	12.46%
63	13.94%	13.67%	13.43%	13.43%	13.70%	13.64%	13.38%



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

	All-in							
	2017			2016				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
<b>On-Balance Sheet Exposures</b>								
1 On-balance sheet items	\$ 1,684,523	\$ 1,688,851	\$ 1,773,004	\$ 1,704,400	\$ 1,685,294	\$ 1,698,305	\$ 1,702,015	
2 Asset amounts deducted in determining Basel III 'all-in' Tier 1 Capital	(27,328)	(28,220)	(28,869)	(6,562)	(7,101)	(7,841)	(8,348)	
3 Total on-balance sheet exposures	1,657,195	1,660,631	1,744,135	1,697,838	1,678,193	1,690,464	1,693,667	
<b>Other Off-Balance Sheet Exposures</b>								
17 Off-balance sheet exposure at gross notional amount	\$ 228,797	\$ 227,252	\$ 254,133	\$ 435,556	\$ 472,297	\$ 405,612	\$ 432,629	
18 Adjustments for conversion to credit equivalent amounts	(142,957)	(141,141)	(160,972)	(306,877)	(334,857)	(290,895)	(305,973)	
19 Off-balance sheet items	85,840	86,111	93,161	128,679	137,440	114,717	126,656	
<b>Capital and Total Exposures</b>								
20 Tier 1 Capital	178,939	175,918	173,714	179,322	177,436	174,791	168,026	
21 Total Exposures	1,743,035	1,746,742	1,837,296	1,826,517	1,815,633	1,805,181	1,820,323	
<b>Leverage Ratios</b>								
22 Basel III leverage ratio	10.27%	10.07%	9.45%	9.82%	9.77%	9.68%	9.23%	