



## **Supplemental Financial Information**

**For the quarter ended January 31, 2018  
(unaudited)**

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### **Use of this Report**

This financial information is supplementary to the Bank's First Quarter Press Release and its 2017 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		
	2018	2017				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1			
<b>Results of Operations</b>								
Total interest income	\$ 19,069	\$ 18,132	\$ 17,584	\$ 17,463	\$ 18,586	\$ 71,765	\$ 69,662	\$ 64,457
Net interest income	12,395	11,508	10,751	10,579	11,145	43,983	43,226	33,974
Non-interest income	12	13	12	(453)	287	(141)	1,273	1,394
Total revenue	12,407	11,521	10,763	10,126	11,432	43,842	44,499	35,368
Provision for credit losses	65	116	38	(582)	303	(125)	871	1,545
Non-interest expenses	6,890	7,500	7,012	6,220	6,458	27,190	25,956	24,784
Restructuring charges	-	-	-	1,575	470	2,045	1,092	-
Net income before income tax	5,452	3,905	3,713	2,913	4,201	14,732	16,580	9,039
Income tax provision (recovery)	1,476	1,083	1,031	809	(7,663)	(4,740)	3,288	821
Net income	\$ 3,976	\$ 2,822	\$ 2,682	\$ 2,104	\$ 11,864	\$ 19,472	\$ 13,292	\$ 8,218
<b>Per Common Share (\$'s)</b>								
Basic earnings per share	0.16	0.11	0.10	0.07	0.56	0.83	0.32	0.33
Diluted earnings per share	0.16	0.11	0.10	0.07	0.56	0.83	0.32	0.33
Return on average common equity	7.50%	5.06%	4.81%	3.66%	27.22%	10.29%	4.15%	4.50%
Book value/share	8.64	8.48	8.38	8.28	8.20	8.48	7.79	7.47
Closing market price (common share)	7.17	5.80	4.50	4.70	4.84	5.80	5.10	5.69
Weighted average number of common shares	21,124	21,124	21,124	21,124	20,095	20,864	19,861	19,437
Number of common shares outstanding at period end	21,124	21,124	21,124	21,124	21,124	20,095	20,095	19,437
Total market value of common shares	151,459	122,519	95,058	99,283	102,240	116,551	102,485	110,597
<b>Financial Ratios</b>								
Yield	4.41%	4.22%	4.14%	4.14%	4.24%	4.19%	4.20%	4.20%
Cost of funds	1.54%	1.54%	1.61%	1.63%	1.70%	2.01%	1.64%	1.99%
Net interest income (%)	2.87%	2.68%	2.53%	2.51%	2.54%	2.18%	2.55%	2.21%
Non-interest expenses to average total assets (annualized)	1.59%	1.75%	1.65%	1.47%	1.47%	1.59%	1.53%	1.61%
Efficiency ratio	55.53%	65.10%	65.15%	61.43%	56.49%	62.02%	58.33%	70.07%
Number of full time equivalent staff at period end	81	80	77	75	82	80	80	79
Assets to full time employee	\$ 21,069	\$ 21,464	\$ 21,877	\$ 22,669	\$ 21,755	\$ 21,644	\$ 21,136	\$ 20,502
<b>Credit Quality</b>								
Gross impaired loans	\$ 627	\$ 627	\$ 627	\$ -	\$ -	\$ 627	\$ 627	\$ -
Gross impaired loans as a % of total loans	0.04%	0.04%	0.04%	0.00%	0.00%	0.04%	0.04%	0.00%
Net impaired loans	\$ (1,863)	\$ (1,798)	\$ (1,682)	\$ (2,271)	\$ (3,032)	\$ (1,893)	\$ (1,815)	\$ (3,212)
Provision for credit losses as a % of average loans	0.02%	0.01%	0.00%	-0.15%	0.08%	-0.01%	0.06%	0.12%
<b>Financial Position</b>								
Cash and securities	\$ 84,658	\$ 160,171	\$ 103,579	\$ 100,252	\$ 135,949	\$ 160,171	\$ 103,579	\$ 149,511
Cash and securities to total assets (%)	4.96%	9.29%	6.15%	5.94%	7.67%	9.29%	6.15%	9.20%
Total loans	1,577,675	1,520,857	1,534,893	1,543,266	1,590,470	1,520,857	1,534,893	1,447,660
Mortgages and loans to total assets (%)	92.44%	88.16%	91.12%	91.38%	89.70%	88.16%	91.12%	89.04%
Total assets	1,706,613	1,725,049	1,684,523	1,688,852	1,773,004	1,725,049	1,684,523	1,625,806
Average assets	1,715,832	1,704,786	1,686,688	1,696,626	1,738,702	1,714,725	1,694,462	1,535,833
Deposits	1,353,142	1,376,006	1,343,612	1,348,323	1,430,359	1,376,006	1,343,612	1,325,828
Subordinated notes payable	9,799	9,786	9,772	14,124	14,095	9,786	9,772	13,959
Shareholders' equity	211,752	208,541	206,267	204,139	202,583	208,541	206,267	174,622

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

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	QUARTER					YEAR ENDED		
	2018	2017				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1			
<b>Interest Income</b>								
Loans	\$ 18,568	\$ 17,703	\$ 17,259	\$ 17,138	\$ 18,324	\$ 70,424	\$ 68,496	\$ 62,973
Securities	501	429	325	325	262	\$ 1,341	\$ 1,166	1,484
Total interest income	19,069	18,132	17,584	17,463	18,586	71,765	69,662	64,457
Yield %	4.41%	4.22%	4.14%	4.14%	4.24%	4.19%	4.11%	4.20%
<b>Interest Expense</b>								
Deposits and other	6,459	6,409	6,443	6,536	7,085	32,932	29,855	29,091
Notes	215	215	390	348	356	1,524	1,403	1,392
Total interest expense	6,674	6,624	6,833	6,884	7,441	34,456	31,258	30,483
Cost of funds %	1.54%	1.54%	1.61%	1.63%	1.70%	2.01%	1.83%	1.99%
Net interest income	12,395	11,508	10,751	10,579	11,145	37,309	38,404	33,974
Spread %	2.87%	2.68%	2.53%	2.51%	2.54%	2.18%	2.27%	2.21%
Non-interest income	12	13	12	(453)	287	(129)	1,273	1,394
Total revenue	12,407	11,521	10,763	10,126	11,432	37,180	39,677	35,368
Provision for credit losses	65	116	38	(582)	303	(60)	871	1,545
	12,342	11,405	10,725	10,708	11,129	37,240	38,806	33,823
Non-interest expenses	6,890	7,500	7,012	6,220	6,458	34,080	25,956	24,784
Restructuring charges	-	-	-	1,575	470	2,045	1,092	-
	6,890	7,500	7,012	7,795	6,928	36,125	27,048	24,784
Net income before taxes	5,452	3,905	3,713	2,913	4,201	1,115	11,758	9,039
Income taxes (recovery)	1,476	1,083	1,031	809	(7,663)	-3,264	3,288	821
<b>Net income</b>	\$ 3,976	\$ 2,822	\$ 2,682	\$ 2,104	\$ 11,864	\$ 4,379	\$ 8,470	\$ 8,218
<b>Earnings per common share:</b>								
Basic	\$ 0.16	\$ 0.11	\$ 0.10	\$ 0.07	\$ 0.56	\$ 0.99	\$ 0.32	\$ 0.33
Diluted	\$ 0.16	\$ 0.11	\$ 0.10	\$ 0.07	\$ 0.56	\$ 0.99	\$ 0.32	\$ 0.33
<b>Comprehensive Income</b>								
Net income	\$ 3,976	\$ 2,822	\$ 2,682	\$ 2,104	\$ 11,864	\$ 23,448	\$ 8,470	\$ 8,218
Other comprehensive income (loss), net of tax								
Net unrealized gains (losses) on assets held as available-for-sale	(4)	3	(4)	2	(3)	(6)	(7)	(6)
Amount transferred to net income (loss) for available-for-sale assets	-	-	-	-	-	-	-	-
	(4)	3	(4)	2	(3)	(6)	(7)	(6)
<b>Total comprehensive income</b>	\$ 3,972	\$ 2,825	\$ 2,678	\$ 2,106	\$ 11,861	\$ 23,442	\$ 8,463	\$ 8,212

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

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	QUARTER					YEAR ENDED		
	2018	2017				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1			
Net Interest Income	\$ 12,395	\$ 11,508	\$ 10,751	\$ 10,579	\$ 11,145	\$ 43,983	\$ 38,404	\$ 33,974
<b>Net Interest Income (NII)</b>	12,395	11,508	10,751	10,579	11,145	43,983	38,404	33,974
Credit card non-interest revenue	-	-	-	(464)	249	(215)	1,234	1,308
Other income	12	13	12	11	38	74	39	86
<b>Total non-interest income</b>	12	13	12	(453)	287	(141)	1,273	1,394
<b>Total revenue</b>	\$ 12,407	\$ 11,521	\$ 10,763	\$ 10,126	\$ 11,432	\$ 43,842	\$ 39,677	\$ 35,368
Non-interest income as a % of total revenue	0.10%	0.11%	0.11%	-4.47%	2.51%	-0.32%	3.21%	3.94%
Net interest income per average assets	2.87%	2.68%	2.53%	2.51%	2.54%	2.57%	2.32%	2.21%

(unaudited)  
(C\$ thousands)

	QUARTER					YEAR ENDED		
	2018	2017				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1			
<b>Average loans</b>	\$ 1,549,266	\$ 1,527,875	\$ 1,539,080	\$ 1,566,868	\$ 1,577,041	\$ 1,542,235	\$ 1,491,277	\$ 1,335,954
<b>Average total assets</b>	\$ 1,715,832	\$ 1,704,786	\$ 1,686,688	\$ 1,730,928	\$ 1,738,702	\$ 1,714,725	\$ 1,655,165	\$ 1,535,833

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

	QUARTER					YEAR ENDED		
	2018	2017				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1			
<b>Salaries and Employee Benefits</b>								
Salaries	\$ 2,882	\$ 2,859	\$ 2,828	\$ 2,772	\$ 2,748	\$ 11,207	\$ 11,508	\$ 10,667
Employee benefits	586	658	621	590	580	\$ 2,449	\$ 2,582	2,374
Total	3,468	3,517	3,449	3,362	3,328	13,656	14,090	13,041
<b>Premises</b>								
Rent	178	179	177	188	187	731	713	673
Depreciation	127	167	144	143	99	553	776	393
Other	200	207	195	165	284	851	896	1,029
Total	505	553	516	496	570	2,135	2,385	2,095
<b>General and administrative</b>								
Capital taxes and other assessments	1,064	1,068	969	952	950	3,939	3,186	3,641
Insurance	123	118	118	118	102	456	415	394
Listing, sustaining and annual meeting fees	71	498	44	97	84	723	284	310
Marketing and business development	99	86	120	82	98	386	373	298
Professional fees and consulting services	822	504	757	164	186	1,611	950	754
Credit card administration	-	-	-	145	326	471	1,316	1,394
Other	738	1,156	1,039	804	814	3,813	2,957	2,857
Total	2,917	3,430	3,047	2,362	2,560	11,399	9,481	9,648
<b>Restructuring charges</b>	-	-	-	1,575	470	2,045	1,092	-
<b>Total non-interest expenses</b>	\$ 6,890	\$ 7,500	\$ 7,012	\$ 7,795	\$ 6,928	\$ 29,235	\$ 27,048	\$ 24,784

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

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	QUARTER					YEAR ENDED		
	2018	2017				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1			
<b>Cash and cash equivalents</b>	\$ 84,658	\$ 159,909	\$ 103,323	\$ 99,911	\$ 135,606	\$ 159,909	\$ 93,964	\$ 127,078
<b>Securities</b>	-	262	256	341	343	\$ 262	\$ 9,958	22,433
<b>Total</b>	84,658	160,171	103,579	100,252	135,949	160,171	103,922	149,511
<b>Loans</b>								
Government loans	21,137	22,574	56,568	58,958	64,126	22,574	66,016	72,181
Loan and lease receivables	833,392	806,347	800,215	779,644	796,766	806,347	783,669	618,432
Residential mortgages	93,796	81,190	88,213	89,416	90,555	81,190	95,624	112,759
Commerical mortgages	265,994	284,329	262,015	259,244	237,079	284,329	227,816	269,193
Construction mortgages	239,536	224,727	215,565	244,839	258,811	224,727	256,429	237,100
Commercial loans	117,531	95,293	106,031	105,069	114,434	95,293	102,265	104,996
Credit card receivables and other	2,757	3,012	2,982	3,022	26,238	3,012	29,373	31,168
Allowance for credit losses	(2,490)	(2,425)	(2,309)	(2,271)	(3,032)	(2,425)	(3,031)	(3,212)
Accrued interest	6,022	5,810	5,613	5,345	5,493	5,810	5,451	5,043
<b>Total</b>	1,577,675	1,520,857	1,534,893	1,543,266	1,590,470	1,520,857	1,563,612	1,447,660
<b>Other assets</b>								
Capital assets	8,033	8,020	7,625	7,353	6,600	8,020	4,330	4,349
Other assets	36,247	36,001	38,426	37,981	39,985	36,001	32,536	24,286
<b>Total</b>	44,280	44,021	46,051	45,334	46,585	44,021	36,866	28,635
<b>Total assets</b>	\$ 1,706,613	\$ 1,725,049	\$ 1,684,523	\$ 1,688,852	\$ 1,773,004	\$ 1,725,049	\$ 1,704,400	\$ 1,625,806
<b>Deposits</b>								
Demand	\$ 18,589	\$ 18,983	\$ 18,648	\$ 19,328	\$ 18,134	\$ 18,983	\$ 17,458	\$ 17,048
Trustee chequing accounts	287,937	275,182	252,367	213,431	197,174	275,182	189,074	110,575
Term (including accrued interest)	1,046,616	1,081,841	1,072,597	1,115,564	1,215,051	1,081,841	1,163,115	1,198,205
<b>Total</b>	1,353,142	1,376,006	1,343,612	1,348,323	1,430,359	1,376,006	1,369,647	1,325,828
<b>Securitization liabilities</b>	33,435	33,256	33,409	33,230	33,382	33,256	43,585	43,525
<b>Other liabilities</b>	98,485	97,460	91,463	89,036	92,585	97,460	91,217	67,872
<b>Subordinated notes payable</b>	9,799	9,786	9,772	14,124	14,095	9,786	14,067	13,959
<b>Shareholders' equity</b>								
Share capital	182,094	182,094	182,094	182,094	182,094	182,094	176,706	171,706
Retained earnings (deficit)	29,658	26,443	24,172	22,040	20,486	26,443	9,172	2,903
Accumulated other comprehensive income	-	4	1	5	3	4	6	13
<b>Total</b>	211,752	208,541	206,267	204,139	202,583	208,541	185,884	174,622
<b>Total liabilities and shareholders' equity</b>	\$ 1,706,613	\$ 1,725,049	\$ 1,684,523	\$ 1,688,852	\$ 1,773,004	\$ 1,725,049	\$ 1,704,400	\$ 1,625,806

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

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	QUARTER					YEAR ENDED		
	2018	2017				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1			
<b>Gross impaired loans</b>								
Residential mortgages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial and government loans	-	-	-	-	-	-	-	-
Other loans	627	627	627	-	-	627	-	-
Total gross impaired loans	\$ 627	\$ 627	\$ 627	\$ -	\$ -	\$ 627	\$ -	\$ -
<b>Allowance for credit losses</b>								
Individual allowance	\$ 200	\$ 200	\$ 200	\$ -	\$ -	\$ 200	\$ -	\$ -
Collective allowance	2,290	2,225	2,118	2,262	2,048	2,225	1,976	2,146
Collective allowance - credit cards and other	-	-	-	9	984	-	1,055	1,066
Total allowance for credit losses	\$ 2,490	\$ 2,425	\$ 2,309	\$ 2,271	\$ 3,032	\$ 2,425	\$ 3,031	\$ 3,212
<b>Reconciliation of allowance for credit losses</b>								
Balance, beginning of period	\$ 2,425	\$ 2,309	\$ 2,271	\$ 3,032	\$ 3,031	\$ 3,125	\$ 3,212	\$ 2,905
Provision for credit losses	65	116	38	(582)	303	-125	1,190	1,545
Recoveries (write-offs)	-	-	-	(179)	(302)	(480)	(1,277)	(1,238)
Balance, end of period	\$ 2,490	\$ 2,425	\$ 2,309	\$ 2,271	\$ 3,032	\$ 2,520	\$ 3,125	\$ 3,212
Total net impaired loans	\$ (1,863)	\$ (1,798)	\$ (1,682)	\$ (2,271)	\$ (3,032)	\$ (1,893)	\$ (3,125)	\$ (3,212)
Total loans	\$ 1,577,675	\$ 1,520,857	\$ 1,534,893	\$ 1,543,266	\$ 1,590,470	\$ 1,520,857	\$ 1,563,612	\$ 1,447,660
Gross impaired loans as a % of total loans	0.04%	0.04%	0.04%	0.00%	0.00%	0.04%	0.00%	0.00%
Provision for credit losses as a % of average loans	0.02%	0.01%	0.00%	-0.15%	0.02%	-0.01%	-0.01%	0.12%

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

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**Modified Capital Disclosure Template**

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

- 1 Directly issued qualifying common share capital
- 2 Retained earnings
- 3 Accumulated other comprehensive income
- 6 Common Equity Tier 1 capital before regulatory adjustments
- 28 Total regulatory adjustments to Common Equity Tier 1
- 29 Common Equity Tier 1 capital (CET1)

**Additional Tier 1 capital: instruments**

- 30 Directly issued qualifying Additional Tier 1 instruments
- 45 Tier 1 capital (T1 = CET1 + AT1)

**Tier 2 capital: instruments and allowances**

- 47 Directly issued capital instruments subject to phase out from Tier 2
- 51 Tier 2 capital before regulatory adjustments
- 57 Total regulatory adjustments to Tier 2 capital
- 58 Tier 2 capital (T2)

59 Total capital (TC = T1 + T2)

60 Total risk-weighted assets

**Capital ratios**

- 61 Common Equity Tier 1 ( as a % of risk-weighted assets)
- 62 Tier 1 ( as a % of risk-weighted assets)
- 63 Total capital ( as a % of risk-weighted assets)

**OSFI all-in target**

- 69 Common Equity Tier 1 all-in target ratio
- 70 Tier 1 capital all-in target ratio
- 71 Total capital all-in target ratio

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

- 84 Current cap on T2 instruments subject to phase-out arrangements
- 85 Amounts excluded from T2 due to cap

	ALL-IN				
	2018	2017			
	Q1	Q4	Q3	Q2	Q1
\$ 152,757	\$ 152,757	\$ 152,757	\$ 152,757	\$ 152,757	\$ 152,756
29,658	26,443	24,172	22,040	20,486	
0	4	1	5	3	
182,415	179,204	176,930	174,802	173,245	
25,113	26,415	27,328	28,221	28,869	
157,302	152,789	149,602	146,581	144,376	
29,337	29,337	29,337	29,337	29,337	
186,639	182,126	178,939	175,918	173,714	
6,000	6,000	6,000	6,900	9,800	
6,000	6,000	6,000	6,900	9,800	
-	-	-	-	-	
6,000	6,000	6,000	6,900	9,800	
\$ 192,639	\$ 188,126	\$ 184,939	\$ 182,818	\$ 183,514	
\$ 1,473,420	\$ 1,420,276	\$ 1,360,050	\$ 1,373,051	\$ 1,403,760	
10.68%	10.76%	11.00%	10.68%	10.28%	
12.67%	12.82%	13.16%	12.81%	12.37%	
13.07%	13.25%	13.60%	13.31%	13.07%	
7.00%	7.00%	7.00%	7.00%	7.00%	
8.50%	8.50%	8.50%	8.50%	8.50%	
10.50%	10.50%	10.50%	10.50%	10.50%	
\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	
-	-	-	-	-	

**Modified Capital Disclosure Template**

- 29 Common Equity Tier 1 capital (CET1)
- 45 Tier 1 capital (T1 = CET1 + AT1)
- 59 Total capital (TC = T1 + T2)

60 Total risk-weighted assets

**Capital ratios**

- 61 Common Equity Tier 1 ( as a % of risk-weighted assets)
- 62 Tier 1 ( as a % of risk-weighted assets)
- 63 Total capital ( as a % of risk-weighted assets)

	TRANSITIONAL				
	2018	2017			
	Q1	Q4	Q3	Q2	Q1
\$ 162,325	\$ 158,072	\$ 155,068	\$ 152,226	\$ 150,150	
\$ 191,721	\$ 187,409	\$ 184,405	\$ 181,563	\$ 179,488	
\$ 197,721	\$ 193,409	\$ 190,405	\$ 188,463	\$ 189,288	
\$ 1,478,443	\$ 1,425,559	\$ 1,365,516	\$ 1,378,694	\$ 1,409,534	
10.98%	11.09%	11.36%	11.04%	10.65%	
12.97%	13.15%	13.50%	13.17%	12.73%	
13.37%	13.57%	13.94%	13.67%	13.43%	



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

	All-in				
	2018	2017			
	Q1	Q4	Q3	Q2	Q1
<b>On-Balance Sheet Exposures</b>					
1 On-balance sheet assets	\$ 1,706,613	\$ 1,725,049	\$ 1,684,523	\$ 1,688,851	\$ 1,773,004
2 Asset amounts deducted in determining Basel III 'all-in' Tier 1 Capital	(25,113)	(26,415)	(27,328)	(28,220)	(28,869)
3 Total on-balance sheet exposures	1,681,500	1,698,634	1,657,195	1,660,631	1,744,135
<b>Other Off-Balance Sheet Exposures</b>					
17 Off-balance sheet exposure at gross notional amount	\$ 282,807	\$ 295,124	\$ 228,797	\$ 227,252	\$ 254,133
18 Adjustments for conversion to credit equivalent amounts	(160,126)	(182,977)	(142,957)	(141,141)	(160,972)
19 Off-balance sheet items	122,681	112,147	85,840	86,111	93,161
<b>Capital and Total Exposures</b>					
20 Tier 1 Capital	186,639	182,126	178,939	175,918	173,714
21 Total Exposures	1,804,181	1,810,781	1,743,035	1,746,742	1,837,296
<b>Leverage Ratios</b>					
22 Basel III leverage ratio	10.34%	10.06%	10.27%	10.07%	9.45%