

**MAJORITY VOTING IN DIRECTOR ELECTIONS**  
**POLICY & PROCEDURES**

**Board Approved:**  
**February 27, 2017**

This Majority Voting Policy (the “Policy”) has unanimously been adopted by the Board of Directors (the “Board”) of VersaBank (“VB”) for director elections at any meeting of VB’s shareholders where an “uncontested election” of directors is held. For the purpose of this Policy, an “uncontested election” of directors of VB means an election where the number of nominees for directors is equal to the number of directors to be elected. This Policy does not apply where an election involves a proxy battle (i.e. where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board). Future nominees for election to the Board of VB will be required to confirm that they will abide by this Policy.

Pursuant to this Policy, the forms of proxy for the election of directors will permit the shareholders of VB, separately for each director nominee, to either vote in favour of a nominee (a “For” vote), or to withhold from voting for a nominee (a “Withheld” vote). The Chair of the Board will ensure that the number of votes For or Withheld for each director nominee is recorded. After the shareholders’ meeting, VB shall promptly, via a press release, make the voting results for each director nominee public, including the percentages of votes received For and Withheld for each director.

If the number of Withheld votes for a particular director nominee is greater than the For votes for that director nominee, such director nominee shall be required to promptly submit his/her resignation to the Chair of the Board following the shareholders’ meeting, however, the resignation shall not be effective until it is accepted by the Board.

Upon receipt of a resignation submitted pursuant to this Policy, the Board will refer the director nominee’s resignation to the Conduct Review, Governance & HR Committee (the “HR Committee”). The HR Committee shall then consider and shall recommend to the Board whether or not to accept the resignation. Absent exceptional circumstances warranting the continued service of the applicable director, the HR Committee shall recommend acceptance of the resignation to the Board. In determining whether or not to accept the resignation, the HR Committee shall consider all factors deemed relevant by members of the HR Committee including, but not limited to, the stated reasons why the shareholders Withheld votes from the election of that nominee, the length of service and the qualifications of the director whose resignation has been submitted, such director’s contributions to VB, and VB’s governance guidelines.

Within ninety (90) days following the shareholders’ meeting, the Board shall make its decision, on the HR Committee’s recommendation. In considering the HR Committee’s recommendation, the Board will take into consideration the same factors considered by the HR Committee together with such additional information and factors as the Board considers to be relevant.

Following the Board’s decision on the resignation, VB shall publicly disclose, via press release, the Board’s decision whether to accept the applicable director nominee’s resignation including, if applicable, the reasons for rejecting the resignation. If a resignation is accepted, subject to VB’s

by-laws and any corporate law restrictions, the Board may leave the vacancy unfilled or appoint a new director to fill the vacancy.

A director who tenders his/her resignation pursuant to this Policy shall not be permitted to participate in any meetings of the Board or Committee at which his/her resignation is to be considered.

In the event that a sufficient number of the HR Committee members receive a greater number of Withheld votes than the For votes for such members in the same election such that the HR Committee no longer has quorum, then the remaining members of the HR Committee, if any, shall not consider the resignation(s). Instead, the Board shall consider whether or not to accept the resignation(s) without a recommendation from the HR Committee.

In the event that a sufficient number of the Board members receive a greater number of Withheld votes than the For votes for such members in the same election, such that the Board no longer has a quorum, then such directors receiving a majority Withheld vote shall not be permitted to vote in any meeting of the Board at which his/her resignation is considered, however, he/she shall be counted for the purpose of determining whether the Board has quorum.

In the event that a director who receives a greater number of Withheld votes than For votes for such director's election does not tender his/her resignation in accordance with this Policy, he/she will not be re-nominated by the Board.