

VersaBank

First Quarter 2019 | Financial Results Conference Call
February 27, 2019



VersaBank
Choice Through Innovation

Advisory

The Bank occasionally makes forward-looking statements about its objectives, operations and targeted financial results. These statements may be written or verbal and may be included in such things as press releases, corporate presentations, annual reports and other disclosure documents and communications. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. A number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the strength of the Canadian economy in general, and the strength of local economies within Canada, in which we conduct operations; the effect of changes in interest rates; the effects of competition in the markets in which we operate; capital market fluctuations; and the impact of changes in laws and regulations. When relying on forward-looking statements to make decisions, investors and others should carefully consider these factors and other uncertainties or potential events. The Bank makes no undertaking to update any forward-looking statement that is made from time to time by the Bank.



First Quarter 2019 Results

Q1 Core Cash
Earning

\$6.8 million

↑ 15% yoy

Q1 Core Cash
EPS

\$0.32

↑ \$0.04 yoy

Q1 Core Cash
ROCE

12.62%

↑ 87 bps yoy

Q1 Net
Income

\$4.9 million

↑ 24% yoy

Business Unit Update

<p>LYAUGUST SEPTEMBERINR 52.5 52.04 3,097.61 49.89 2,988.46 DN 3.06 420.23 24,944.01 DN 1.21 17,879.22 NB 7 155.21 181.75 10,730.91 D</p> <h2>Commercial Banking</h2> <p>47 5,874.00 19.79 D 1 69.72 4,106.49 D</p>	<ul style="list-style-type: none">Commercial real estate, corporate, commercial and public sector lending.Loans originated through direct contact with the Bank's clients and through brokers and syndication partners.	<ul style="list-style-type: none">Q1 Assets \$659Mdown 8.27% from the previous quarterdown 8.65% from a year ago
<p>LYAUGUST SEPTEMBERINR 52.5 52.04 3,097.61 49.89 2,988.46 DN 3.06 420.23 24,944.01 DN 1.21 17,879.22 NB 7 155.21 181.75 10,730.91 D</p> <h2>eCommerce</h2> <p>47 5,874.00 19.79 D 1 69.72 4,106.49 D</p>	<ul style="list-style-type: none">Small consumer and commercial loan and lease receivables purchased electronically from vendor partners who originate point of sale financing in various markets throughout Canada.	<ul style="list-style-type: none">Q1 Assets \$927Mup 3.53% from the previous quarterup 10.48% from a year ago
<p>LYAUGUST SEPTEMBERINR 52.5 52.04 3,097.61 49.89 2,988.46 DN 3.06 420.23 24,944.01 DN 1.21 17,879.22 NB 7 155.21 181.75 10,730.91 D</p> <h2>Diversified Funding</h2> <p>47 5,874.00 19.79 D 1 69.72 4,106.49 D</p>	<ul style="list-style-type: none">Personal deposits (primarily GICs), sourced through a nationwide deposit broker network.Commercial deposits sourced through custom accounts to the insolvency industry – growth of 16.5% this past year.Cash security deposits retained from the Bank's eCommerce originator partners.	<ul style="list-style-type: none">Q1 Cost of Funds 1.90%up 8 bps from the previous quarterup 36 bps from a year ago

Financial Ratios

Capital

CET1 Ratio
12.26%
↑ 158 bps yoy

Total Capital Ratio
14.54%
↑ 147 bps yoy

Book Value

Book value
\$9.39
↑ 9%
from \$8.64 yoy

VersaVault

VersaVault Inc. (“VV”) is a wholly owned subsidiary of the Bank and was formed to develop and provide cyber-security services to commercial entities.

VersaVault recently announced the successful completion of its technology beta-testing with its target client base and the commencement of the commercialization phase of the developed service offering which will be provided, initially to cryptocurrency exchanges and crypto based investment funds.

The World’s first Blockchain based safety deposit box

