



## **Supplemental Financial Information**

**For the quarter ended October 31, 2019  
(unaudited)**

### **Page**

1	Highlights
2	Net Income
3	Net Interest Income, Non-Interest Income and Total Revenue
4	Non-Interest Expenses
5	Balance Sheet
6	Impaired Loans and Allowance for Credit Losses
7	Allowance for Credit Losses By Lending Assets for the Quarter
8	Allowance for Credit Losses By Lending Assets Year to Date
9	Basel III Disclosure
10	Leverage Ratio Disclosure

### **Use of this Report**

This financial information is supplementary to the Bank's fourth quarter unaudited interim consolidated financial statements, management discussion and analysis, and its 2019 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)

Page 1

	QUARTER								YEAR ENDED			
	2019				2018				2019	2018	2017	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
<b>Results of Operations</b>												
Interest income	\$ 22,263	\$ 22,958	\$ 21,125	\$ 21,959	\$ 22,036	\$ 20,446	\$ 19,363	\$ 19,069	\$ 88,305	\$ 80,914	\$ 71,765	
Net interest income	13,655	14,059	12,743	13,440	13,707	12,965	12,432	12,395	53,897	51,499	43,983	
Non-interest income	(20)	19	4	19	120	17	37	12	22	186	(141)	
Total revenue	13,635	14,078	12,747	13,459	13,827	12,982	12,469	12,407	53,919	51,685	43,842	
Provision for credit losses (recovery)*	21	381	(411)	(289)	191	128	(50)	65	(298)	334	(125)	
Non-interest expenses	6,171	6,860	6,411	6,954	6,423	6,408	6,617	6,890	26,396	26,338	27,190	
Restructuring charges	-	-	-	-	-	-	-	-	-	-	2,045	
Net income before income tax	7,443	6,837	6,747	6,794	7,213	6,446	5,902	5,452	27,821	25,013	14,732	
Income tax provision (recovery)	2,038	1,874	1,851	1,862	2,049	1,768	1,646	1,476	7,625	6,939	(4,740)	
Net income	\$ 5,405	\$ 4,963	\$ 4,896	\$ 4,932	\$ 5,164	\$ 4,678	\$ 4,256	\$ 3,976	\$ 20,196	\$ 18,074	\$ 19,472	
<b>Per Common Share (\$'s)</b>												
Basic earnings per share	0.23	0.21	0.21	0.21	0.21	0.20	0.18	0.16	0.85	0.75	0.83	
Diluted earnings per share	0.23	0.21	0.21	0.21	0.21	0.20	0.18	0.16	0.85	0.75	0.83	
Return on average common equity	9.23%	8.56%	8.89%	8.86%	9.53%	8.72%	8.25%	7.50%	8.89%	8.50%	10.29%	
Book value/share	9.98	9.77	9.58	9.39	9.19	8.99	8.80	8.64	9.98	9.19	8.48	
Closing market price (common share)	6.57	7.05	7.50	7.43	7.05	6.88	7.05	7.17	6.57	7.05	5.80	
Weighted average number of common shares	21,124	21,124	21,124	21,124	21,124	21,124	21,124	21,124	21,124	21,124	20,864	
Number of common shares outstanding at period end	21,124	21,124	21,124	21,124	21,124	21,124	21,124	21,124	21,124	21,124	20,095	
Total market value of common shares	138,785	148,924	158,430	156,951	148,924	145,333	148,924	151,459	138,785	148,924	116,551	
<b>Financial Ratios</b>												
Yield	4.96%	5.10%	4.89%	4.90%	4.82%	4.55%	4.59%	4.41%	4.91%	4.58%	4.19%	
Cost of funds	1.92%	1.98%	1.94%	1.90%	1.82%	1.67%	1.64%	1.54%	1.91%	1.66%	1.62%	
Net interest income (%)	3.04%	3.12%	2.95%	3.00%	3.00%	2.88%	2.95%	2.87%	3.00%	2.91%	2.57%	
Non-interest expenses to average total assets (annualized)	1.37%	1.52%	1.48%	1.55%	1.41%	1.43%	1.57%	1.59%	1.47%	1.49%	1.59%	
Efficiency ratio	45.26%	48.73%	50.29%	51.67%	46.45%	49.36%	53.07%	55.53%	48.95%	50.96%	62.02%	
Number of full time equivalent staff at period end	92	89	87	86	86	86	82	81	92	86	80	
Assets to full time employee	\$ 19,385	\$ 20,053	\$ 20,741	\$ 20,400	\$ 21,135	\$ 21,231	\$ 21,350	\$ 21,069	\$ 19,385	\$ 21,135	\$ 21,644	
<b>Credit Quality</b>												
Gross impaired loans	\$ 6,282	\$ 25,496	\$ 25,496	\$ 19,630	\$ 627	\$ 627	\$ 627	\$ 627	\$ 6,282	\$ 627	\$ 627	
Gross impaired loans as a % of total loans	0.39%	1.58%	1.57%	1.22%	0.04%	0.04%	0.04%	0.04%	0.39%	0.04%	0.04%	
Net impaired loans	\$ 4,163	\$ 23,162	\$ 23,543	\$ 17,266	\$ (2,132)	\$ (1,941)	\$ (1,813)	\$ (1,863)	\$ 4,163	\$ (2,132)	\$ (1,798)	
Provision for credit losses as a % of average loans	0.00%	0.02%	(0.03%)	(0.02%)	0.01%	0.03%	0.00%	0.02%	(0.02%)	0.02%	(0.01%)	
<b>Financial Position</b>												
Cash and securities	\$ 149,206	\$ 118,310	\$ 132,129	\$ 105,193	\$ 139,798	\$ 125,231	\$ 144,220	\$ 84,658	\$ 149,206	\$ 139,798	\$ 160,171	
Cash and securities to total assets (%)	8.36%	6.66%	7.36%	6.02%	7.73%	6.90%	8.24%	4.96%	8.36%	7.73%	9.29%	
Total loans	1,594,288	1,613,811	1,628,116	1,603,185	1,631,026	1,649,326	1,564,424	1,577,675	1,594,288	1,631,026	1,520,857	
Mortgages and loans to total assets (%)	89.30%	90.83%	90.64%	91.81%	90.16%	90.86%	89.36%	92.44%	89.30%	90.16%	88.16%	
Total assets	1,785,381	1,776,659	1,796,192	1,746,278	1,809,130	1,815,234	1,750,697	1,706,613	1,785,381	1,809,130	1,725,049	
Average assets	1,781,020	1,786,426	1,771,235	1,777,704	1,812,182	1,782,966	1,728,656	1,715,832	1,797,256	1,767,089	1,714,725	
Deposits	1,399,889	1,398,286	1,425,057	1,371,123	1,437,431	1,450,615	1,393,916	1,353,142	1,399,889	1,437,431	1,376,006	
Subordinated notes payable	4,881	4,879	4,876	9,859	9,844	9,829	9,814	9,799	4,881	9,844	9,786	
Shareholders' equity	240,163	235,730	231,739	227,710	223,567	219,164	215,247	211,752	240,163	223,567	208,541	

\* 2018 and 2017 have not been restated to reflect IFRS 9 adopted in 2019. The adoption of IFRS 9 has been applied prospectively 2019.

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

	QUARTER								YEAR ENDED			
	2019				2018				2019	2018	2017	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
<b>Interest Income</b>												
Loans	\$ 21,328	\$ 22,019	\$ 20,398	\$ 21,130	\$ 21,315	\$ 19,894	\$ 18,732	\$ 18,568	\$ 84,875	\$ 78,509	\$ 70,424	
Securities	935	939	727	829	721	552	631	501	3,430	2,405	1,341	
Total interest income	22,263	22,958	21,125	21,959	22,036	20,446	19,363	19,069	88,305	80,914	71,765	
Yield %	4.96%	5.10%	4.89%	4.90%	4.82%	4.55%	4.59%	4.41%	4.91%	4.58%	4.19%	
<b>Interest Expense</b>												
Deposits and other	8,481	8,771	8,099	8,302	8,113	7,264	6,721	6,459	33,653	28,557	26,473	
Notes	127	128	283	217	216	217	210	215	755	858	1,309	
Total interest expense	8,608	8,899	8,382	8,519	8,329	7,481	6,931	6,674	34,408	29,415	27,782	
Cost of funds %	1.92%	1.98%	1.94%	1.90%	1.82%	1.67%	1.64%	1.54%	1.91%	1.66%	1.62%	
Net interest income	13,655	14,059	12,743	13,440	13,707	12,965	12,432	12,395	53,897	51,499	43,983	
Spread %	3.04%	3.12%	2.95%	3.00%	3.00%	2.88%	2.95%	2.87%	3.00%	2.91%	2.57%	
Non-interest income	(20)	19	4	19	120	17	37	12	22	186	(141)	
Total revenue	13,635	14,078	12,747	13,459	13,827	12,982	12,469	12,407	53,919	51,685	43,842	
Provision for credit losses (recovery) <sup>(1)</sup>	21	381	(411)	(289)	191	128	(50)	65	(298)	334	(125)	
	13,614	13,697	13,158	13,748	13,636	12,854	12,519	12,342	54,217	51,351	43,967	
Non-interest expenses	6,171	6,860	6,411	6,954	6,423	6,408	6,617	6,890	26,396	26,338	27,190	
Restructuring charges	-	-	-	-	-	-	-	-	-	-	2,045	
	6,171	6,860	6,411	6,954	6,423	6,408	6,617	6,890	26,396	26,338	29,235	
Net income before taxes	7,443	6,837	6,747	6,794	7,213	6,446	5,902	5,452	27,821	25,013	14,732	
Income taxes (recovery)	2,038	1,874	1,851	1,862	2,049	1,768	1,646	1,476	7,625	6,939	(4,740)	
<b>Net income</b>	\$ 5,405	\$ 4,963	\$ 4,896	\$ 4,932	\$ 5,164	\$ 4,678	\$ 4,256	\$ 3,976	\$ 20,196	\$ 18,074	\$ 19,472	
<b>Earnings per common share:</b>												
Basic	\$ 0.23	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.20	\$ 0.18	\$ 0.16	\$ 0.85	\$ 0.75	\$ 0.83	
Diluted	\$ 0.23	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.20	\$ 0.18	\$ 0.16	\$ 0.85	\$ 0.75	\$ 0.83	
<b>Comprehensive Income</b>												
Net income	\$ 5,405	\$ 4,963	\$ 4,896	\$ 4,932	\$ 5,164	\$ 4,678	\$ 4,256	\$ 3,976	\$ 20,196	\$ 18,074	\$ 19,472	
Other comprehensive income (loss), net of tax												
Net unrealized gains (losses) on fair value through OCI assets <sup>(2)</sup>	-	-	-	-	-	-	-	(4)	-	(4)	(2)	
	-	-	-	-	-	-	-	(4)	-	(4)	(2)	
<b>Total comprehensive income</b>	\$ 5,405	\$ 4,963	\$ 4,896	\$ 4,932	\$ 5,164	\$ 4,678	\$ 4,256	\$ 3,972	\$ 20,196	\$ 18,070	\$ 19,470	

(1) 2018 and 2017 have not been restated to reflect IFRS 9 adopted in 2019. The adoption of IFRS 9 has been applied prospectively 2019.

(2) 2018 and 2017 net unrealized gains (losses) based on assets held as available-for-sale per IAS 39

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

Page 3

	QUARTER								YEAR ENDED		
	2019				2018				2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
Net Interest Income	\$ 13,655	\$ 14,059	\$ 12,743	\$ 13,440	\$ 13,707	\$ 12,965	\$ 12,432	\$ 12,395	\$ 53,897	\$ 51,499	\$ 43,983
<b>Net Interest Income (NII)</b>	13,655	14,059	12,743	13,440	13,707	12,965	12,432	12,395	53,897	51,499	43,983
Credit card non-interest revenue	-	-	-	-	-	-	-	-	-	-	(215)
Other income	(20)	19	4	19	120	17	37	12	22	186	74
<b>Total non-interest income</b>	(20)	19	4	19	120	17	37	12	22	186	(141)
<b>Total revenue</b>	\$ 13,635	\$ 14,078	\$ 12,747	\$ 13,459	\$ 13,827	\$ 12,982	\$ 12,469	\$ 12,407	\$ 53,919	\$ 51,685	\$ 43,842
Non-interest income as a % of total revenue	-0.15%	0.13%	0.03%	0.14%	0.87%	0.13%	0.30%	0.10%	0.04%	0.36%	-0.32%
Net interest income per average assets	3.04%	3.12%	2.95%	3.00%	3.00%	2.88%	2.95%	2.87%	3.00%	2.91%	2.57%

(unaudited)  
(C\$ thousands)

	QUARTER								YEAR ENDED		
	2019				2018				2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
Average loans	\$ 1,604,050	\$ 1,620,964	\$ 1,615,651	\$ 1,617,106	\$ 1,640,176	\$ 1,606,875	\$ 1,571,050	\$ 1,549,266	\$ 1,612,657	\$ 1,575,942	\$ 1,542,235
Average total assets	\$ 1,781,020	\$ 1,786,426	\$ 1,771,235	\$ 1,777,704	\$ 1,812,182	\$ 1,782,966	\$ 1,728,656	\$ 1,715,832	\$ 1,797,256	\$ 1,767,089	\$ 1,714,725

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

	QUARTER								YEAR ENDED		
	2019				2018				2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Salaries and Employee Benefits</b>											
Salaries	\$ 2,776	\$ 3,159	\$ 3,380	\$ 3,343	\$ 3,061	\$ 3,141	\$ 2,888	\$ 2,882	\$ 12,658	\$ 11,972	\$ 11,207
Employee benefits	696	779	479	562	638	590	551	586	2,516	2,365	2,449
Total	3,472	3,938	3,859	3,905	3,699	3,731	3,439	3,468	15,174	14,337	13,656
<b>Premises</b>											
Rent	115	130	124	151	180	174	184	178	520	716	731
Depreciation	173	182	186	180	222	137	137	127	721	623	553
Other	273	296	304	316	265	219	281	200	1,189	965	851
Total	561	608	614	647	667	530	602	505	2,430	2,304	2,135
<b>General and administrative</b>											
Capital taxes and other assessments	486	479	484	484	409	853	775	1,064	1,933	3,101	3,939
Insurance	134	117	125	118	124	115	122	123	494	484	456
Listing, sustaining and annual meeting fees	47	78	77	85	47	44	104	71	287	266	723
Marketing and business development	67	78	73	91	70	79	103	99	309	351	386
Professional fees and consulting services	495	664	318	536	406	241	290	822	2,013	1,759	1,611
Credit card administration	-	-	-	-	-	-	-	-	-	-	471
Other	909	898	861	1,088	1,001	815	1,182	738	3,756	3,736	3,813
Total	2,138	2,314	1,938	2,402	2,057	2,147	2,576	2,917	8,792	9,697	11,399
<b>Restructuring charges</b>	-	-	-	-	-	-	-	-	-	-	2,045
<b>Total non-interest expenses</b>	\$ 6,171	\$ 6,860	\$ 6,411	\$ 6,954	\$ 6,423	\$ 6,408	\$ 6,617	\$ 6,890	\$ 26,396	\$ 26,338	\$ 29,235

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

	QUARTER								YEAR ENDED		
	2019				2018				2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Cash and cash equivalents</b>	\$ 139,145	\$ 108,299	\$ 122,090	\$ 95,203	\$ 129,781	\$ 122,257	\$ 144,220	\$ 84,658	\$ 139,145	\$ 129,781	\$ 159,909
<b>Securities</b>	10,061	10,011	10,039	9,990	10,017	2,974	-	-	10,061	10,017	262
<b>Total</b>	<b>149,206</b>	<b>118,310</b>	<b>132,129</b>	<b>105,193</b>	<b>139,798</b>	<b>125,231</b>	<b>144,220</b>	<b>84,658</b>	<b>149,206</b>	<b>139,798</b>	<b>160,171</b>
<b>Loans</b>											
Commercial real estate	509,564	554,956	601,395	568,331	594,627	624,707	558,061	570,345	509,564	594,627	559,501
Non-commercial real estate	44,608	43,789	50,842	60,328	91,517	78,218	105,420	108,577	44,608	91,517	82,080
Corporate and public sector	40,670	43,378	47,574	48,845	50,922	54,090	57,409	61,829	40,670	50,922	69,544
Structured finance	994,842	966,470	923,715	921,303	889,822	888,077	839,853	833,392	994,842	889,822	806,347
Credit card receivables	-	-	-	-	-	-	-	-	-	-	-
Allowance for credit losses <sup>(1)</sup>	(2,119)	(2,334)	(1,953)	(2,364)	(2,759)	(2,568)	(2,440)	(2,490)	(2,119)	(2,759)	(2,425)
Accrued interest	6,723	7,552	6,543	6,742	6,897	6,802	6,121	6,022	6,723	6,897	5,810
<b>Total</b>	<b>1,594,288</b>	<b>1,613,811</b>	<b>1,628,116</b>	<b>1,603,185</b>	<b>1,631,026</b>	<b>1,649,326</b>	<b>1,564,424</b>	<b>1,577,675</b>	<b>1,594,288</b>	<b>1,631,026</b>	<b>1,520,857</b>
<b>Other assets</b>											
Capital assets	7,911	8,029	8,203	8,368	8,390	6,098	8,096	8,033	7,911	8,390	8,020
Other assets	33,976	36,509	27,744	29,532	29,916	34,579	33,957	36,247	33,976	29,916	36,001
<b>Total</b>	<b>41,887</b>	<b>44,538</b>	<b>35,947</b>	<b>37,900</b>	<b>38,306</b>	<b>40,677</b>	<b>42,053</b>	<b>44,280</b>	<b>41,887</b>	<b>38,306</b>	<b>44,021</b>
<b>Total assets</b>	<b>\$ 1,785,381</b>	<b>\$ 1,776,659</b>	<b>\$ 1,796,192</b>	<b>\$ 1,746,278</b>	<b>\$ 1,809,130</b>	<b>\$ 1,815,234</b>	<b>\$ 1,750,697</b>	<b>\$ 1,706,613</b>	<b>\$ 1,785,381</b>	<b>\$ 1,809,130</b>	<b>\$ 1,725,049</b>
<b>Deposits</b>											
Demand	\$ 12,925	\$ 13,024	\$ 13,119	\$ 13,921	\$ 15,231	\$ 16,375	\$ 17,256	\$ 18,589	\$ 12,925	\$ 15,231	\$ 18,983
Trustee chequing accounts	386,052	369,477	351,905	395,225	395,994	333,362	334,081	287,937	386,052	395,994	275,182
Term (including accrued interest)	1,000,912	1,015,785	1,060,033	961,977	1,026,206	1,100,878	1,042,579	1,046,616	1,000,912	1,026,206	1,081,841
<b>Total</b>	<b>1,399,889</b>	<b>1,398,286</b>	<b>1,425,057</b>	<b>1,371,123</b>	<b>1,437,431</b>	<b>1,450,615</b>	<b>1,393,916</b>	<b>1,353,142</b>	<b>1,399,889</b>	<b>1,437,431</b>	<b>1,376,006</b>
<b>Securitization liabilities</b>	33,366	33,518	33,338	33,490	33,310	33,462	33,283	33,435	33,366	33,310	33,256
<b>Other liabilities</b>	107,082	104,246	101,182	104,096	104,978	102,164	98,437	98,485	107,082	104,978	97,460
<b>Subordinated notes payable</b>	4,881	4,879	4,876	9,859	9,844	9,829	9,814	9,799	4,881	9,844	9,786
<b>Shareholders' equity</b>											
Share capital	182,094	182,094	182,094	182,094	182,094	182,094	182,094	182,094	182,094	182,094	182,094
Retained earnings	58,069	53,636	49,645	45,616	41,473	37,070	33,153	29,658	58,069	41,473	26,443
Accumulated other comprehensive income	-	-	-	-	-	-	-	-	-	-	4
<b>Total</b>	<b>240,163</b>	<b>235,730</b>	<b>231,739</b>	<b>227,710</b>	<b>223,567</b>	<b>219,164</b>	<b>215,247</b>	<b>211,752</b>	<b>240,163</b>	<b>223,567</b>	<b>208,541</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,785,381</b>	<b>\$ 1,776,659</b>	<b>\$ 1,796,192</b>	<b>\$ 1,746,278</b>	<b>\$ 1,809,130</b>	<b>\$ 1,815,234</b>	<b>\$ 1,750,697</b>	<b>\$ 1,706,613</b>	<b>\$ 1,785,381</b>	<b>\$ 1,809,130</b>	<b>\$ 1,725,049</b>

\* 2018 and 2017 have not been restated to reflect IFRS 9 adopted in 2019. The adoption of IFRS 9 has been applied prospectively 2019.

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

Page 6

	QUARTER								YEAR ENDED		
	2019				2018				2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Gross impaired loans</b>											
Residential mortgages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial and government loans	6,282	24,869	24,869	19,003	-	-	-	-	6,282	-	-
Other loans	-	627	627	627	627	627	627	627	-	627	627
<b>Total gross impaired loans</b>	<b>\$ 6,282</b>	<b>\$ 25,496</b>	<b>\$ 25,496</b>	<b>\$ 19,630</b>	<b>\$ 627</b>	<b>\$ 627</b>	<b>\$ 627</b>	<b>\$ 627</b>	<b>\$ 6,282</b>	<b>\$ 627</b>	<b>\$ 627</b>
<b>Allowance for credit losses</b>											
Individual allowance - based on IAS 39	\$ -	\$ -	\$ -	\$ -	\$ 400	\$ 200	\$ 200	\$ 200	\$ -	\$ 400	\$ 200
Collective allowance - based on IAS 39	-	-	-	-	2,359	2,368	2,240	2,290	-	2,359	2,225
Allowance for credit losses under IFRS 9	2,119	2,334	1,953	2,364	-	-	-	-	2,119	-	-
<b>Total allowance for credit losses</b>	<b>\$ 2,119</b>	<b>\$ 2,334</b>	<b>\$ 1,953</b>	<b>\$ 2,364</b>	<b>\$ 2,759</b>	<b>\$ 2,568</b>	<b>\$ 2,440</b>	<b>\$ 2,490</b>	<b>\$ 2,119</b>	<b>\$ 2,759</b>	<b>\$ 2,425</b>
<b>Reconciliation of allowance for credit losses</b>											
Balance, beginning of period	\$ 2,334	\$ 1,953	\$ 2,364	\$ 2,759	\$ 2,568	\$ 2,440	\$ 2,490	\$ 2,425	\$ 2,759	\$ 2,425	\$ 3,031
IFRS 9 transition	-	-	-	(106)	-	-	-	-	(106)	-	-
Provision for credit losses	21	381	(411)	(289)	191	128	(50)	65	(298)	334	(125)
Recoveries (write-offs)	(236)	-	-	-	-	-	-	-	(236)	-	(481)
<b>Balance, end of period</b>	<b>\$ 2,119</b>	<b>\$ 2,334</b>	<b>\$ 1,953</b>	<b>\$ 2,364</b>	<b>\$ 2,759</b>	<b>\$ 2,568</b>	<b>\$ 2,440</b>	<b>\$ 2,490</b>	<b>\$ 2,119</b>	<b>\$ 2,759</b>	<b>\$ 2,425</b>
<b>Total net impaired loans</b>	<b>\$ 4,163</b>	<b>\$ 23,162</b>	<b>\$ 23,543</b>	<b>\$ 17,266</b>	<b>\$ (2,132)</b>	<b>\$ (1,941)</b>	<b>\$ (1,813)</b>	<b>\$ (1,863)</b>	<b>\$ 4,163</b>	<b>\$ (2,132)</b>	<b>\$ (1,798)</b>
<b>Total loans</b>	<b>\$ 1,594,288</b>	<b>\$ 1,613,811</b>	<b>\$ 1,628,116</b>	<b>\$ 1,603,185</b>	<b>\$ 1,631,026</b>	<b>\$ 1,649,326</b>	<b>\$ 1,564,424</b>	<b>\$ 1,577,675</b>	<b>\$ 1,594,288</b>	<b>\$ 1,631,026</b>	<b>\$ 1,520,857</b>
Gross impaired loans as a % of total loans	0.39%	1.58%	1.57%	1.22%	0.04%	0.04%	0.04%	0.04%	0.39%	0.04%	0.04%
Provision for credit losses as a % of average loans	0.00%	0.02%	-0.03%	-0.02%	0.01%	0.03%	0.00%	0.02%	-0.02%	0.02%	-0.01%

**VERSABANK**  
**ALLOWANCE FOR CREDIT LOSSES BY LENDING ASSET**  
**Quarter ended October 31, 2019**  
(unaudited)  
(C\$ thousands)

Page 7

	Stage 1	Stage 2	Stage 3	Total
<b>Commercial real estate</b>				
Balance at beginning of period	\$ 1,197	\$ 217	\$ -	1,414
Transfer in (out) to Stage 1	19	(19)	-	-
Transfer in (out) to Stage 2	(13)	18	(5)	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	47	16	(386)	(323)
Loan originations	351	-	-	351
Derecognitions and maturities	(44)	(23)	-	(67)
Provision for (recovery of) credit losses	360	(8)	(391)	(39)
Write-offs	-	-	-	-
Recoveries	-	-	391	391
<b>Balance at end of period</b>	<b>\$ 1,557</b>	<b>\$ 209</b>	<b>\$ -</b>	<b>\$ 1,766</b>
<b>Non-commercial real estate</b>				
Balance at beginning of period	\$ 73	\$ -	\$ -	73
Transfer in (out) to Stage 1	-	-	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(1)	-	-	(1)
Loan originations	14	-	-	14
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	13	-	-	13
Write-offs	-	-	-	-
Recoveries	-	-	-	-
<b>Balance at end of period</b>	<b>\$ 86</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 86</b>
<b>Corporate and public sector</b>				
Balance at beginning of period	\$ 43	\$ 2	\$ 627	672
Transfer in (out) to Stage 1	2	(2)	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(7)	-	-	(7)
Loan originations	-	-	-	-
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	(5)	(2)	-	(7)
Write-offs	-	-	(627)	(627)
Recoveries	-	-	-	-
<b>Balance at end of period</b>	<b>\$ 38</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38</b>
<b>Structured finance</b>				
Balance at beginning of period	\$ 175	\$ -	\$ -	175
Transfer in (out) to Stage 1	7	(7)	-	-
Transfer in (out) to Stage 2	(42)	42	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(1,401)	(26)	-	(1,427)
Loan originations	1,842	-	-	1,842
Derecognitions and maturities	(352)	(9)	-	(361)
Provision for (recovery of) credit losses	54	-	-	54
Write-offs	-	-	-	-
Recoveries	-	-	-	-
<b>Balance at end of period</b>	<b>\$ 229</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 229</b>
<b>Total balance at end of period</b>	<b>\$ 1,910</b>	<b>\$ 209</b>	<b>\$ -</b>	<b>\$ 2,119</b>



**VERSABANK**  
**ALLOWANCE FOR CREDIT LOSSES BY LENDING ASSET**  
**Year to Date ended October 31, 2019**  
(unaudited)  
(C\$ thousands)

Page 8

	Stage 1	Stage 2	Stage 3	Total
<b>Commercial real estate</b>				
Balance at beginning of period	\$ 1,257	\$ 348	\$ -	1,605
Transfer in (out) to Stage 1	56	(56)	-	-
Transfer in (out) to Stage 2	(65)	70	(5)	-
Transfer in (out) to Stage 3	-	(177)	177	-
Net remeasurement of loss allowance	(131)	48	(563)	(646)
Loan originations	624	-	-	624
Derecognitions and maturities	(184)	(24)	-	(208)
Provision for (recovery of) credit losses	300	(139)	(391)	(230)
Write-offs	-	-	-	-
Recoveries	-	-	391	391
<b>Balance at end of period</b>	<b>\$ 1,557</b>	<b>\$ 209</b>	<b>\$ -</b>	<b>\$ 1,766</b>
<b>Non-commercial real estate</b>				
Balance at beginning of period	\$ 151	\$ -	\$ -	151
Transfer in (out) to Stage 1	-	-	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(78)	-	-	(78)
Loan originations	14	-	-	14
Derecognitions and maturities	(1)	-	-	(1)
Provision for (recovery of) credit losses	(65)	-	-	(65)
Write-offs	-	-	-	-
Recoveries	-	-	-	-
<b>Balance at end of period</b>	<b>\$ 86</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 86</b>
<b>Corporate and public sector</b>				
Balance at beginning of period	\$ 81	\$ -	\$ 400	481
Transfer in (out) to Stage 1	2	(2)	-	-
Transfer in (out) to Stage 2	(1)	1	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(46)	1	227	182
Loan originations	2	-	-	2
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	(43)	-	227	184
Write-offs	-	-	(627)	(627)
Recoveries	-	-	-	-
<b>Balance at end of period</b>	<b>\$ 38</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38</b>
<b>Structured finance</b>				
Balance at beginning of period	\$ 415	\$ 1	\$ -	416
Transfer in (out) to Stage 1	68	(68)	-	-
Transfer in (out) to Stage 2	(161)	161	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(4,651)	(47)	-	(4,698)
Loan originations	5,919	-	-	5,919
Derecognitions and maturities	(1,361)	(47)	-	(1,408)
Provision for (recovery of) credit losses	(186)	(1)	-	(187)
Write-offs	-	-	-	-
Recoveries	-	-	-	-
<b>Balance at end of period</b>	<b>\$ 229</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 229</b>
<b>Total balance at end of period</b>	<b>\$ 1,910</b>	<b>\$ 209</b>	<b>\$ -</b>	<b>\$ 2,119</b>



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

	All-in							
	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>On-Balance Sheet Exposures</b>								
1 On-balance sheet assets	\$ 1,785,381	\$ 1,776,659	\$ 1,796,192	\$ 1,746,278	\$ 1,809,130	\$ 1,815,234	\$ 1,750,697	\$ 1,706,613
2 Asset amounts deducted in determining Basel III Tier 1 Capital	(13,281)	(15,158)	(16,872)	(18,562)	(20,175)	(22,052)	(23,637)	(25,113)
3 Total on-balance sheet exposures	1,772,100	1,761,501	1,779,320	1,727,716	1,788,955	1,793,182	1,727,060	1,681,500
<b>Other Off-Balance Sheet Exposures</b>								
17 Off-balance sheet exposure at gross notional amount	\$ 309,440	\$ 254,711	\$ 268,681	\$ 223,657	\$ 210,154	\$ 262,455	\$ 265,644	\$ 282,807
18 Adjustments for conversion to credit equivalent amounts	(190,023)	(162,410)	(168,745)	(142,012)	(123,345)	(157,101)	(152,330)	(160,126)
19 Off-balance sheet items	119,417	92,301	99,936	81,645	86,809	105,354	113,314	122,681
<b>Capital and Total Exposures</b>								
20 Tier 1 capital	226,882	220,572	214,867	209,148	203,392	197,112	191,610	186,639
21 Total exposures	1,891,517	1,853,802	1,879,256	1,809,361	1,875,764	1,898,536	1,840,374	1,804,181
<b>Leverage Ratios</b>								
22 Basel III leverage ratio	11.99%	11.90%	11.43%	11.56%	10.84%	10.38%	10.41%	10.34%