



# VersaBank

Choice Through Innovation

**2021 Annual General Meeting**

April 21, 2021



**David Taylor**  
President & CEO



# Board of Directors

3

**Honourable Thomas A. Hockin**

Chairman

**Gabrielle Bochynek**

Director

**Robbert-Jan Brabander**

Director

**David Bratton**

Director

**R.W. (Dick) Carter**

Director

**Peter Irwin**

Director

**Art Linton**

Director

**Susan McGovern**

Director

**Paul Oliver**

Director

**David Taylor**

President & CEO

# Senior Management

4

## Officers of the Bank:

### **Shawn Clarke**

Chief Financial Officer

### **Brent Hodge**

General Counsel & Corporate Secretary

### **Michael Dixon**

SVP, eCommerce

### **Ross Duggan**

SVP, Commercial Lending

### **Nick Kristo**

Chief Credit Officer

### **Aly Lalani**

SVP, Deposit Services & Treasurer

### **Tammie Ashton**

Chief Risk Officer

### **Jean-Paul Beker**

Vice President, Commercial Lending

### **Steve Creery**

Vice President, Credit

### **Barbara Hale**

Chief Compliance Officer &  
Chief Anti-Money Laundering Officer

### **Saad Inam**

Vice President, Credit

### **Joanne Johnston**

Chief Internal Auditor

### **Wooi Koay**

Chief Information Officer

### **Nancy McCutcheon**

Vice President, TIB Business Development

### **Andy Min**

Vice President, Finance & Corporate Accounting

### **Scott Mizzen**

Vice President, Commercial Lending

### **David Thoms**

Vice President, Structured Finance

### **Barbara Todres**

Vice President, Deposit Services

### **Terri Wilson**

Vice President, Investment & Risk Control

## Additional Senior Management:

### **Jon Taylor**

Chief Human Resources Executive

### **Wade MacBain**

Director of Investor Relations

### **Tel Matrundola**

Chief Strategist

### **Gurpreet Sahota**

Chief Architect, Cyber-Security





# Appointment of Auditors



# Director Nominees

7

- Honourable Thomas A. Hockin
- David Taylor
- Gabrielle Bochynek
- Robbert-Jan Brabander
- David Bratton
- R.W. (Dick) Carter
- Peter Irwin
- Art Linton
- Susan McGovern
- Paul Oliver



# VersaBank

Choice Through Innovation

**2021 Annual General Meeting**

April 21, 2021



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 the local economies within Canada in which the Bank conducts operations; the effects of changes in monetary and fiscal policy, including changes in interest rate policies of the Bank of Canada; global commodity prices; the effects of competition in the markets in which the Bank operates; inflation; capital market fluctuations; the timely development and introduction of new products in receptive markets; the impact of changes in the laws and regulations regulating financial services; changes in tax laws; technological changes; unexpected judicial or regulatory proceedings; unexpected changes in consumer spending and savings habits; the impact of the COVID-19 pandemic and the Bank's anticipation of and success in managing the risks implicated by the foregoing. When relying on forward-looking statements to make decisions, investors and others should carefully consider these factors and other uncertainties or potential events. For a detailed discussion of certain key factors that may affect our future results, please see our annual MD&A for the year ended October 31, 2020. The Bank makes no undertaking to update any forward-looking statement that is made from time to time by the Bank.

Our time has  
arrived...



Versa**Bank**

Choice Through Innovation

The World's First Digital Bank

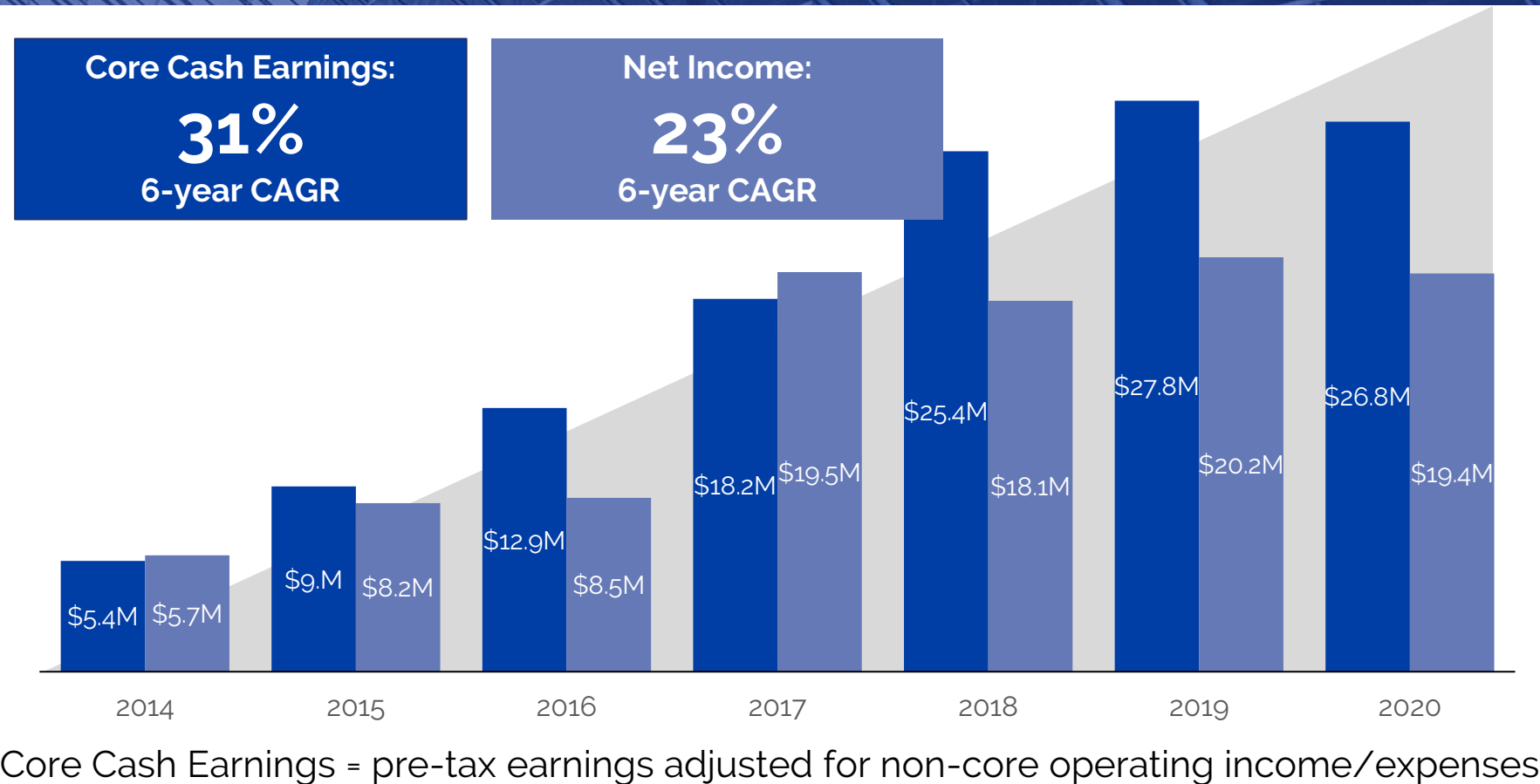
Using proprietary state-of-the art financial technology to profitably address underserved segments of the Canadian banking market since 1993

# Momentum in Profitability and Long-Term Earnings Capacity

11

## Growth since 2014 driven mainly by:

- Lower COF attributable largely to the introduction of Insolvency Professional deposits
- Launch of Point of Sale financing solutions



2020 profitability dampened by higher than normal cash balances out of an abundance of caution at the beginning of the COVID-19 pandemic

# Q1 2021: Strong Momentum

12

## Income Statement

	3 Months Ended January 31		
	2021	2020	Change
Revenue	\$15.4 M	\$13.6 M	+14%
Cost of Funding	1.42%	1.88%	-46 bps
Net Interest Margin	2.86%	2.96%	-10 bps
Core Cash Earnings <sup>1</sup>	\$7.3 M	\$7.1 M	+3%
Core Cash Earnings Common Share	\$0.34	\$0.34	0%
Net Income	\$5.3 M	\$5.1 M	+3%
Basic and Diluted Net Income per Common Share	\$0.22	\$0.22	0%

1. Core Cash Earnings is calculated as pre-tax earnings less non-core operating income/expenses.

## Balance Sheet

	At January 31		
	2021	2020	Change
Total Assets	\$2.04 B	\$1.85 B	+10%
Book Value per Common Share	\$10.90	\$10.17	+7%
CET1 Ratio	12.48%	13.05%	-57bps
Leverage Ratio	11.40%	11.86%	-46bps

Cash balance at end of Q1/21 decreased to \$212 M from \$258 M at the end of Q4/20

Cash balance at end of Q1/21 was ~10% of total assets compared with historical range of 6 to 7%

Bank continuing to deploy cash to Commercial Real Estate  
And Point-of-Sale portfolios in Q1 2021



# Leveraging the Success of the Point of Sale Business for the Real Estate Market: Instant Mortgage

13

## Market Need:

A software-based solution for home and condo developers and sales brokerages that enables “on-the-spot” financing approvals, with a specific focus on newcomer home and condo buyers with significant wealth but no credit history in Canada



## Solution: Instant Mortgage –

A revolutionary high-volume residential financing software app for home builders and brokerage firms

- Very low-risk structure similar to Point-of-Sale Loan and Lease model with cash holdbacks
- Currently in beta-testing with a leading Canadian developer and a leading Canadian sales brokerage firm

Will enable entry into the >\$200 B Canadian home financing market  
Expect to originate first loans in the coming months

# VCAD: North America's FIRST Bank-Issued, Deposit-Based Digital Currency

14



Based on VersaBank's  
proprietary banking  
software and VersaVault  
Cybersecurity technology

- A better digital-deposit receipt: A TRUE Stable coin, represented 1:1 by Canadian-dollar deposits
- Addresses the TWO major challenges of existing digital currencies, providing highest level of stability/certainty value and security amongst all digital currencies
- Investment-grade rating
- Commercial launch in partnership with Stablecorp
- Targeting availability in the coming months
- Plans to launch other digital currencies





Building a  
**comprehensive suite  
of innovative cyber  
security solutions**  
that address  
**high-demand,  
underserved segments  
of this rapidly growing  
market**



# Acquisition of Digital Boundary Group: Complements DRT Cyber's Comprehensive Suite of Security Solutions

16

## **DBG: One of North America's premiere IT security assurance services firms**

- Suite of services:
  - External network, web and mobile app penetration testing
  - Physical social engineering engagements
  - Supervisory control and data acquisition (SCADA) system assessments
  - Various aspects of training
- Clients include:
  - Large Canadian retailers & financial service providers
  - Canadian/U.S. police service organizations
  - SCADA system reliant energy, public utilities and infrastructure firms



- Purchase price of ~\$10 M (cash)
- Profitable and growing rapidly
- Immediately accretive to VersaBank earnings



# VersaBank: Two High-Growth Opportunities



**1** Digital Banking  
Proven Ability to Identify  
Unmet Market Needs &  
Develop Innovative  
Solutions

**2** Cybersecurity  
Leading technology  
and capabilities for a  
large, high-growth  
market

**Positioned for  
Continued  
Outsized, Long-  
Term Growth**

**+**

**Significant New  
Long-Term Growth  
Opportunities**

# We're Just Getting Started!



**VersaBank**  
Choice Through Innovation



# VersaBank

Choice Through Innovation

**2021 Annual General Meeting**

April 21, 2021