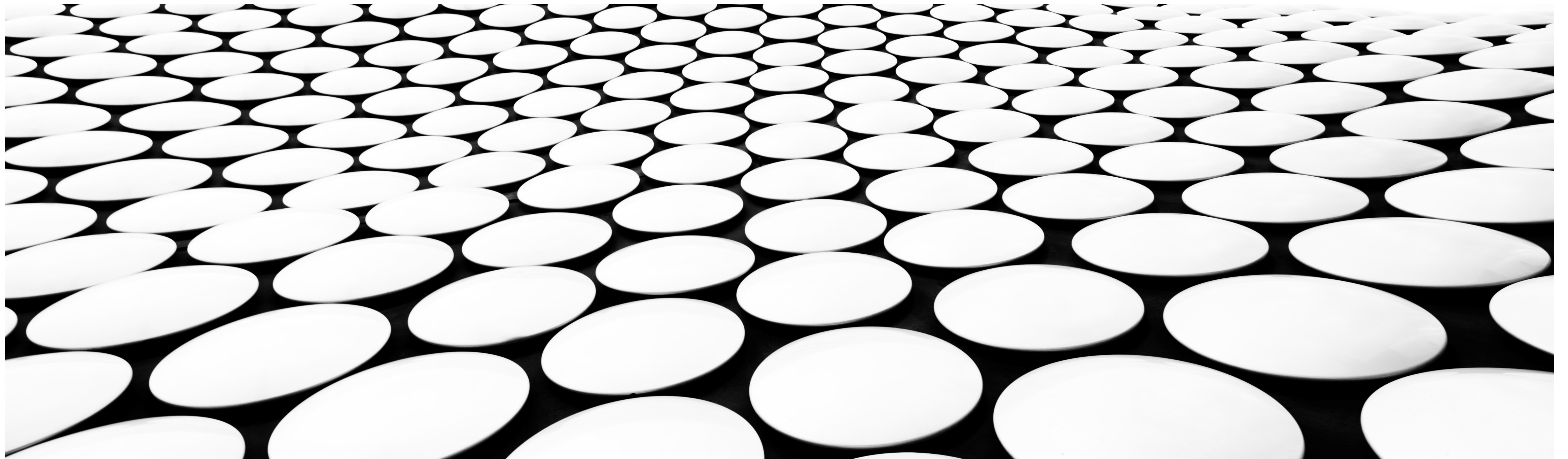



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# Perspectives From 30 Years in the Capital Markets

## VersaBank

Peter Leacock, CFA  
Ideaweek St. Moritz 2020





Peter Leacock is an Investment Advisor with CIBC Wood Gundy in Vancouver, Canada. The views of Peter Leacock do not necessarily reflect those of CIBC World Markets Inc.

VersaBank 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. VersaBank makes no undertaking to update any forward-looking statement that is made from time to time by the Bank.

# Advisory

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# Perspectives

Bonds - the time value of money

Futures - the danger of too much debt

Stocks as equity/bonds

Trust in Oneself

Patience

Privilege of helping others

Lifelong Friendships

The logo features a stylized 'V' inside a circle, followed by the text 'VersaBank' in a bold, sans-serif font, and 'Innovation Centre of Excellence' in a smaller font below it.

**VersaBank**  
Innovation Centre of Excellence

The logo features a stylized 'V' inside a circle, followed by the text 'VersaBank' in a bold, sans-serif font, and 'Innovation Centre of Excellence' in a smaller font below it.

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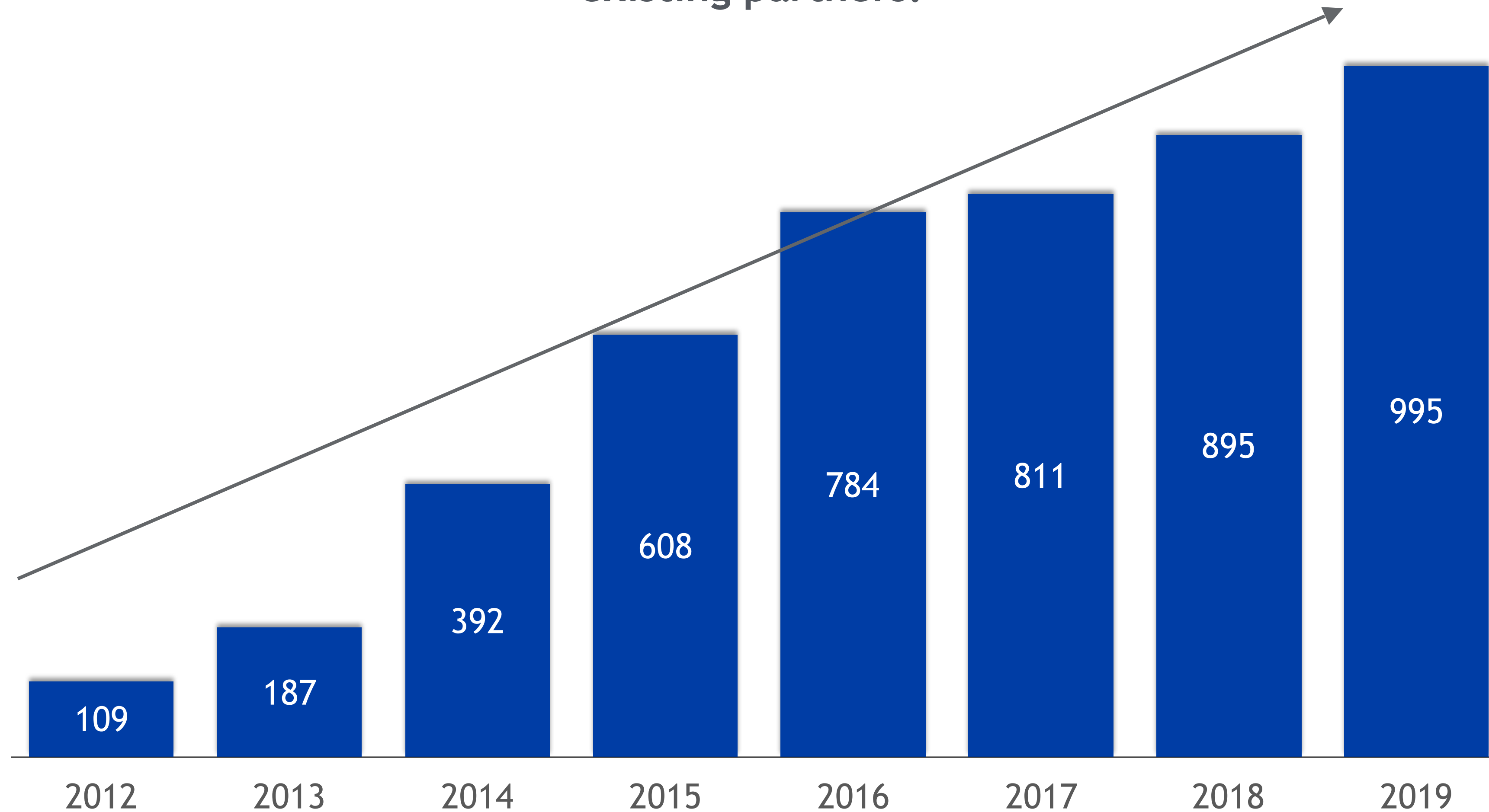
# Why VersaBank?



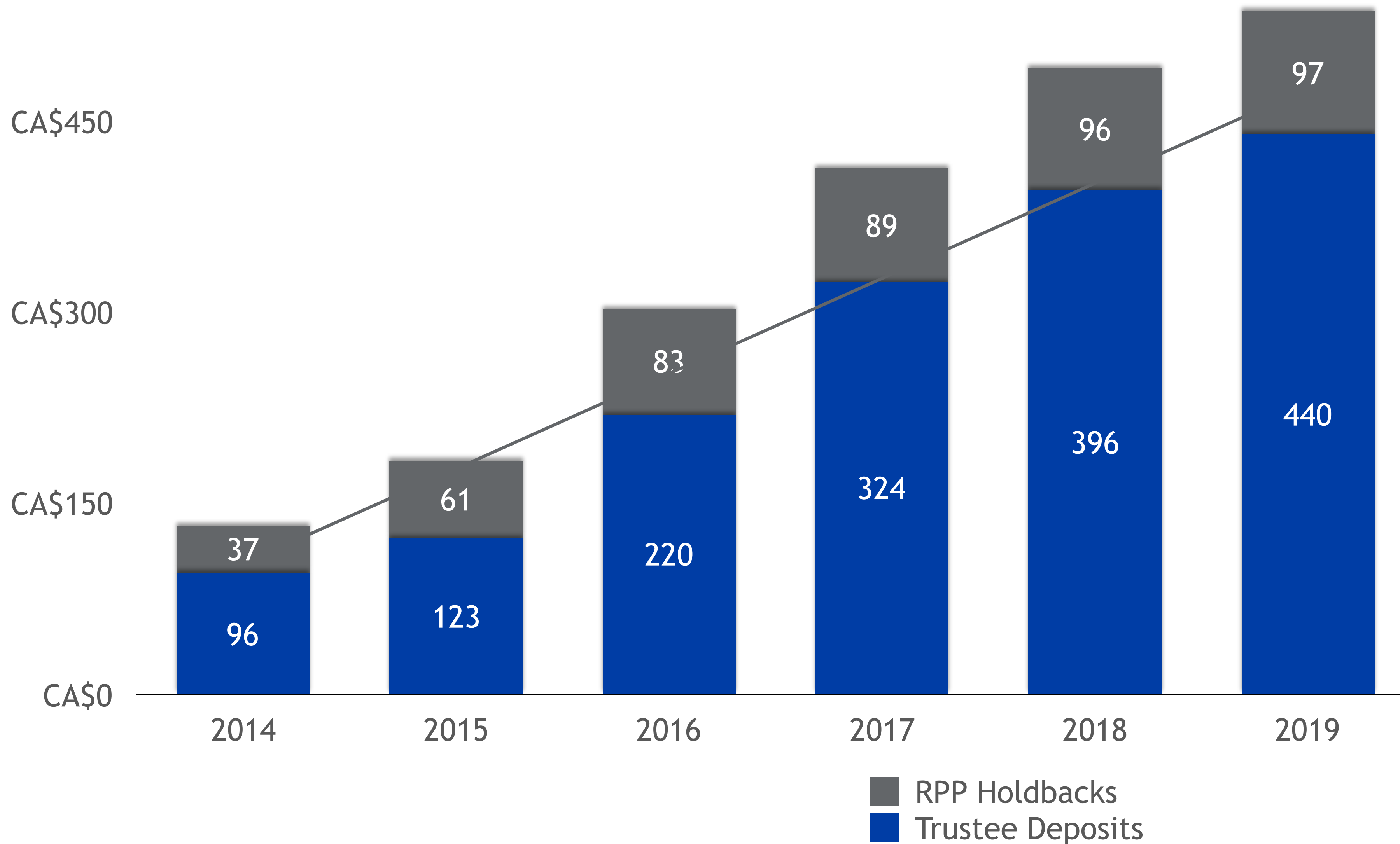
- **First Digital Schedule 1 Bank, employing state of the art financial technology**
- **\$1.8 Billion Assets**
- **High margin low risk lending model**
- **Highly scalable**
- **92 Full-time employees**
- **Listed on TSX In 2013**

## **Bank Overview**

Our Automated Receivable Purchase Program continues to grow as we establish new relationships and increase our portfolio from over 20 existing partners.

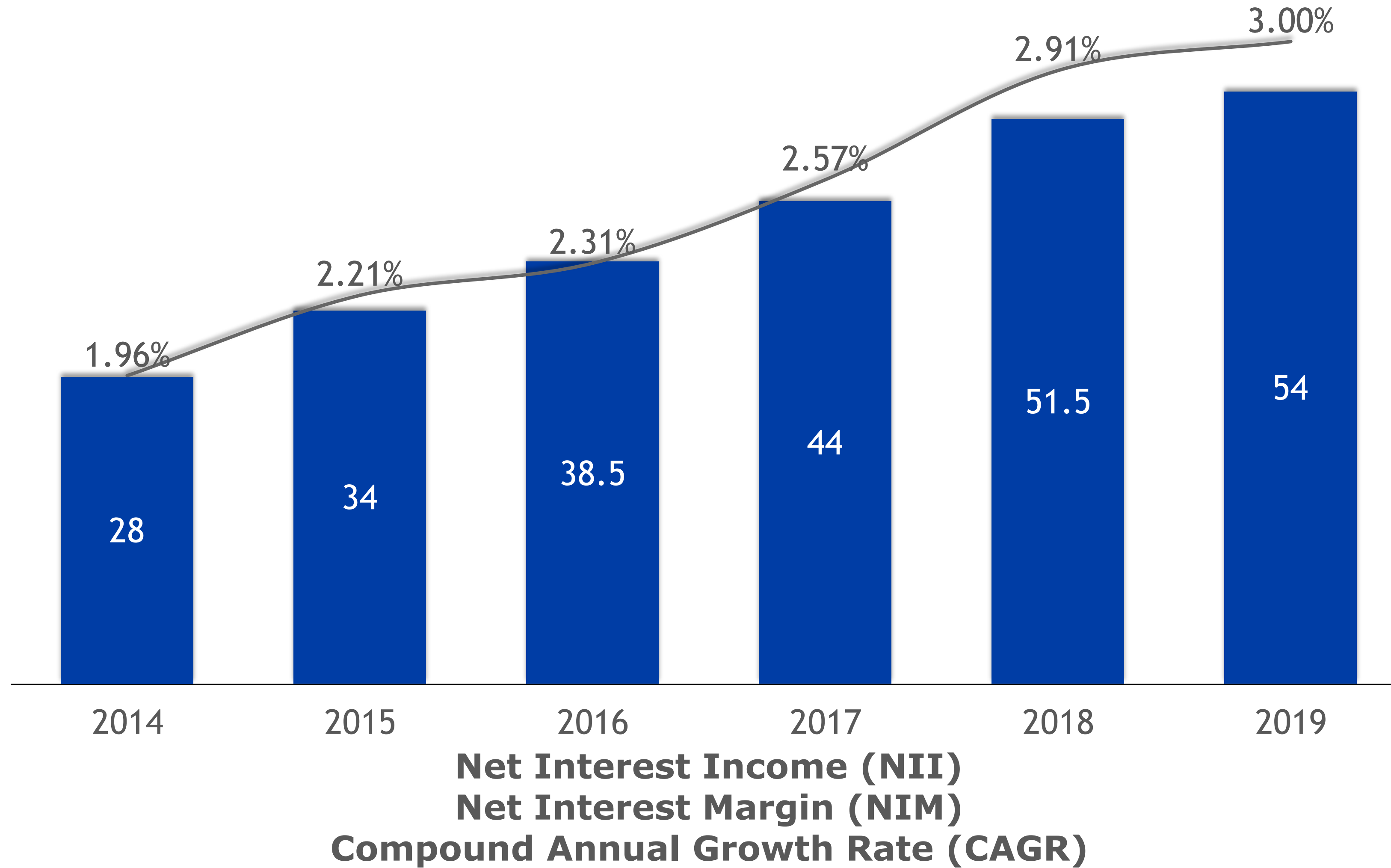


## Receivable Purchase Program



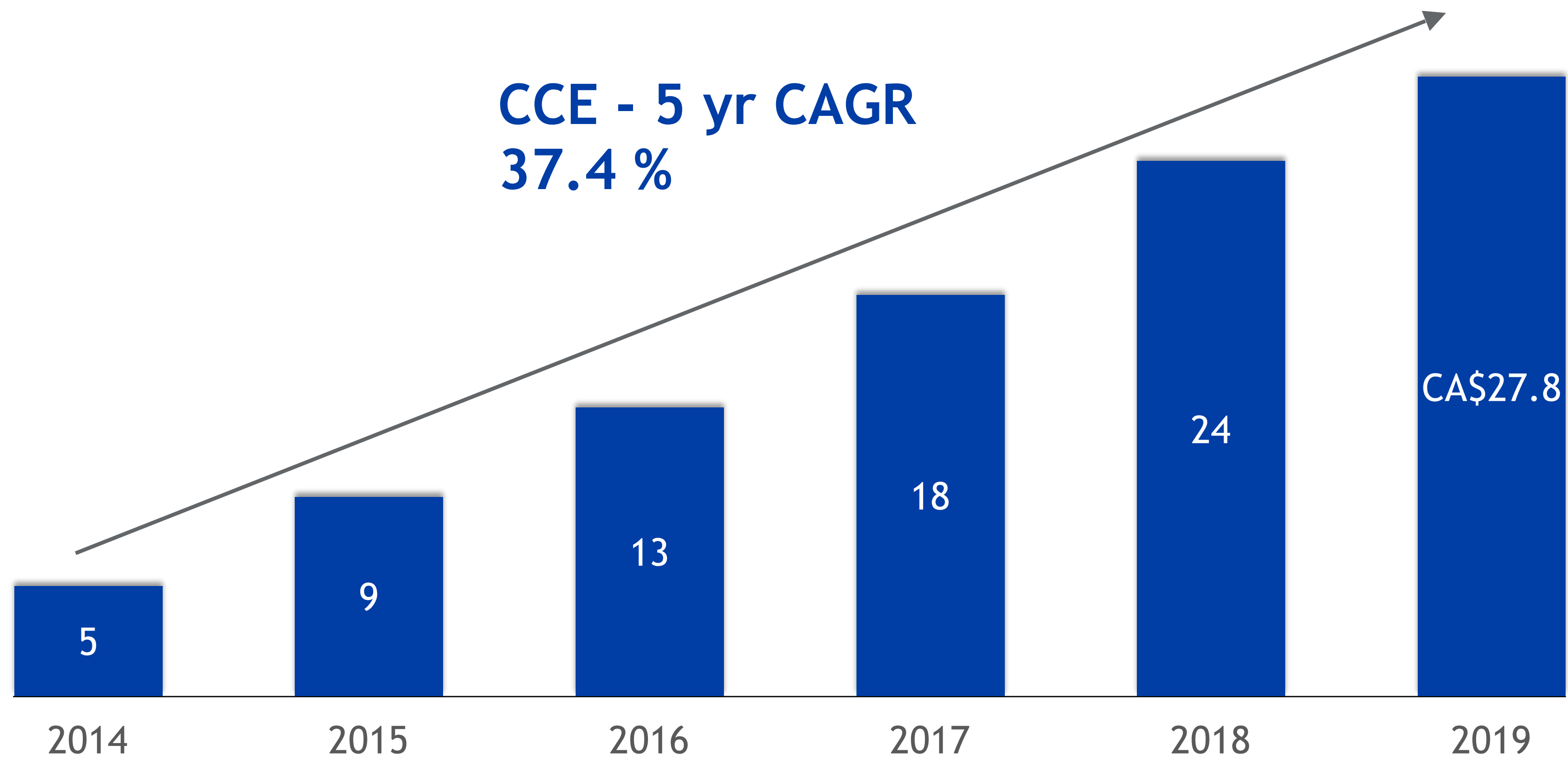
# Commercial Funding

## NIM-5yr CAGR 8.9%



# Key Performance Trends

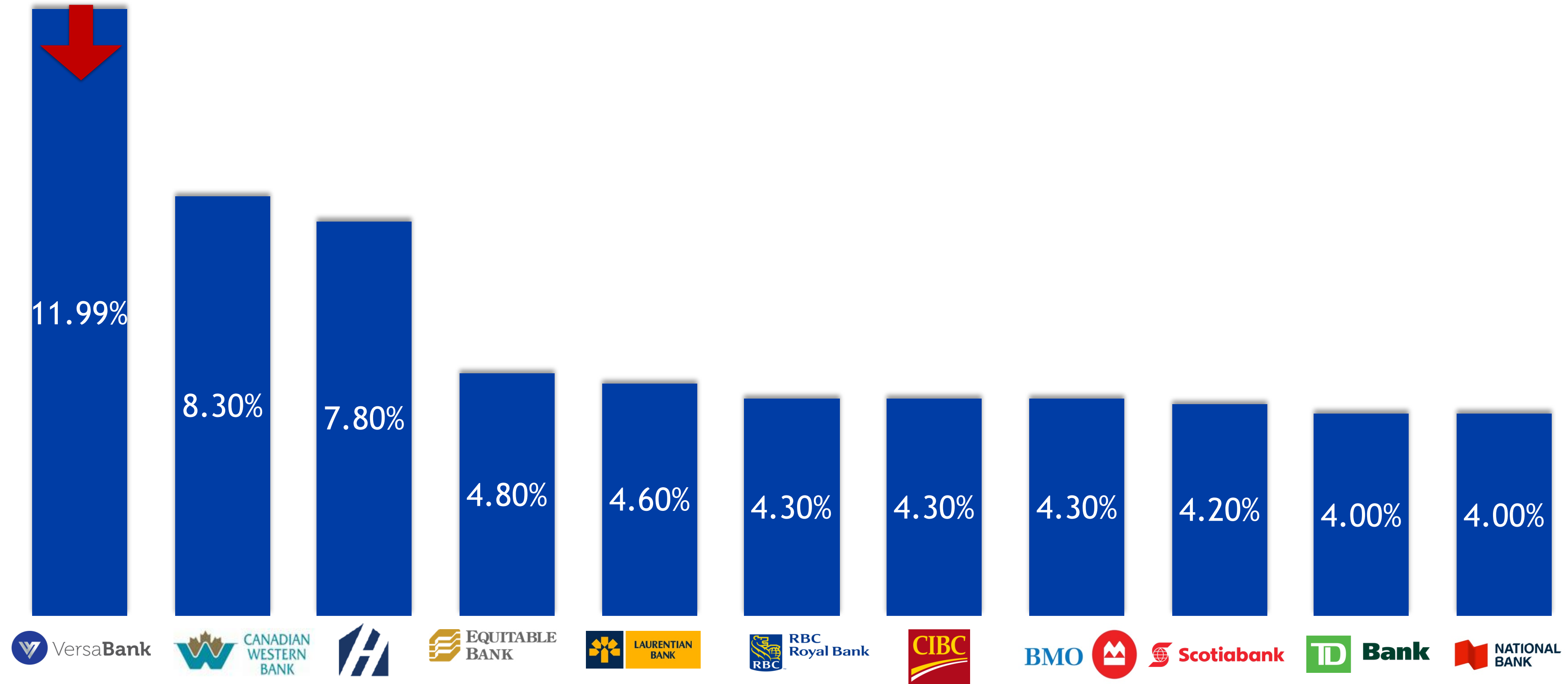
Core Cash Earnings Trend



Core Cash Earnings = pre-tax earnings adjusted for non-core operating income/ expenses

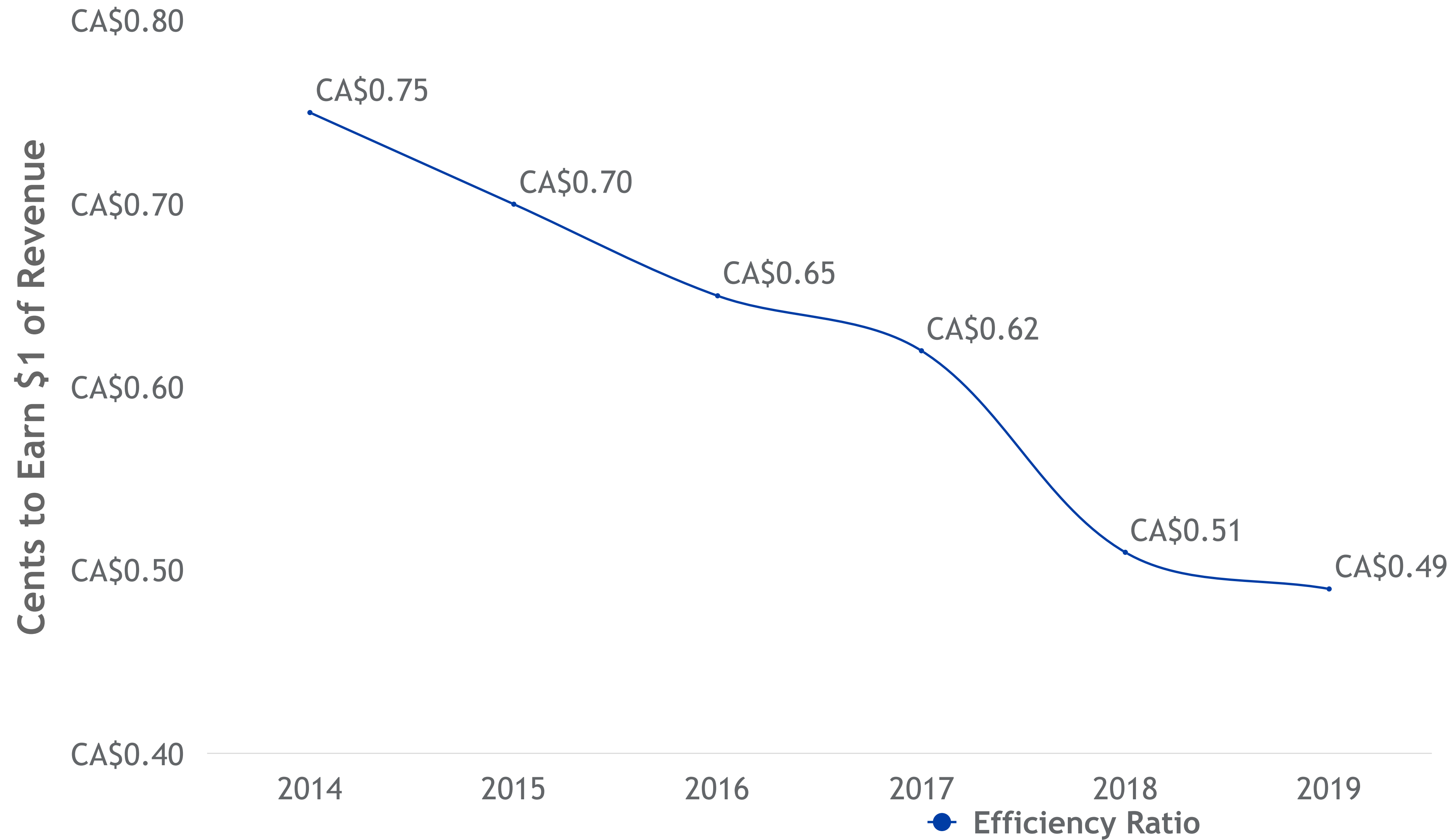
# Core Cash Earnings Trend

# LEVERAGE RATIO



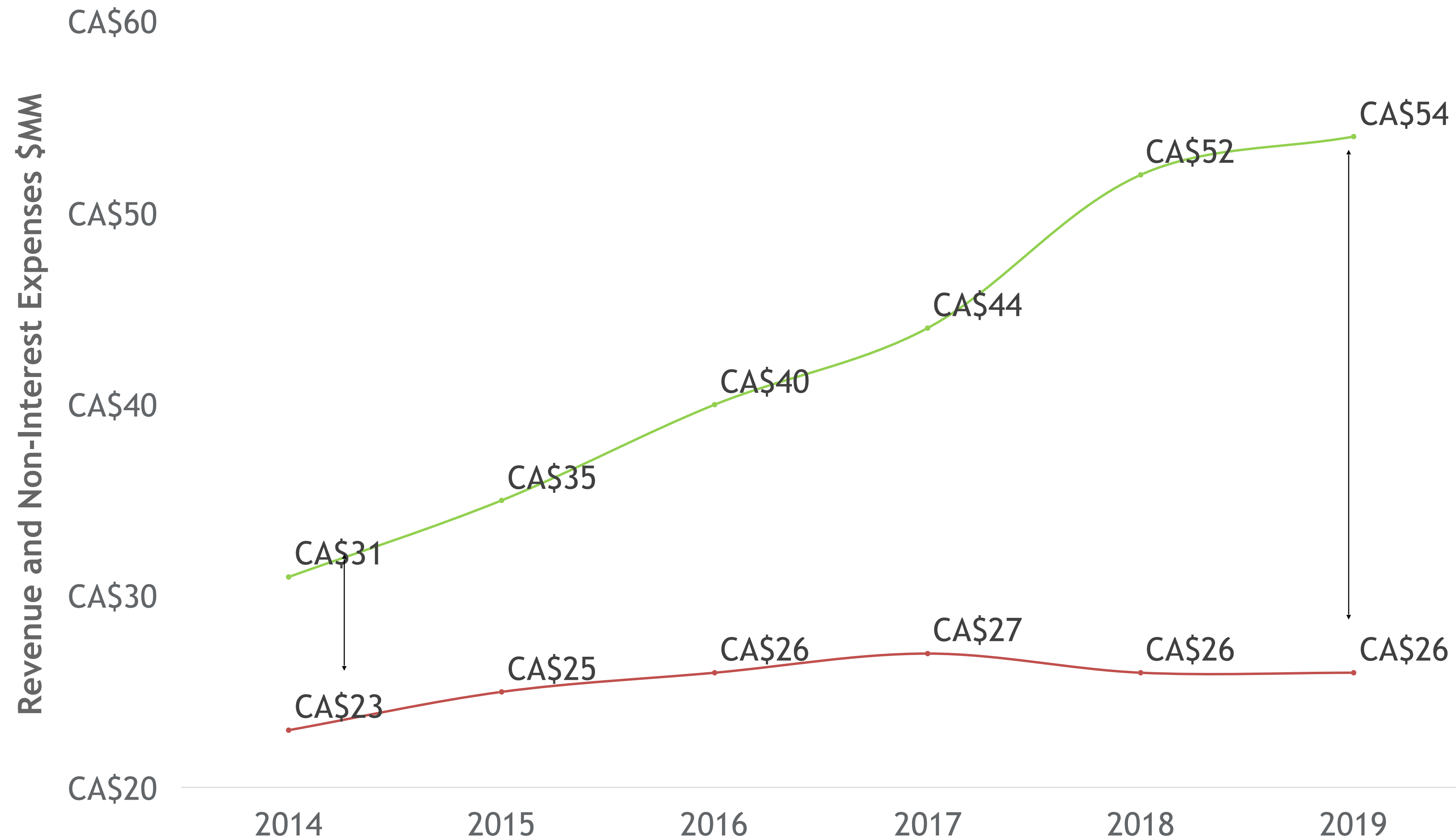
## Comparative Leverage

# Efficiency Ratio Trend



## 5yr Efficiency Ratio Trend

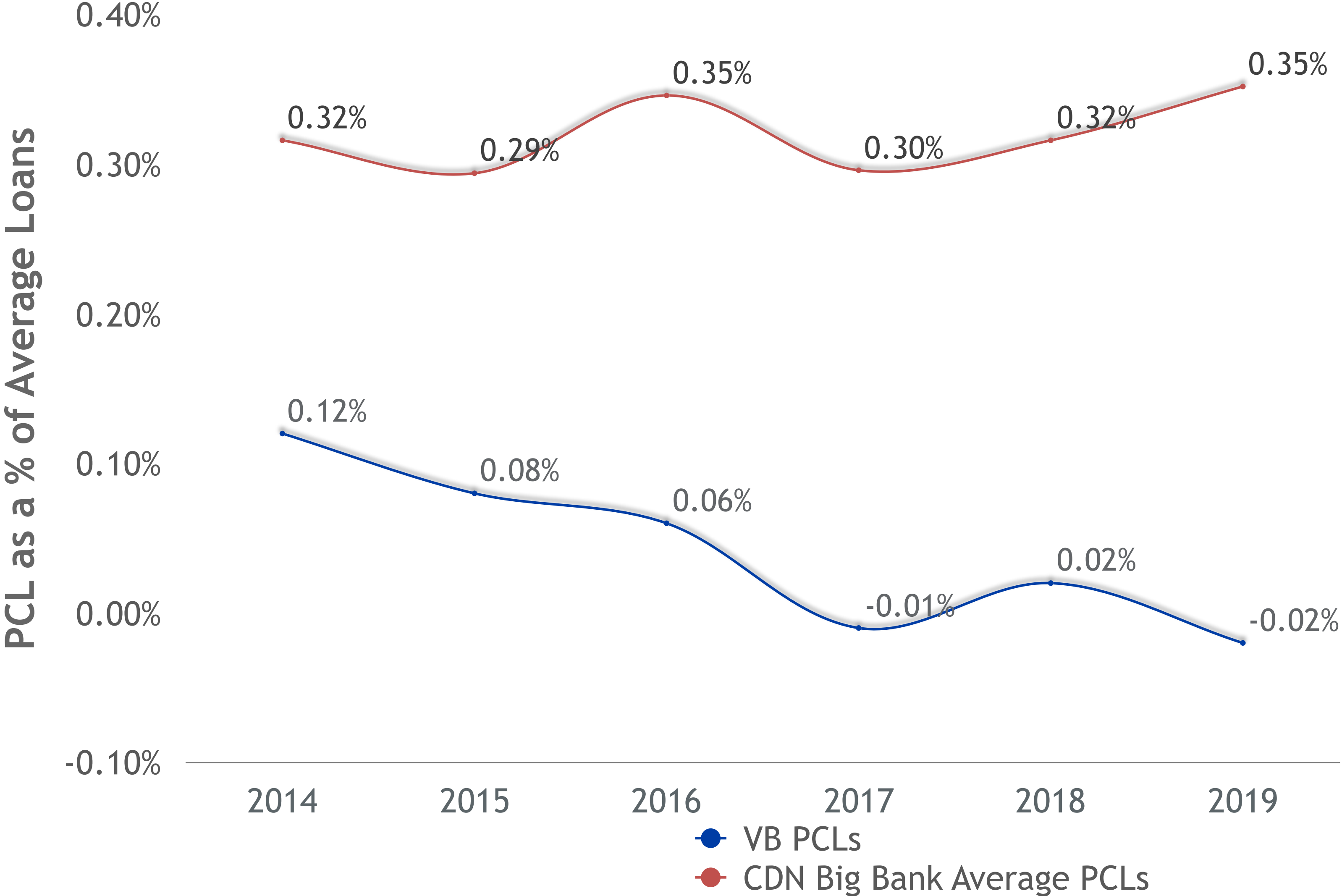
# Efficiency Ratio Trend



## 5yr Efficiency Ratio Trend

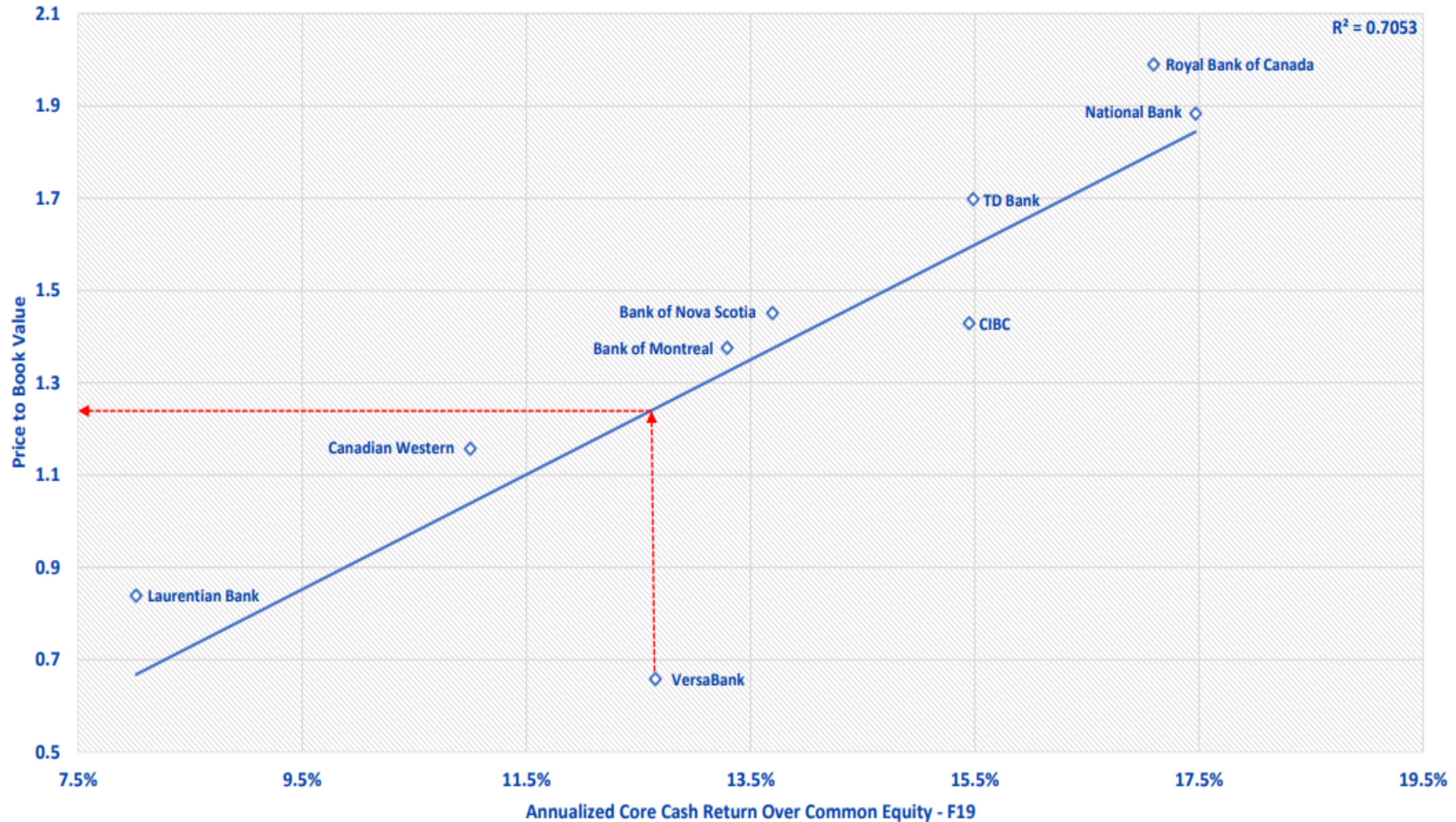
- Revenue
- Non-Interest Expenses

# Provision for Credit Losses



## 5yr Provision for Credit Losses Trend

# CCROCE vs. P/BV for CDN Banks



**Common Shares:  
VB:TSX \$7.56**

Issued Shares: 21,123,559

Dividend Yield: 1.35%

Based on Recent Share Price of  
\$7.50, Market Capitalization was  
\$158,426,692.

2019 Trading Volume 3,622,004  
YTD Average trading volume/day  
14,373 shares.

**Preferred Shares:  
VB.PR.A:TSX**

\$10.00 (yield 6.772%)

Non-cumulative 5-year rate  
preferred shares, series 1.

Issued Shares 1,461,460

Based on recent share price of  
\$10.00 Market Capitalization was  
\$14,614,600.

Reset date – Oct 31, 2024

Reset rate – 543 Basis Points

**Preferred Shares:  
VB.PR.B:TSX**

\$10.00 (yield 7.0%)

Non-cumulative 6-year rate  
reset preferred shares, series 3.

Issued Shares 1,681,320

Based on recent share price of  
\$10.00 Market Capitalization was  
\$16,813,200.

Reset date – April 30, 2021

Reset rate – 569 Basis Points

## Listed Securities

- ROE increases with more assets
- Share price \$7.42      Book Value \$9.98
- P/E 8.75                      P/Book 0.74
- Dividend yld 1.35%      Payout ratio 12%
- CEO owns 4.5% of outstanding shares, George family 35%
- Attended 3 AGMs, met CEO, CFO, largest shareholder
- Embedded call option with cybersecurity initiatives

## Summary