



**Banking & Personal Finance | London, ON | Founded: 1979 | Employees: 167 | <https://www.versabank.com/>**  
PHONE: 1 519-645-1919  
WIKIPEDIA: <https://en.wikipedia.org/wiki/VersaBank>  
BLOOMBERG: <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=6571807>  
LINKEDIN: <https://www.linkedin.com/company/pacific-&-western-bank-of-canada/>

## COMPANY OVERVIEW

VersaBank is a technology-focused digital Canadian Schedule I chartered bank based in London, Ontario that operates using an “electronic branchless” model. VersaBank sources deposits, consumer loans, commercial loans and leases through an electronic network. The bank provides residential and commercial mortgages that it sources directly and through a network of brokers.

### SENIOR MANAGEMENT

**David Taylor:** Founder, President and CEO (1993-Present). Previously: Founder and CEO, Discovery Air (2004-2008); Vice President, Barclays (1985-1993); Senior Account Manager, Bank of Montreal (1977-1985). Education: BSc Biology (1977), Lakehead University; MBA, Finance (1983), University of Saskatchewan.

**Shawn Clarke:** SVP and COO (2013-Present). Previously: Chief Risk Officer, Pacific & Western Bank of Canada (2010-2012); Vice President, Corporate Development, Pacific & Western Bank of Canada (2009-2012); Chief Operating Officer, Discovery Air (2005-2009); Professional Pilot (2001-2004); Senior Research Engineer, McMaster University (1999-2001); Engineering Project Leader, Siemens Canada (1997-1999). Education: B.Eng., M.Eng., Mechanical Engineering, McMaster University; MBA, Wilfrid Laurier University.

**Nick Kristo:** SVP, Credit Risk and Chief Risk Officer (2004-Present). Previously: Assistant Vice President, Credit, Bank of America Global Vendor Finance (2000-2004); Senior Manager Credit, Dell Financial Services (1998-2000). Education: BCom, MBA, University of Windsor.

### HISTORY

After working at BMO and Barclays, David Taylor saw an opportunity for a niche bank in Canada for underserved smaller markets. Taylor acquired Pacific & Western Trust in 1993 to obtain an operating license and CDIC insurance for his electronic banking model.<sup>1</sup> In August 2002, Pacific & Western Bank received its license as a Schedule I Canadian chartered bank.<sup>2</sup> In May 2016, Pacific & Western Bank changed its name to VersaBank, part of a rebranding process to emphasize the bank’s digital, branchless strategy.<sup>3</sup> In September 2016, VersaBank and majority owner PWC Capital (the original trust company) agreed to a merger,<sup>4</sup> completed in January 2017.<sup>5</sup>

### FUNDING

VersaBank raised \$12.5 million in their IPO on the TSX in October 2013, trading under the ticker PWB, later changed to VB following the name change.<sup>6</sup> In March 2016, VersaBank announced \$5 million in post-IPO equity financing from its largest shareholder, PWC Capital.

### KEY CORPORATE DEVELOPMENTS

**Press releases:** <https://www.versabank.com/investor-relations/news/>  
**May 17, 2016:** [Pacific & Western Bank of Canada changes name to VersaBank as part of rebranding strategy](#)  
**Jan 31, 2017:** [VersaBank and majority stakeholder and parent company PWC Capital Inc. complete merger](#)  
**Jan 23, 2018:** [VersaBank launches blockchain-based digital storage vault service](#)

<sup>1</sup> <https://www.finance-monthly.com/2017/07/david-taylor-on-building-canadas-first-virtual-branchless-bank/>

<sup>2</sup> <https://www.businesswire.com/news/home/20160316005363/en/Pacific-Western-Bank-Canada-Plans-Change-VersaBank>

<sup>3</sup> <https://www.businesswire.com/news/home/20160517005415/en/Pacific-Western-Bank-Canada-VersaBank>

<sup>4</sup> <https://business.financialpost.com/news/fp-street/versabank-and-parent-pwc-capital-try-to-unlock-value-by-simplifying-structure>

<sup>5</sup> <https://www.businesswire.com/news/home/20170131005749/en/VersaBank-PWC-Capital-Complete-Merger>

<sup>6</sup> <https://www.businesswire.com/news/home/20131023006107/en/Pacific-Western-Bank-Opens-Toronto-Stock-Exchange>

## BUSINESS HIGHLIGHTS

### STRATEGY

VersaBank leverages technology to target two lines of business:

- **Lending** – VersaBank leverages technology to deliver low-cost lending to corporations and real estate developers. To provide financing without branches and with lower operating costs, VersaBank partners with existing distribution channels who have strong client relationships, such as finance and leasing companies.
- **Deposits** – VersaBank raises deposits through a nationwide network of deposit brokers, including large bank-owned brokerage firms and mid-size and smaller investment firms.

### PRODUCTS / PRICING

- **e-Commerce Lending:** VersaBank has a Receivable Purchase Program, where VersaBank purchases loan and lease receivables from finance companies that operate throughout Canada. This way, VersaBank indirectly provides capital for small businesses. Credit risk is reduced to acceptable levels through cash deposits made by the vendors of the loan and lease receivables to offset potential credit losses.
- **Commercial Lending:** VersaBank provides short and long-term financing for real estate developers and condominium corporations across Canada, for purposes of development, renovation and repair, as well as long-term financing up to 20 years. VersaBank also provides loan refinancing and lease buy outs.
- **Deposit Accounts:** VersaBank provides GICs, RRSPs, Savings and TFSA accounts, made available through a network of deposit brokers and financial advisors. VersaBank leverages technology and its “branchless” model to incur lower operating costs, offering competitive interest rates and fees. As of August 2018, VersaBank saving accounts provide an interest rate of 1.2%, with GICs providing rates between 1% to 3.11% for longer term certificates. RRSPs provide a maximum interest rate of 3.11%
- **Custom Web-based Chequing Accounts:** Through a partnership with Promeric Technologies, VersaBank provides an integrated banking solution for insolvency professionals, with streamlined pre-authorized deposits, as well as automated statement reconciliation and return item processing.
- **VersaVault:** Currently in beta testing, VersaVault is a blockchain-based safety deposit box for digital assets.

### TECHNOLOGY

VersaBank leverages technology that enables it to process large volumes of small-ticket receivables and requests. Using a large digital network of partners, VersaBank sources deposits, loans and leases electronically. As of September 2016, VersaBank’s Bulk Purchase Program, which automatically assesses risk and processes loans and leases, had over \$750M in outstanding balances.<sup>7</sup>

### DISTRIBUTION / LOGISTICS

VersaBank serves Canadian businesses and consumers only through a network of investment companies and brokers, including a network of 87 insolvency professional offices, and 115 deposit broker financial institutions as of Q2 2018.<sup>8</sup> VersaBank is a Schedule I bank and clients are CDIC (Canadian Deposit Insurance Corporation) insured.

### MARKETING

VersaBank provides financial products to a network of distributors who are responsible for client and customer relationships, reducing operating costs from marketing.

## COMPETITORS

Many established banks in Canada have launched online and digital banking infrastructure. While VersaBank was one of the first digital “branchless” banking models in Canada, there are several online banking services, for example:

1. **Tangerine** – (Toronto, ON) Tangerine is an online direct bank, a subsidiary of Scotiabank, which provides low-cost lending, deposit and investment management services.
2. **EQ Bank** – (Toronto, ON) Equitable Bank provides personal and commercial loan and deposit services, and a specialized online direct banking brand known as EQ Bank.

<sup>7</sup> <https://www.businesswire.com/news/home/20160920006395/en/VersaBank-Exceeds-750-Million-Milestone-Bulk-Purchase>

<sup>8</sup> <https://www.versabank.com/investor-relations/ir-presentation/>