

VERSABANK AND HOME HARDWARE ANNOUNCE CHANGES TO HOME CREDIT CARD

LONDON, ON – October 26, 2016/BusinessWire – VersaBank (TSX: VB, VB.PR.A, VB.PR.B), formerly Pacific & Western Bank of Canada, and Home Hardware Stores Ltd. announced today that their agreement relating to the Home Credit Card, a private-label credit card issued by VersaBank for use at participating Home Hardware stores, will terminate on the expiration of the agreement, which is December 31, 2016. VersaBank will continue to issue and service all aspects of the Home Credit Card until December 31, 2016 and will continue to service the wind-down and collection of receivables after December 31, 2016.

“We have enjoyed the partnership with Home Hardware over the last 5 years however, the overall card utilization achieved through the Home Credit Card was not sufficient for the program to continue. We wish Home Hardware all the success in the future,” said David Taylor, President and Chief Executive Officer, VersaBank.

About VersaBank

VersaBank, a technology based and digital Canadian Schedule I chartered bank, operates using an “electronic branchless model”. It sources deposits, consumer loans, commercial loans and leases electronically. The Bank also makes residential development and commercial mortgages it sources through a well-established network of brokers and direct contact with its lending staff. VersaBank’s common shares trade on the Toronto Stock Exchange under the symbol VB.

FOR FURTHER INFORMATION ON VERSABANK, PLEASE CONTACT:

Investor Relations: Wade MacBain, Director, (800) 244-1509, wadem@versabank.com

Visit our website at: <http://www.versabank.com>

About Home Hardware Stores Limited

Home Hardware Stores Limited is Canada's largest independent home improvement retailer with close to 1,100 stores under the Home Hardware, Home Building Centre, Home Hardware Building Centre and Home Furniture banners with annual retail sales of over \$5.8 billion. The privately owned wholesale company was founded in 1964 in rural St. Jacobs, Ontario and remains 100% Canadian owned and operated. Through the Home Hardware network, Dealer-Owners have access to 100,000 quality, brand name and private label products, a state-of-the-art distribution system and extensive marketing and training programs. Offering a mix of tradition and innovation, Home Hardware Stores Limited has received designation as one of Canada's Best Corporate Cultures and Best Managed Companies and is committed to providing local communities with superior service and expert advice. More information about the company is available at homehardware.ca.

FOR FURTHER INFORMATION ON HHSL, PLEASE CONTACT:

Trisha Owens, Public Relations Coordinator, Home Hardware Stores Limited. (519) 664-2252 ext. 6676 trisha.owens@homehardware.ca

Jessica Kuepfer, Public Relations Manager, Home Hardware Stores Limited. (519) 664-4612. jessica.kuepfer@homehardware.ca