

# Quark Bank Investment Summary

## **Business Opportunity** Ownership in Schedule I Canadian Bank – Quark Bank of Canada (QBank)

**Business Statement** QBank will be in the business of providing financing to build municipal, provincial (state), federal infrastructure projects which have their payments guaranteed by a Government entity, ultimately provide guaranteed payment financing through the Government of Canada.

**Business Model** QBank will provide loans to build and capitalize on the Canadian \$50 billion annual infrastructure project market. Private-Public-Partnership projects (P3's) such as hospitals, schools, transportation, water and utilities in municipalities, provinces, and federal level thereby all earning a guaranteed payments.

**Regulatory Approval** Minister of Finance for Canada and the banking regulator (OSFI)

**Private Placement** \$50 Million in Tier 1 (common shares) equity capital

**Leverage Ratios** 12.5:1 (debt to equity ratio to be approved by OSFI)

**Management Stake** Odawa Group Inc. will retain 7.5% ownership of the bank. Management's stake will be earned as key milestones are achieved.

**Sources of Funding** Term Deposits: Wholesale and Retail; Bank Bonds

**Governance Model** 8 member Board of Directors

**Investor Returns** 15% average annual rate of return over first 5 years from operations. Liquidity value of 24%+ IRR after year 5.

QBank Investment Returns	Returns	Multiple	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Cummulative Net Income (EBT)	15%		-\$ 2,303	\$ 2,511	\$ 8,881	\$ 24,830	\$ 48,539	\$ 81,901	\$ 126,690
Terminal Exit Value (EBT)	31%	10	-\$ 17,270	\$ 36,104	\$ 47,770	\$ 119,620	\$ 177,815	\$ 250,215	\$ 335,921
Book Value Exit	24%	1.4	\$ 67,582	\$ 72,637	\$ 79,325	\$ 131,071	\$ 155,965	\$ 190,996	\$ 238,025

**Advisers**

Paul Jenkins	Former Deputy Governor of The Bank of Canada
Michael Atkinson	President of Canadian Construction Association
Larry O'Brien	Mayor of Ottawa (2006-10), Founder of Calian Inc.
Peter Harder	Former Deputy Minister, DFATD (Foreign Affairs)
Jim Blattman	Former Vice President RBC Technology Banking
Graham Bird	President of a P3 Project Management Company

**Management Team**

Gary Seveny	Former CEO of a Canadian Bank
Jeffrey Dale	Former CEO of Regional Economic Develop Corp
Deborah Vickers	Executive Consultant de Novo Bank Charters
Scott Eaton	Former Legal Counsel for NAV Canada

**Liquidity** Initially, QBank will be a privately held bank. Liquidity options include a private sale of shares, sale of the bank, or an IPO.

# Quark Bank Investment Summary

---

## **OVERVIEW**

QBank, focused on debt financing for Canadian infrastructure projects, is a strategic move for the owners. Investors are uniquely positioned to become a strategic partner in a new Schedule I Canadian bank with a specialized mandate in infrastructure financing. Quark Bank will focus on the domestic (60%) and international (40%) infrastructure market with payment guarantees through Canadian Governments for Domestic and Export Development Corporation (EDC) for International projects.

Odawa Group Inc. is the founding corporation for this bank. The owners of Odawa have established relationships due to the contacts with government of Canada and the previous experience of securing four prior successful de Novo bank licenses which include Alterna Bank and Ubiquity Bank.

Recent M&A activity in Canadian Banks have produced profitable liquidity events for investors with valuations ranging from 160% to 200% of book value. Three recent examples are Dundee Bank sold to Scotia Bank for \$680 Million (160% of book value), ING Bank sold to Scotia Bank for \$3.1 Billion (200% of book value), and Pacific and Western Bank IPO'd at a market cap of \$150 Million (150% of book value).

## **THE CANADIAN PUBLIC INFRASTRUCTURE MARKET**

The annual Canadian Public Infrastructure spending is approximately \$50 billion; \$10 billion federally, \$25 billion provincially and \$15 billion municipally.

## **QUARK BANK BUSINESS PLAN**

The business plan for QBank recognizes that the Bank will share the long-term debt requirements on each deal with the Lifecos that Odawa has already developed for such “partnering” on deals. Quark Bank’s philosophy is to take no more than 50% of any one deal. In addition to common infrastructure interest, the Bank has a strategy opportunity to be a leader in specialized water and waste water system infrastructure projects that every Canadian municipality is obligated to re-develop meeting the new National Standards for Municipal Waste Water requirements by 2021. The strategic plan will make QBank the authority for water and waste water infrastructure project financing across Canada.

Canadian Public Policy strongly supports infrastructure financing through partnership with private enterprises. QBank was created to address the essential market need acknowledged by OSFI (the regulator) as well as infrastructure organizations, P3 Canada, Infrastructure Ontario, and all levels of the Federal Government. Odawa Group has established key working partnerships and relationships in the market space. We are supported by Lifecos (SunLife), fund companies and the construction industry as experienced bidding partners. These partnerships will provide immediate placement of guaranteed loans, increasing our market share.

## **SECURING THE BANK LICENSE**

QBank’s business model will focus on:

- a) Completing the Schedule I Banking license
- b) Establishing first class banking operations, including recruiting of key bank operations personal and implementation of back office systems
- c) securing infrastructure business in key markets with high levels of security.

## Quark Bank Investment Summary

---

QBank has already secured the support of key individuals with the experience and skills for the bank to be successful. The team is comprised of former bankers, including a past president of a successful Canadian Bank, an established de Novo banking consultant, infrastructure specialists, executives from the construction industry, former senior government officials and key legal and accounting experts, all with broad experience in banking and infrastructure development at senior levels.

QBank's executive team has successfully led four de Novo OSFI application submissions over the past decade.