VersaBank

Q3 2024 Conference Call
September 5, 2024

NASDAQ: VBNK | TSX: VBNK

Advisory

For those wishing to ask questions during the Q&A, please access today's call through the telephone dial-in:

Toll-free:	1-888-510-2154 (Canada/US)
Local:	437-900-0527

Advisory

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 MD&A for the quarter ended July 31, 2024. The Bank makes no undertaking to update any forward-looking statement that is made from time to time by the Bank.

VersaBank

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David Taylor

President &
Chief Executive Officer

VersaBank USA: Transformational Opportunity

High-Growth, Underserved Multi-Trillion $ Market

Acquisition of National OCC licensed US bank enables launch of Receivables Purchase Program in the US

Proven Highly Attractive & Successful in Canada

- **>14 years in market**
- **>C$9B (US$6.5B)**
  Total value of POS RPP Financings to Date[1]
- **C$3.1B (US$2.3B)**
  Current Value of RPP Portfolio[1]
- **>26% 5-Year CAGR[1]**

VersaBank USA
Choice Through Innovation

Q3 2024 Key Metrics & Highlights:

VersaBank

Total Assets		$4.52B
Loan Portfolio		$4.05B
Loan Growth	↑	11% YOY
Total Revenue	↑	1% YOY
Net Income	↓	3% YOY
EPS	↓	5% YOY

Digital Banking Efficiency Ratio

46% ↑ 300 bps (7%) YOY

Ave. Return on Common Equity (ROCE)

9.63% ↓ 152 bps (14%) YOY

Realizing significant operating leverage inherent in Digital Banking model

YTD 2024 Key Metrics & Highlights: Record Results[1]

Total Assets		$4.52B
Loan Portfolio		$4.05B
Loan Growth	↑	11% YOY
Total Revenue	↑	6% YOY
Net Income	↑	15% YOY
EPS	↑	17% YOY

Digital Banking Efficiency Ratio

41% ↓ 200 bps (9%) YOY

Ave. Return on Common Equity (ROCE)

11.79% ↑ 55 bps (5%) YOY

1. In the first quarter of 2017 the Bank recognized an $8.8 million deferred tax asset derived from the tax loss carryforwards assumed pursuant to the amalgamation of VersaBank with PWC Capital Inc. Quarterly net income for January 31, 2017, excluding the $8.8 million deferred tax asset was $3.1 million, or $0.12/share.

Realizing significant operating leverage inherent in Digital Banking model

VersaBank

John Asma

Chief Financial Officer

Q3 2024: Continued Strong Financial Performance

Balance Sheet

	At July 31			
	2024	2023	YoY Change	Sequential Change
Total Assets	$4.52 B	$3.98 B	13%	3%
Loan Portfolio	$4.05 B	$3.66 B	11%	1%
Cash and Securities	$0.40 B	$0.27 B	48%	33%
Book Value per Common Share	$15.23	$13.55	12%	2%
CET1 Ratio	11.75%	11.15%	60bps	12bps
Leverage Ratio	8.54%	8.53%	1bps	-1bps

- Total loan portfolio expanded to another record balance
- Book Value per Share increased as a function of higher retained earnings (from net income growth), partially offset by dividends paid

Both CET1 and leverage ratios remain above targets

Q3 2024: Continued Strong Financial Performance Consolidated

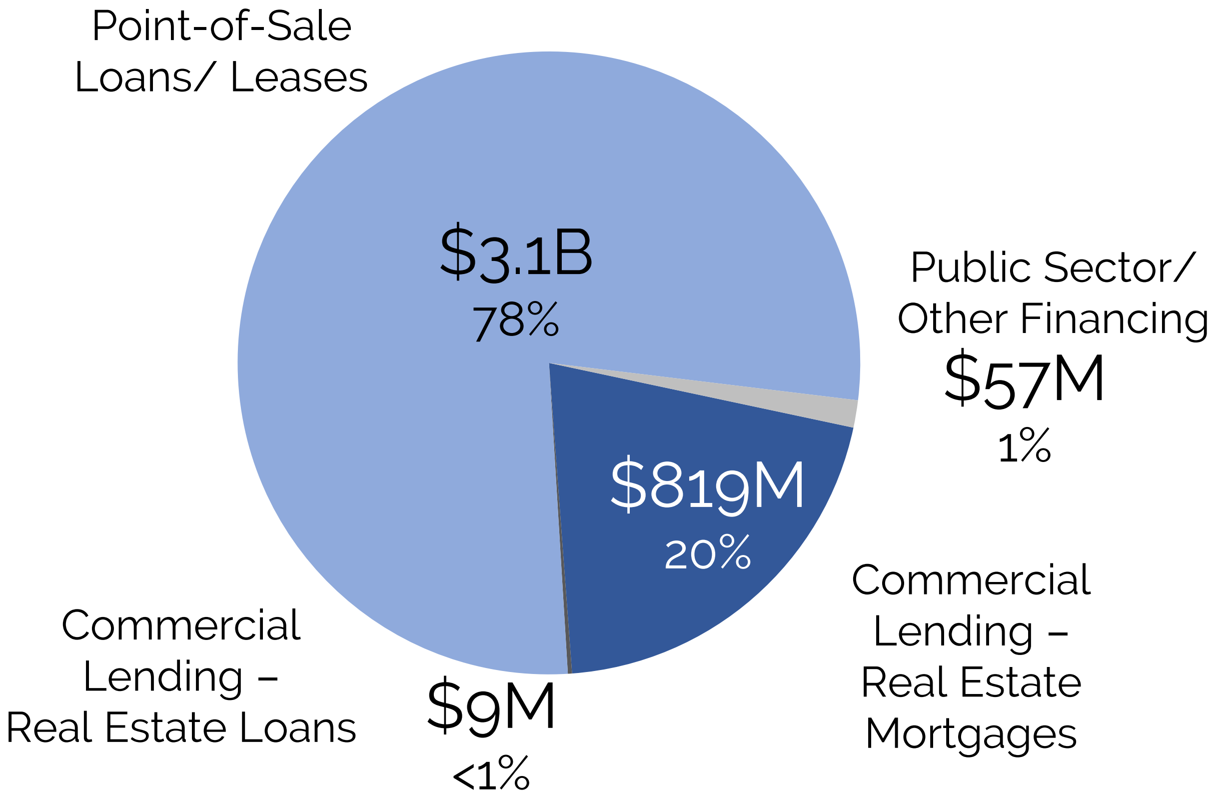
Consolidated Income Statement

	3 Months Ended July 31			
(000's)	2024	2023	YoY Change	Sequential Change
Revenue	26,996	26,859	1%	-5%
Non-Interest Expenses	13,534	12,879	5%	11%
Net Income	9,705	10,003	-3%	-18%
Earnings Per Share	0.36	0.38	-5%	-20%

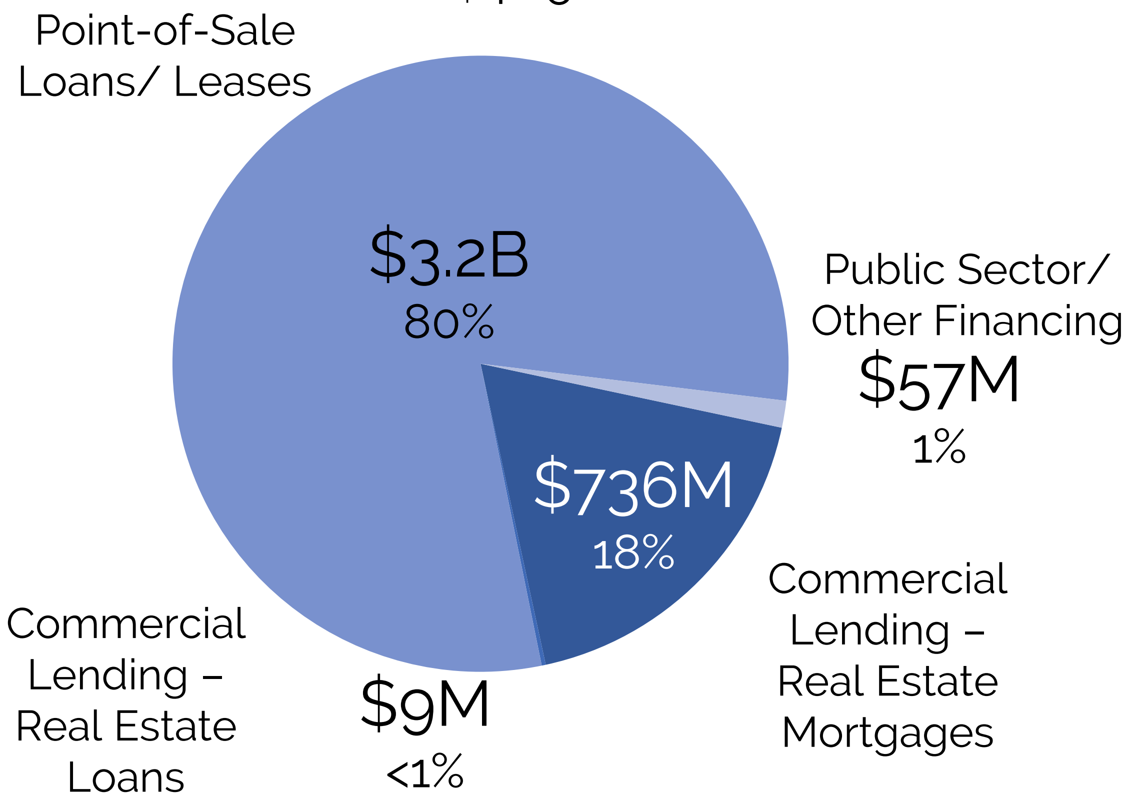
- YoY revenue growth driven by higher NII from Digital Banking operations due mainly to POS portfolio growth
- Sequential revenue decrease due to impact of temporary dampening of NIM due to lag in term deposit adjustments in declining interest rate environment

Q3 2024: Continued Strong Financial Performance
Digital Banking Operations – Record Loan Portfolio: $4.05 B

Q2 2024
Total: $4.02 B



Q3 2024
Total: $4.05 B



Point-of-Sale Portfolio: Up 16% YoY & up 4% sequentially
Commercial Real Estate Portfolio: Down 9% YoY & 10% sequentially

Q3 2024: Continued Strong Financial Performance
Digital Banking Operations

Digital Banking Operations: Income Statement

	3 Months Ended July 31			
	2024	2023	YoY Change	Seq Change
Cost of Funds	4.17%	3.62%	55 bps	-4 bps
Non-Interest Expenses	11,498	10,758	7%	15%
Net Interest Income	24,944	24,929	0%	-5%
Net Interest Margin on Loans	2.41%	2.69%	-28 bps	-11 bps
Net Interest Margin	2.23%	2.57%	-34 bps	-22 bps

- NIM temporarily dampened by lag in term deposit adjustments in declining interest rate environment, which was exacerbated by higher than typical cash balances ahead of the closing the US bank acquisition

Cost of Funds

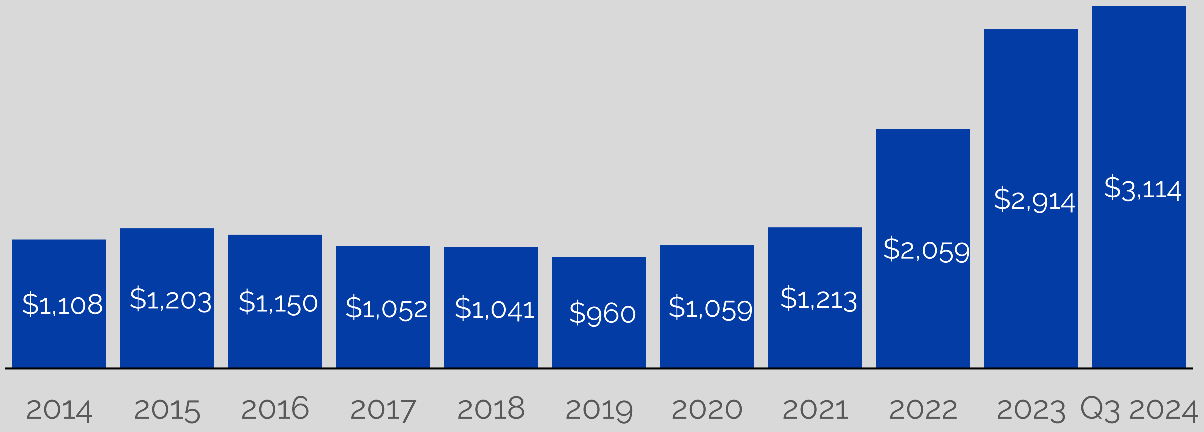
Q3 2024 cost of funds: 4.17%

- Increased 55 bps (15%) vs Q3 2023
- Decreased 4 bps (1%) vs Q2 2024

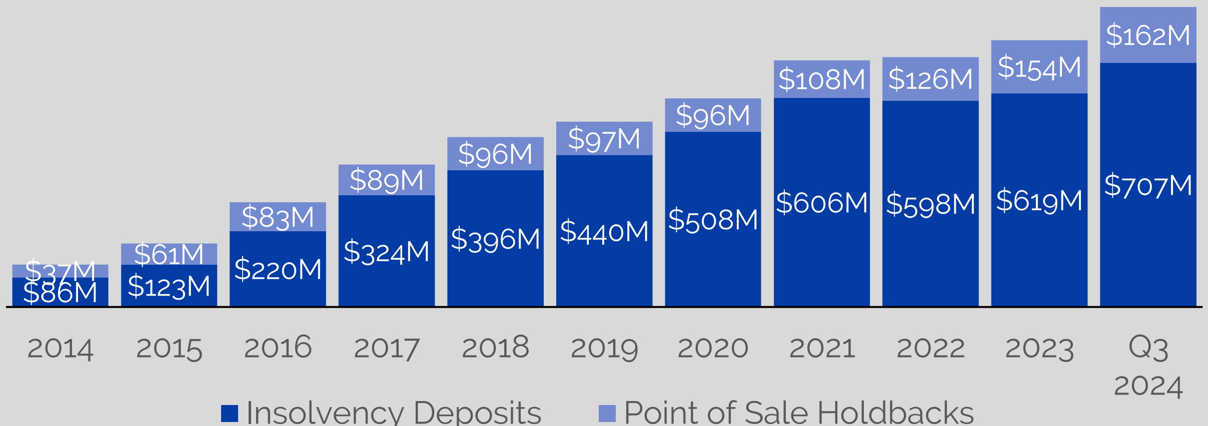
Cost of funds was impacted by typical lag in term deposit adjustments in declining interest rate environment

Cost of funds benefitting from continued expansion of low-cost Insolvency Professional deposits

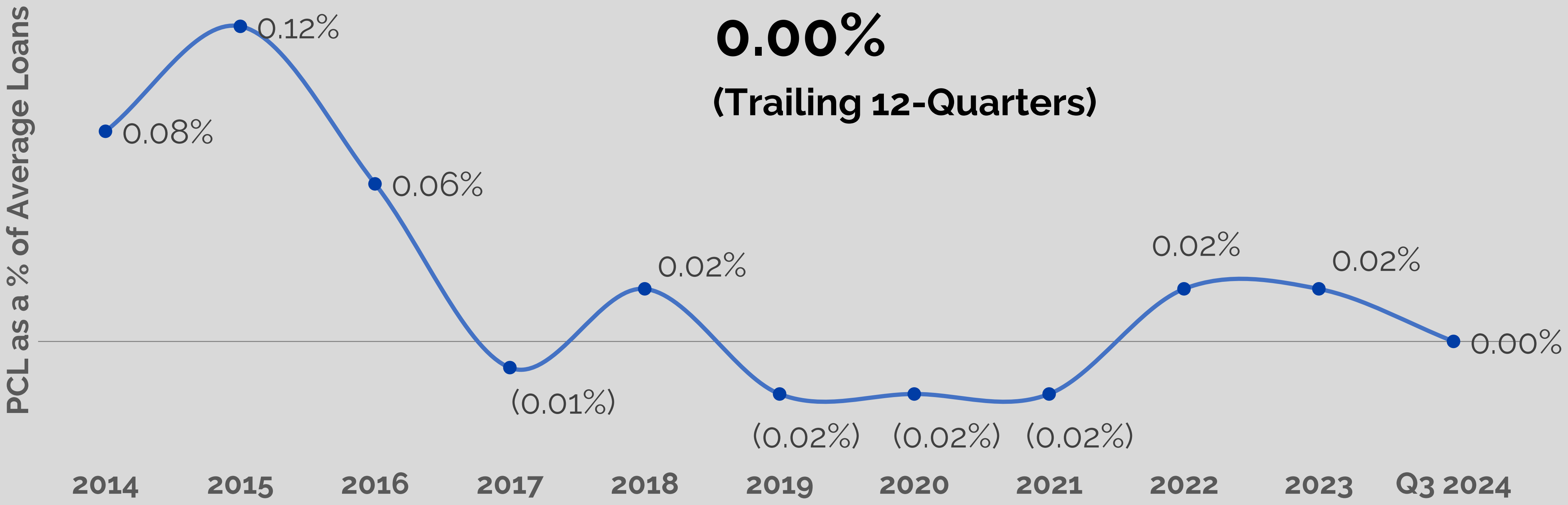
Wealth Management (Personal Deposits)



Commercial Deposits



Top Tier Asset Quality & Prudent Approach to Risk Mitigation



Average Provision for Credit Losses as a % of Average Loans

0.00%

(Trailing 12-Quarters)

Q3 2024: Continued Strong Financial Performance DRTC

Cybersecurity Services (DBG): Income Statement

	3 Months Ended July 31			
	2024	2023	YoY Change	Seq Change
Revenue	2.5	2.4	8%	-15%
Gross Profit	1.9	1.8	5%	-14%

- Revenue changes are a function of engagement activity relative to comparable periods
- Q3 is a seasonally softer quarter
- YoY increase in gross profit driven primarily by improved operational efficiency

Cybersecurity Services component of DRTC (DBG) remains profitable

VersaBank

David Taylor

President &
Chief Executive Officer

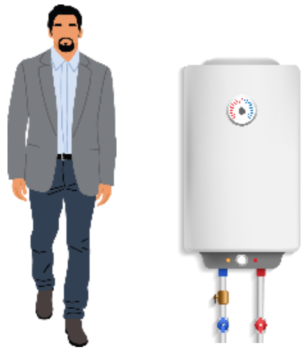
Point-of-Sale Receivable Purchase Program (RPP)

Innovative, Unique and Efficient Digital Funding Solutions for Point-of-Sale Finance Companies

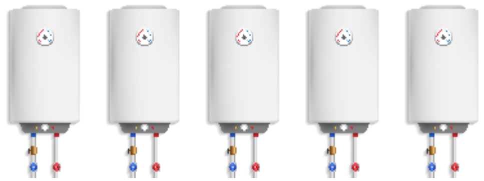
VersaBank

- Readily accessible, reliable, economic funding, and daily loan sales (real-time sales in development)
- VersaBank typically provides 100% of loan value (vs. ~75% from conventional sources) – much higher partner ROE

Point-of-Sale



Point-of-Sale Partner
Loan Administrator with
ALL Direct Contact w/ Consumer



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VB's proprietary banking software efficiently analyzes and ensures adherence to credit specifications

VersaBank
NO Direct Contact w/ Borrower

If any loans are 90+ days in arrears, VersaBank automatically paid (and loan returned to partner) for loans 90 days in arrears

Stream of Payments:

Point-of-Sale Financing Offered to Consumer (through VersaBank Point-of-Sale partner) → **$$$** → **Preapproved by VersaBank to underwrite attractive POS Direct-to-Consumer loans for 'Big Ticket' Purchases** → **$$$ + Holdback of Cash Collateral** (Embedded in Purchase Price) Amount of Holdback Changes with Risk of Loan → **VersaBank Purchases Loans & Flow of Monthly Consumer Loan Payments from Partner**

Loans + Holdback of Cash Collateral Reside on VBNK Balance Sheet

Capitalizing on the Significant Operating Leverage in Our Core Digital Banking Operations

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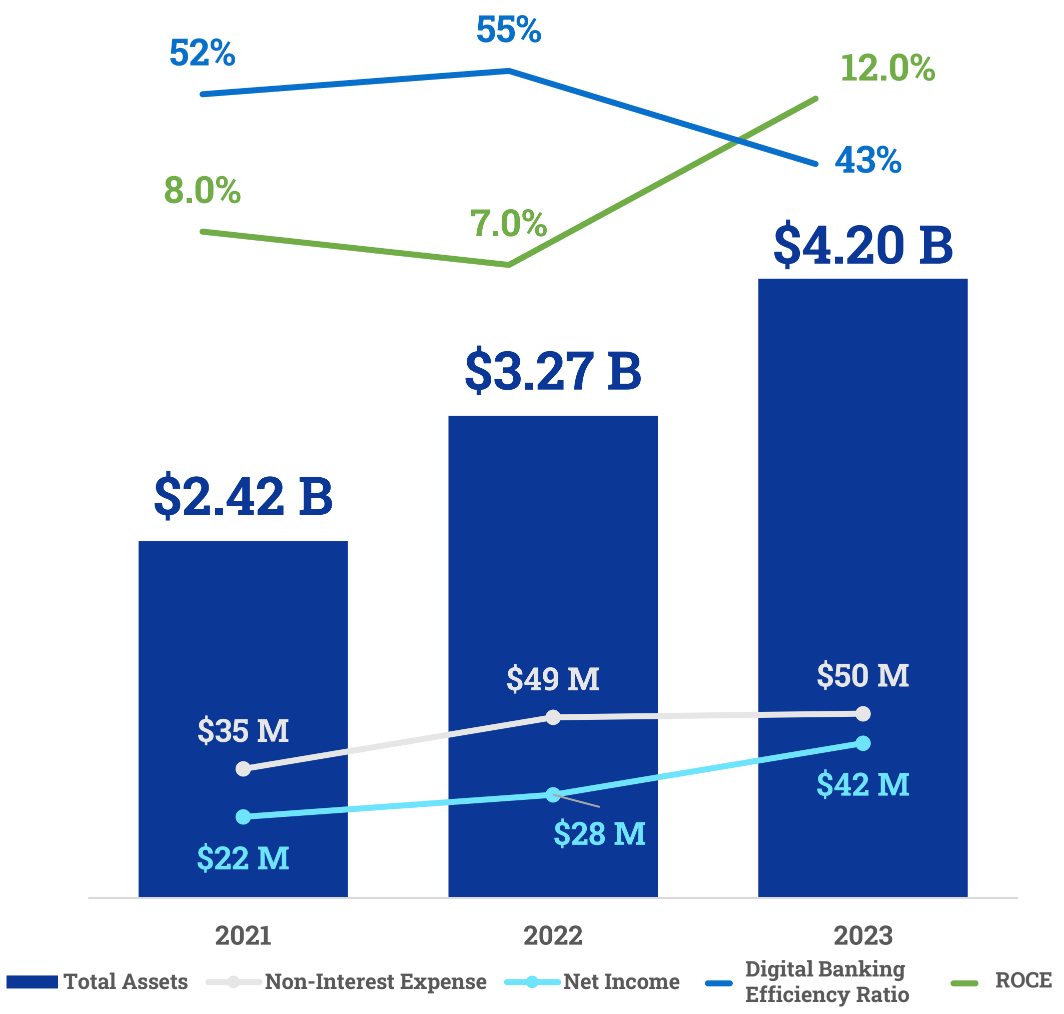
$ CAD (millions)



Next Milestones:

Total Assets

>$5B	>$6B	>$10B

Efficiency Ratio

<40%	<35%	<25%

ROCE

>16.5%	>20%	>25%

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Q&A Session

Toll-free: 1 (888) 664-6392 (Canada/US)
Local: (416) 764-8659

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Banking on the Future!