VersaBank

Q4 2024 Conference Call
December 9, 2024

NASDAQ: VBNK | TSX: VBNK

Dial-In to Ask Questions

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

Toll-free:	1-888-699-1199 (Canada/US)
Local:	416-945-7677

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 October 31, 2024. The Bank makes no undertaking to update any forward-looking statement that is made from time to time by the Bank.

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David Taylor

President &

Chief Executive Officer

One-Time Impacts on Q4 and Fiscal 2024 Results

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- One-time NIEs primarily associated with the U.S. acquisition that totaled $3.3 million and $3.7 million for the fourth quarter and full fiscal year 2024, respectively

- A one-time expense of a deferred tax asset of $1.6 million due to a change in tax base of the acquired assets of VersaBank USA, impacting both the fourth quarter and full fiscal year 2024

- Higher than historical cash balances in preparation to fund the capital requirements of VersaBank USA following closing of U.S. acquisition and the provision of US$90 million in capital to the U.S. Digital Banking operations post-acquisition. These temporarily impacted net interest margin and dampened revenue by approximately $0.7 million and $1.2 million for the fourth quarter and full fiscal year 2024, respectively

Q4 and Full Year 2024 Key Metrics & Highlights:

Excluding Impact of one-time expenses[1]

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Q4

Total Assets	$4.84B
Loan Portfolio	$4.24B
Total Revenue	$27.3M
Net Income	$10.0M
EPS	$0.38

2024

Total Assets	$4.84B
Loan Portfolio	$4.24B
Total Revenue	$111.6M
Net Income	$45.0M
EPS	$1.69

1. Several factors predominantly associated with preparation for and completion of the closing of the acquisition of SBH dampened VersaBank's fourth quarter and fiscal 2024 financial results

Realizing significant operating leverage inherent in Digital Banking model

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John Asma

Chief Financial Officer

Q4 2024: Continued Strong Financial Performance

Balance Sheet

	At October 31		
	2024	2023	YoY Change
Total Assets	$4.84 B	$4.20 B	15%
Loan Portfolio	$4.24 B	$3.85 B	10%
Cash and Securities	$0.52 B	$0.30 B	75%
Book Value per Common Share	$15.35	$14.00	10%
CET1 Ratio	11.24%	11.33%	10bps
Leverage Ratio	7.38%	8.30%	-92bps

- 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

Q4 2024: Continued Strong Financial Performance Consolidated

Consolidated Income Statement

	Quarter Ended October 31		Quarter Ended July 31
(000's)	2024 excluding one-times[1]	2023	2024
Revenue	27,981	29,173	26,996
Non-Interest Expenses	16,111	12,441	13,534
Net Income	10,020	12,429	9,705
Earnings Per Share	0.38	0.47	0.36

1. Several factors predominantly associated with preparation for and completion of the closing of the acquisition of SBH dampened VersaBank's fourth quarter and fiscal 2024 financial results

- YoY revenue decrease due primarily to lower non-interest income from the Bank's cybersecurity Operations, DRT Cyber Inc.

Q4 2024: Operating Strength Across Segments

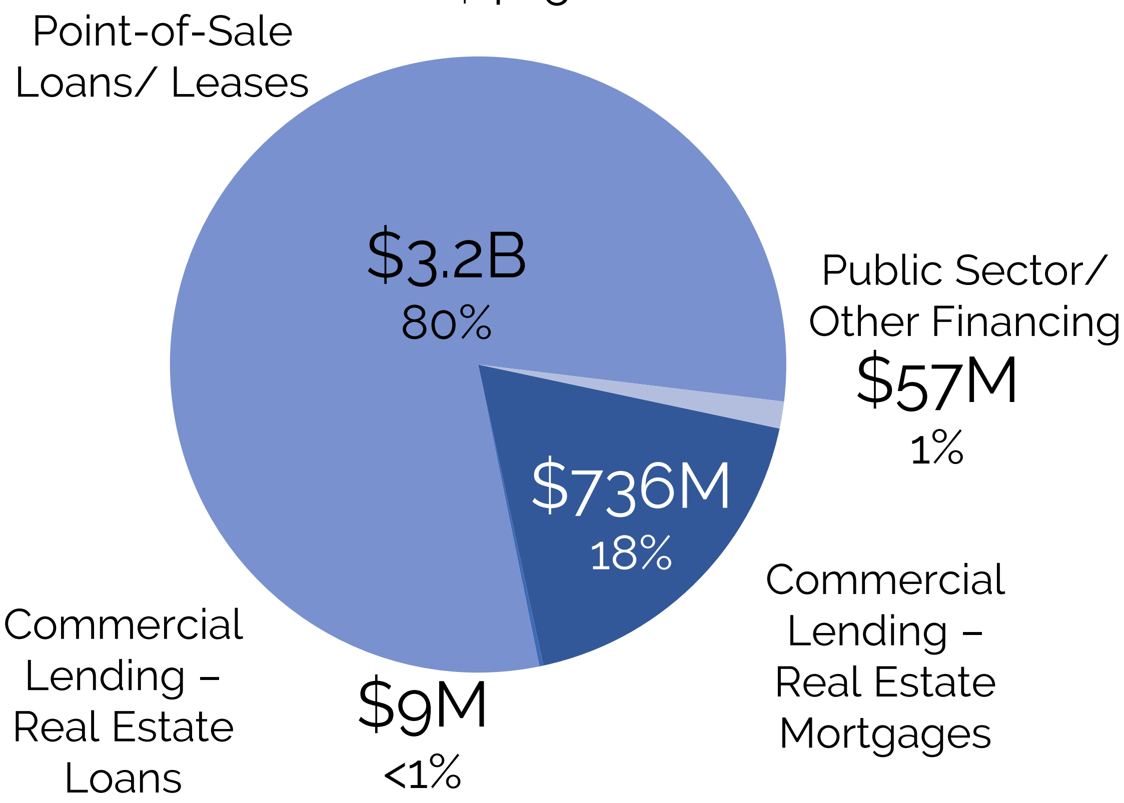
Segmented Income Statement

	Quarter Ended October 31		Quarter Ended July 31
(000's)	2024 excluding one-times[1]	2023	2024
Revenue	27,981	29,173	26,996
Digital Banking Canada	24,346	29,173	26,996
Digital Banking USA	1,393	0	0
Net Income	10,020	12,479	9,705
Digital Banking Canada	9,535	12,479	9,705
Digital Banking USA	465	0	0

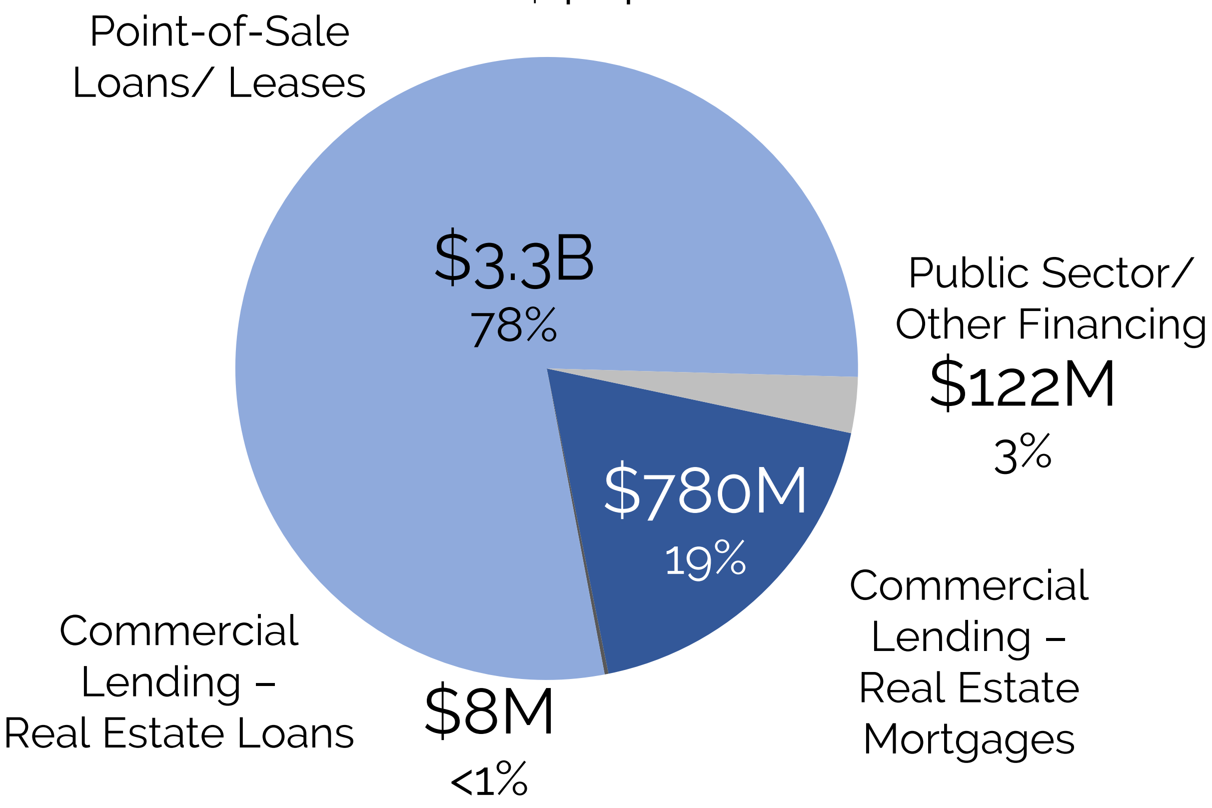
1. Several factors predominantly associated with preparation for and completion of the closing of the acquisition of SBH dampened VersaBank's fourth quarter and fiscal 2024 financial results

Q4 2024: Continued Strong Financial Performance
Digital Banking Operations – Record Loan Portfolio: $4.24 B

Q3 2024
Total: $4.05 B



Q4 2024
Total: $4.24 B



Point-of-Sale Portfolio: Up 15% YoY & up 2% sequentially
Commercial Real Estate Portfolio: Down 12% YoY & Up 6% sequentially

Q4 2024: Continued Strong Financial Performance Digital Banking Operations

Digital Banking Operations: Income Statement

	Quarter Ended October 31		Quarter Ended July 31
	2024 excluding one-times[1] (excluding NIMOL & NIM)	2023	2024
Cost of Funds	4.11%	3.86%	4.17%
Non-Interest Expenses	16,111	12,441	13,534
Net Interest Income	24,901	26,239	24,944
Net Interest Margin on Loans	2.34%	2.69%	2.41%
Net Interest Margin	2.12%	2.54%	2.23%

1. Several factors predominantly associated with preparation for and completion of the closing of the acquisition of SBH dampened VersaBank's fourth quarter and fiscal 2024 financial results

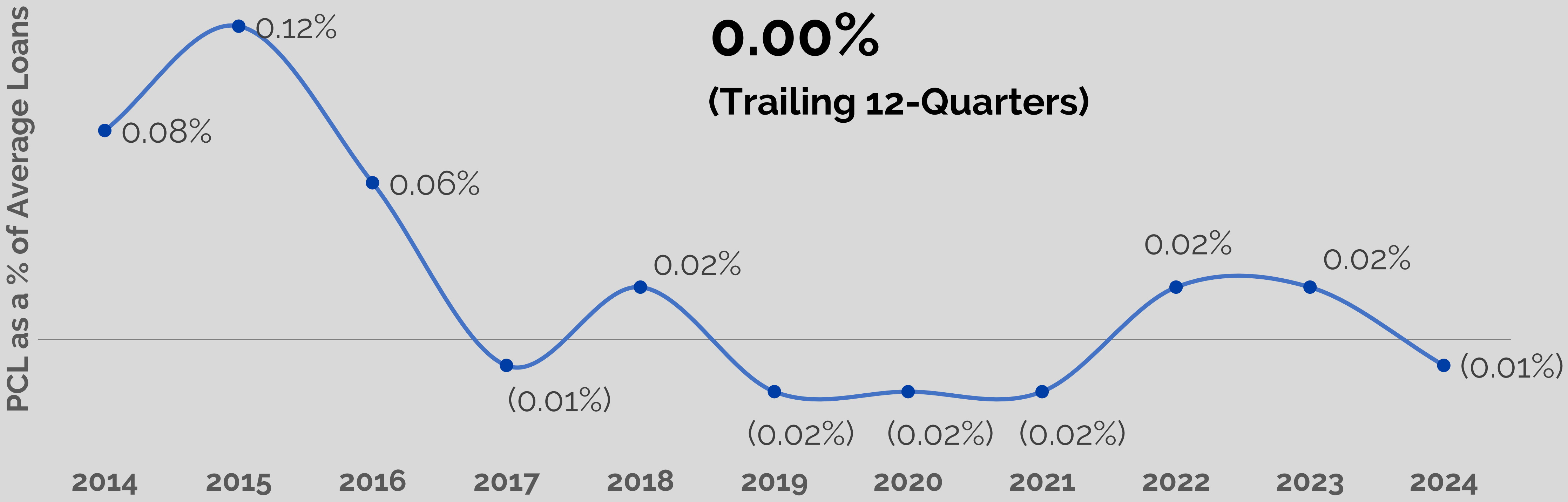
- NIM decreases due primarily due to an atypically inverted yield curve adversely affecting POS asset margins, which was exacerbated by the strong growth in the POS portfolio, elevated rates on term deposits experienced periodically over the course of the year

Top Tier Asset Quality & Prudent Approach to Risk Mitigation

Average Provision for Credit Losses as a % of Average Loans

0.00%

(Trailing 12-Quarters)



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David Taylor

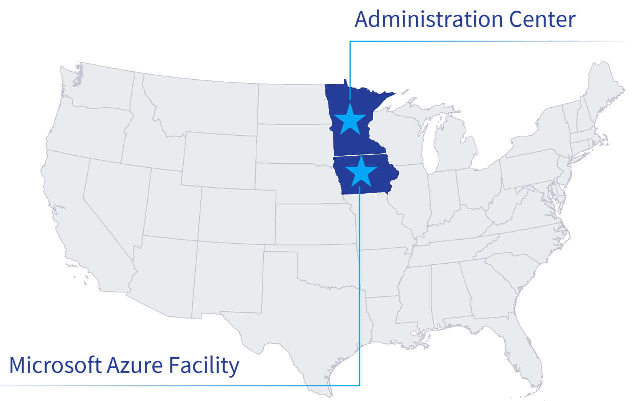
President &
Chief Executive Officer

Strong Foundation for Continued Growth in Canadian Banking Operations

- Continued steady growth led by the Receivable Purchase Program (RPP)
- Contribution of CHMC-insured loan business
- Continuation of several favourable trends that support Net Interest Margin
  - Flattening of yield curve – beneficial to spread on RPP loans
  - Growth in low-cost Insolvency Professional deposit business as bankruptcies continue to steadily trend upward

VERSABANK USA, N.A.

TRANSFORMATIONAL OPPORTUNITY



HIGH-GROWTH, UNDERSERVED MULTI-TRILLION-DOLLAR MARKET

On August 30, 2024, VersaBank completed its acquisition of Stearns Bank Holdingford:

Transaction Highlights:

- $14M deal value in cash
- Assumed U.S. deposits and other liabilities of approximately $54 million
- Added $61M in assets

RPP FOR U.S. POS LENDERS

- Additional opportunity to syndicate originations through community bank networks generating up to 1.00% in annual fee income

Higher efficiency implementing U.S. RPP using the same technology and credit structure in Canada with fewer personnel needed to operate the business

For VersaBank business model, margins in the U.S. are expected to be up to 100bps wider than in Canada

Ability to select partnerships in the U.S. with good credit quality due to high demand

U.S. POS MARKET OVERVIEW

- In 2022, POS financing accounted for about **10% of the total unsecured lending balances** in the U.S. growing faster than any other type of unsecured lending[(1)]
- In 2021, **~60% of all U.S. consumers** were likely to use POS financing **over the next 6 to 12 months**, driven by enhanced integration and better application experiences[(2)]
- U.S. POS financing estimated **market size of $1.4T**[(3)]
- **Growth is observed in the smaller ticket purchases**, led by consumer electronics ($600 spend on average), but **POS solutions on big ticket home improvement projects exist as well**, which are typically in the $10,000–$50,000 range[(1)]

U.S. BUSINESS EXPANSION TIMELINE

SEPTEMBER 2021	MARCH 2022	JUNE 2022	AUGUST 2024	FALL 2024
Completed U.S. IPO	Agreement with first U.S. POS Lender Partner	Announced Acquisition of Stearns Bank Holdingford	Closed Acquisition of Stearns Bank Holdingford	Officially launched POS RPP in the U.S

Notes: (1) "Models for Point-of-Sale (POS) Market Entry"– 2022 MDPI Publication by Pritham Pattamatta and Shaunaj Dabadghao
(2) "Buy now, pay later: Five business models to compete" – 2021 McKinsey & Co
(3) "POS Financing Is Both Threat and Opportunity in Retail Banking" 2021 The Finance Brand

DRT Cyber: Favourable Incoming U.S. Administration

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Q&A Session

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Banking on the Future!