VersaBank
Choice Through Innovation

USDV

Introducing the Ultimate Stablecoin: The Only USD Digital Deposit Receipt

Florida Bankers Association Annual Meeting

June 11, 2025

VersaBank

Digital Deposit Receipts

A Real Deposit with a Real Bank

Gurpreet Sahota

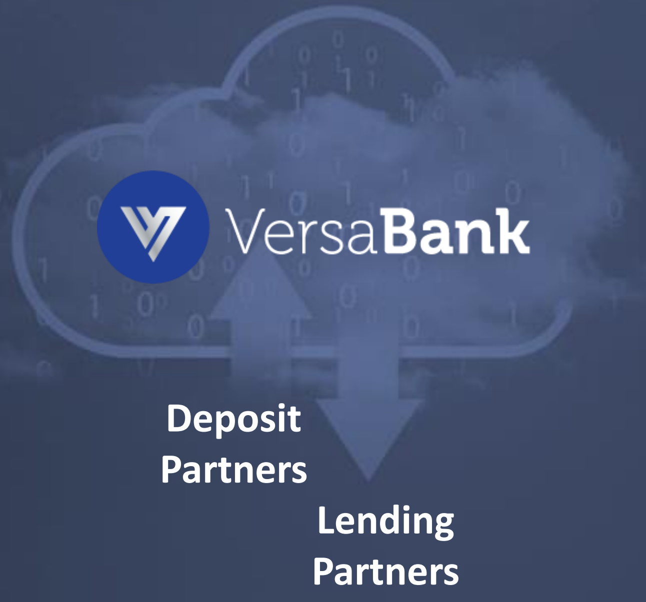
President, DRT Cyber
CISSP, CCSP

- DRTC Cyber (wholly owned subsidiary of VersaBank): A North America leader in the provision of cyber security services to address the rapidly growing volume of cyber threats challenging financial institutions, multi-national corporations and government entities
- Chief Cyber Architect of VersaBank: Oversaw development of the world's first digital safety deposit box, VersaVault®
- 16 years with Blackberry, culminating in his position at Principal Architect of Cyber Security
- Worked with 3COM and the British Ministry of Defense
- Certified Information Systems Security Professional (CISSP) and Certified Cloud Security Professional (CCSP)

Cloud-Based, Branchless, Partner (B2B) Model Using VersaBank's Proprietary Banking Technology

Proprietary, state-of-the-art software based out of two technology centres

- All deposits/credit assets managed digitally
- No direct interaction with end users
- Very high asset-to-employee ratio



Using technology to generate efficiency and operating leverage

Technological Innovation:
Part of VersaBank's DNA for >30 Years

- Founder, David Taylor, began career in software development for statistical analysis in biology
- David Taylor participated in first digital banking initiative at BMO in 1983
- David Taylor wrote a financial package to streamline Barclays budgeting process
- Founded VersaBank in 1993 on the principle of using technology to generate efficiencies previously unheard of in banking and continuously reduce risk

- World's **FIRST** digital financial institution (1993)
- **FIRST** electronic deposit broker network (1993)
- World's **FIRST** "smart router": Web Weaver (1995)
- Received **FIRST** National Bank License in Canada in 18 years (2002)
- **FIRST** integrated digital deposit solution for TIBs
- Developed world's **FIRST** digital receivables purchase solution
- 30+ year track record **NO MATERIAL LOAN LOSSES**
- Integral to **INITIAL DEVELOPMENT** of Tailscale mesh VPN (current PE valuation of >$2B)
- Developed world's **FIRST** digital vault, VersaVault®
- **ONE** of a (very) small number of foreign banks to be approved for a U.S. license in recent history
- **FOUNDED** DRT Cyber in 2019
- World's **FIRST** bank-issued, blockchain-enabled Digital Deposit Receipt (DDR) – unprecedented security

A Generational Shift in Banking Service Expectations

- **Younger generations increasingly prefer digital interactions over traditional banking methods**
- **Declining use and interest in physical branches and traditional banking services among younger clients**
- **Essential to drive adoption of digital products to retain and attract these digital-forward customers**
- **Banks must strategically innovate to remain relevant to this key demographic**

VersaBank's Digital Deposit Receipt

USDV

A Market Ready Solution for Banks to Address the Digital Asset Revolution

The Ultimate Stablecoin

USDV: The US$ version of VersaBank's proprietary Digital Deposit Receipt combines all the efficiencies, auditability and technical security of encrypted digital assets without the associated volatility and risks

- Represents a deposit held with an issuing bank and also functions as the highest quality and stability of the current digital assets
- Issued and redeemed only by the issuing bank
- Encrypted, transferable and traceable using state-of-the-art blockchain technology
- Uses VersaVault® to secure and manage the entire Minting and Burning processes

VersaBank's Digital Deposit Receipt

USDV

A Market Ready Solution for Banks to Address the Digital Asset Revolution

VersaBank

Developed in Collaboration with Regulators

- Initially developed in close collaboration with Canadian regulators and law enforcement

Secure Custody

- Digital assets are securely and privately stored with a dual-chartered bank serving as custodian.

Proven Technology

- Leveraging VersaVault®, underpinned by SOC 2 Type I certification, to support these digital asset capabilities.

Blockchain Innovation

- Successfully completed pilot programs on Ethereum Algorand, and Stellar blockchains
- First bank known to achieve this

USDV

Sticky Deposits and Lower Cost Funding

Significantly Enhanced Customer Loyalty

Reduced funding costs

Lower-Cost Deposits

Lower or no interest expectations as clients prioritize holding digital currency (USDV)

Very Sticky Deposits

USDVs circulate digitally, reducing redemption frequency and enhancing deposit stability

USDV

Powered by VersaVault®

The world's first digital bank vault for securing blockchain-based assets and highly sensitive digital documents and data

Developed by DRT Cyber, based on VersaBank's internally developed security technology

Specifically developed for security conscious enterprises, financial institutions and agencies to protect their digital assets

Military-grade security and SOC2 Type 1 audit compliant

USDV The Highest Level of Security

VersaBank

Blockchain-Based

- Distributed digital ledger using peer-to-peer consensus to validate transactions recorded in “blocks” of data which are cryptographically “signed”
- Each block cryptographically references the previous block (preventing any peer(s) from altering any of the previous blocks in the ledger), resulting in a permanent, indelible, immutable and unalterable history of transactions

Utilizes “Smart Contracts”

- A set of simple computer code-based rules [smart] and agreement [contract] between two parties, where the smart contract is stored on a blockchain so it cannot be changed and can be automatically executed
- Prevents unauthorized minting, issuing or modification (VersaBank USA, as sole Minter has its own private key)
- Key is protected by VersaVault®

Encrypted and transferrable

Ownership is fully traceable

Suspicious USDVs can be frozen

USDV Bridges Traditional Banking & the Digital World

VersaBank

Real Deposit with a Real Bank

Each USDV representing an actual dollar deposit held by the Bank.

Best of Both Worlds

Digital convenience with traditional banking stability, safety, security, and trust.

Market-Ready Solution Means Immediate ROI

Currently being brought to commercialization

"Bolt-On" to Existing Banking Technology Platforms

Already successfully implemented by VersaBank

Redeemable Value

Each USDV can be redeemed for a USD deposit with the Bank.

Regulator Friendly Solution

Banks recently endorsed by OCC as the safest custodians for digital assets

Seamless Integration

Can be used seamlessly within existing banking products and services, as it digitally represents USD dollar deposits.

Stability, Security, and Convenience for Customers

Stability
Digitally represents USD dollar deposits
with FDIC-insured backing.

Convenience
Easy integration with wallets and digital platforms.

Security
Robust measures against fraud.

Transparency
Verifiable blockchain records.

Compliance
Regulatory alignment providing confidence.

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