



VersaBank

Choice Through Innovation

2023 Annual General Meeting

April 19, 2023

Banking on the Future!



Versa**Bank**

Choice Through Innovation

Hon. Thomas A. Hockin

Chair

Board of Directors

3

Honourable Thomas A. Hockin

Chairman

Gabrielle Bochynek

Director

Robbert-Jan Brabander

Director

David Bratton

Director

Peter Irwin

Director

Rick Jankura

Director

Art Linton

Director

Susan McGovern

Director

Paul Oliver

Director

David Taylor

President & CEO

Senior Management

4

Officers of the Bank:

David Taylor

President & Chief Executive Officer

Shawn Clarke

Chief Financial Officer

Tel Matrundola

Executive Vice President

Michael Dixon

SVP, Point-of-Sale Financing

John Asma

SVP, Deposits & Treasurer

Rick Smyth

SVP, Real Estate Lending

Nick Kristo

Chief Credit Officer

Tammie Ashton

Chief Risk Officer

Garry Clement

Chief Anti-Money Laundering Officer

Brent Hodge

General Counsel & Corporate Secretary & Chief Compliance Officer

Joanne Johnston

Chief Internal Auditor

Wooi Koay

Chief Information Officer

Nancy McCutcheon

Vice President, TIB Business Development

Andy Min

Vice President, Finance & Corporate Accounting

Barbara Todres

Vice President, Deposit Services

Saad Inam

Vice President, Credit

Jim Gardiner

Real Estate Credit Officer

David Thoms

Vice President, Structured Finance

Deborah Savage

Vice President, Investment Risk Control

Jon Taylor

Chief Human Resources Executive

Additional Senior Management:

Gurpreet Sahota

Chief Operating Officer, DRT Cyber Inc.

Lawrence Chamberlain

Investor Relations



Appointment of Auditors

6



Director Nominees

7

Honourable Thomas A. Hockin

David Taylor

Gabrielle Bochynek

Robbert-Jan Brabander

David Bratton

Peter Irwin

Richard Jankura

Art Linton

Susan McGovern

Paul Oliver



VersaBank

Choice Through Innovation

2023 Annual General Meeting

April 19, 2023



VersaBank

Choice Through Innovation

David Taylor

President & CEO

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 annual MD&A for the year ended October 31, 2021 and quarter ended January 31, 2022. The Bank makes no undertaking to update any forward-looking statement that is made from time to time by the Bank.

F2022

Strong Financial Performance

Without taking on additional risk

42% YoY growth in loan portfolio
to record \$2.99 B

74% YoY growth in POS business

Record revenue

Record net interest income

Record net income¹

Strong, profitable growth in
Cybersecurity Services business



F2022

**A Year of
Investment in
Future Growth**

Proposed acquisition of US
National bank

US Launch of Receivables
Purchase Program

Continued investment in our
technology and innovative
solutions for the future

Q1 2023 Key Metrics & Highlights: Record Results

13

Consolidated

Total Revenue



YoY
42%



Sequential
7%

Net Income



69%



46%

EPS



79%



48%

Net Interest Margin



6 bps



2 bps

Digital Banking

Cost of Funds



166 bps



50 bps

Net Interest Margin
on Loans



20 bps



0 bps

Cybersecurity Services

Revenue¹



3%



19%

Gross Profit¹



17%



6%

Digital Banking: Strong loan portfolio growth to another record: \$3.24B

Record quarterly revenue, net interest income, net income and EPS

Efficiency Ratio (excl. DRTC): 42%

- YoY increase of 1,406 bps (25%)
- Sequential increase of 877 bps (18%)

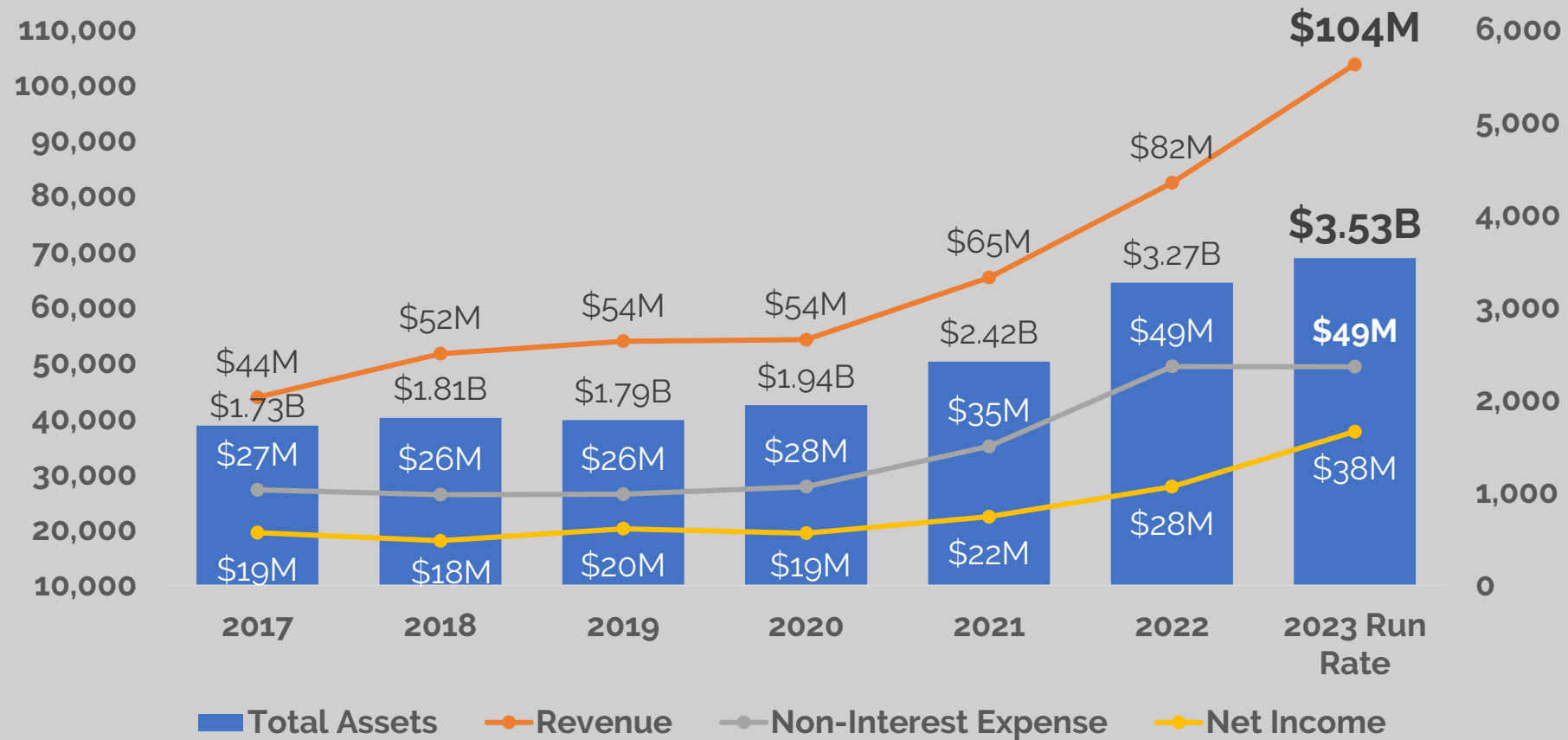
Ave. Return on Common Equity: 10.8%

- YoY increase of 421 bps (64%)
- Sequential increase of 347 bps (47%)

Strategic growth investments in fiscal 2022 expected to drive continued growth in fiscal 2023

Momentum in Profitability and Long-Term Earnings Capacity

14



Expect continued steady growth in Canada with the significant upside of the entry into the U.S. market

U.S. Receivables Purchase Program: A New Financing Solution for a High-Growth but Underserved Market

15

Strong growth in U.S. Point-of-Sale financing activity driven by technology & increasing consumer preference for non-credit card/non-bank financing options

75% Of consumers more likely to make purchase if seamless POS financing available⁽³⁾

\$1.8T Estimated POS market in the near term,

20% Forecast annual growth in U.S. point-of-sale financing market ⁽²⁾

Same attractive, reliable alternative solution that has been highly successful in Canada

Launched in U.S. April 22 (limited basis)

Strong initial demand, especially as conventional sources of financing have waned

Full roll out to commence upon closing of U.S. bank acquisition

Will be serviced via existing technology infrastructure



(1) Filene Research Institute: "Blue Ocean Lending for Credit Unions: Point of Sale Financing" (05.19.15); (2) Skeps - "POS Financing Competition is Growing" (10.08.20); (3) The Financial Brand - "Growth of POS financing is Both a Threat and Opportunity in Retail Banking" (07.29.19)

Acquisition of OCC-Chartered, National US Bank: Transformational Next Step in Long-Term Growth Strategy

16

Definitive Agreement to Acquire Minnesota-based Stearns Bank Holdingford

Fully operational national
bank focused on small
business lending

Expected to add ~US\$60 M¹
in total assets

Estimated purchase price of
US\$13.5 M (CA\$18 M)¹

Platform for significant growth in the United States

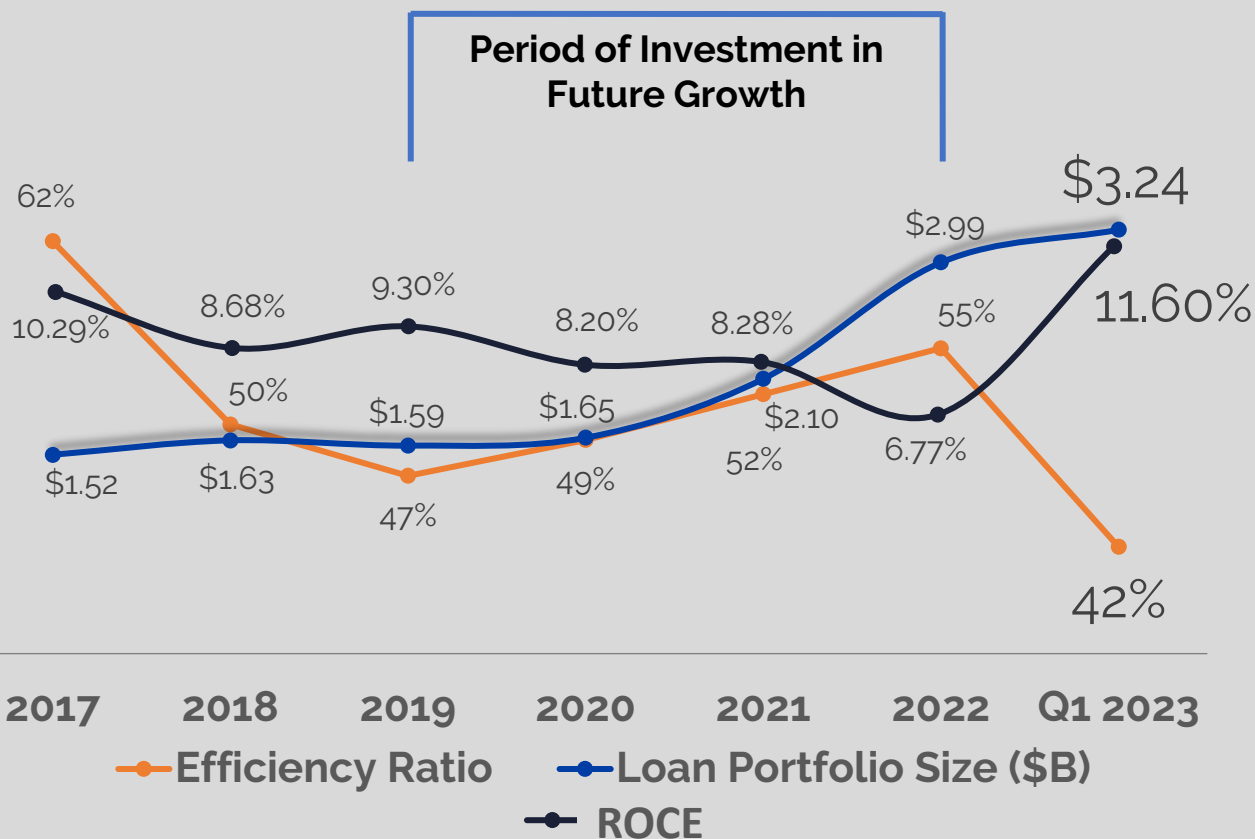
- Provides access to U.S. deposits to fuel growth of the U.S. Receivable Purchase Program business (recently launched in the U.S. following success of Point-of-Sale business in Canada)
- Expected to be accretive to VersaBank's earnings per share within first year after closing
- Expected to be well capitalized on closing with a Total Capital ratio >10%
- Will be renamed VersaBank USA on closing (expected calendar Q2 2023²)

1. Subject to any adjustments at closing. 2. Subject to regulatory approval in U.S. and Canada).

Submitted requisite approval filings in U.S. and
awaiting response of regulatory authorities

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

17



Near-Term Targets

Loan Portfolio Size

>\$4B

Efficiency Ratio

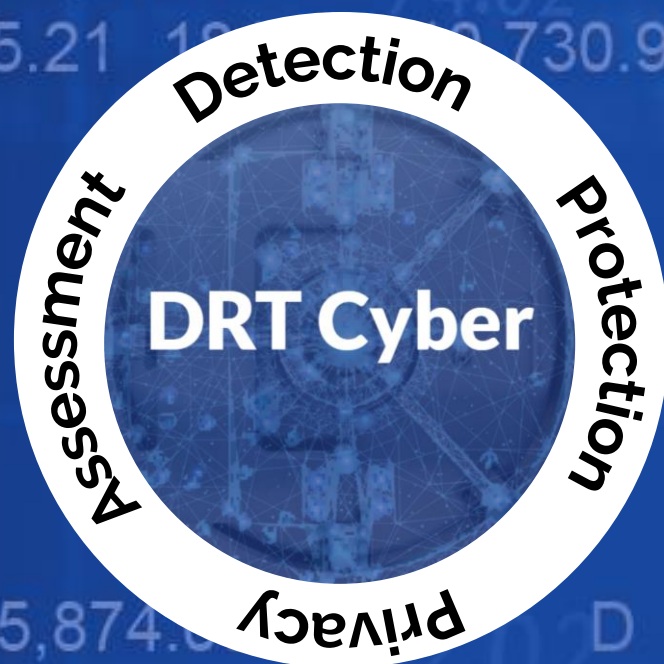
<35%

ROCE

>18%

DRT Cyber: “Free Option” on Digital Banking Valuation

**One of North America's
Premiere IT Security
Assurance Services Firms**



Comprehensive Suite of Services:

- External network, web and mobile app penetration testing
- Physical social engineering engagements
- Supervisory control & data acquisition (SCADA) system assessments
- Various aspects of training

> 400 Clients Across North America

- Large retailers & financial service providers
- Police service organizations
- Energy, public utilities & infrastructure firms

Significant opportunities to cross-sell and up-sell

Also provides technology development for Digital Banking operations

Profitable, with solid growth in revenue and EBITDA in fiscal 2022

Why VersaBank? Why Now?

19

At inflection point for operating leverage, earnings growth and ROCE generation based on expected continued strong growth in Canada and entry into the U.S

Proposed acquisition of national, chartered US bank provides access to **\$1.8T** market for highly unique Receivables Purchase Program (proven out in Canada)

Highly risk-mitigated model based on structuring of both deposits and loans

Current valuation substantially below book value and well below US peers

Profitable cybersecurity services subsidiary is a "free option"



Our Time Has Arrived!



VersaBank

Choice Through Innovation



Versa**Bank**

Choice Through Innovation

2023 Annual General Meeting

April 19, 2023

Banking on the Future!