Interim Consolidated Financial Statements
April 30, 2024
(Unaudited)

VERSABANK

Consolidated Balance Sheets

(Unaudited)

(thousands of Canadian dollars)

As at	April 30 2024	October 31 2023	April 30 2023
Assets			
Cash	$ 198,808	$ 132,242	$ 223,661
Securities (note 4)	103,769	167,940	39,652
Loans, net of allowance for credit losses (note 5)	4,018,458	3,850,404	3,419,455
Other assets (note 6)	67,285	51,024	46,625
	$ 4,388,320	$ 4,201,610	$ 3,729,393
Liabilities and Shareholders' Equity			
Deposits	$ 3,693,495	$ 3,533,366	$ 3,108,218
Subordinated notes payable (note 7)	101,108	106,850	104,532
Other liabilities (note 8)	193,614	184,236	160,124
	3,988,217	3,824,452	3,372,874
Shareholders' equity:			
Share capital (note 9)	228,471	228,471	228,880
Contributed surplus	2,717	2,513	2,147
Retained earnings	168,776	146,043	125,398
Accumulated other comprehensive income	139	131	94
	400,103	377,158	356,519
	$ 4,388,320	$ 4,201,610	$ 3,729,393

The accompanying notes are an integral part of these interim Consolidated Financial Statements.

VERSABANK

Consolidated Statements of Income and Comprehensive Income
(Unaudited)

(thousands of Canadian dollars, except per share amounts)	for the three months ended		for the six months ended	
	April 30 2024	April 30 2023	April 30 2024	April 30 2023
Interest income:				
Loans	$ 66,096	$ 50,704	$ 131,172	$ 97,559
Other	5,147	2,891	9,363	5,597
	71,243	53,595	140,535	103,156
Interest expense:				
Deposits and other	43,469	27,534	84,740	51,375
Subordinated notes	1,532	1,452	2,985	2,898
	45,001	28,986	87,725	54,273
Net interest income	26,242	24,609	52,810	48,883
Non-interest income	2,259	2,076	4,542	3,720
Total revenue	28,501	26,685	57,352	52,603
Provision for (recovery of) credit losses (note 5)	16	237	(111)	622
	28,485	26,448	57,463	51,981
Non-interest expenses:				
Salaries and benefits	7,409	8,429	13,947	16,686
General and administrative	3,557	3,316	7,890	6,442
Premises and equipment	1,219	981	2,372	1,933
	12,185	12,726	24,209	25,061
Income before income taxes	16,300	13,722	33,254	26,920
Income tax provision (note 10)	4,472	3,459	8,727	7,240
Net income	$ 11,828	$ 10,263	$ 24,527	$ 19,680
Other comprehensive income (loss):				
Items that may subsequently be reclassified to net income: Foreign exchange gain (loss) on translation of foreign operations	66	22	8	(5)
Comprehensive income	$ 11,894	$ 10,285	$ 24,535	$ 19,675
Basic and diluted income per common share (note 11)	$ 0.45	$ 0.38	$ 0.93	$ 0.72

The accompanying notes are an integral part of these interim Consolidated Financial Statements.

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Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

(thousands of Canadian dollars)	for the three months ended		for the six months ended	
	April 30 2024	April 30 2023	April 30 2024	April 30 2023
Common shares (note 9):				
Balance, beginning of the period	$ 214,824	$ 218,865	$ 214,824	$ 225,982
Purchased and cancelled during the period	-	(3,632)	-	(10,749)
Balance, end of the period	$ 214,824	$ 215,233	$ 214,824	$ 215,233
Preferred shares (note 9):				
Series 1 preferred shares				
Balance, beginning and end of the period	$ 13,647	$ 13,647	$ 13,647	$ 13,647
Total share capital	$ 228,471	$ 228,880	$ 228,471	$ 228,880
Contributed surplus:				
Balance, beginning of the period	$ 2,645	$ 1,955	$ 2,513	$ 1,612
Stock-based compensation (note 9)	72	192	204	535
Balance, end of the period	$ 2,717	$ 2,147	$ 2,717	$ 2,147
Retained earnings:				
Balance, beginning of the period	$ 157,845	$ 116,638	$ 146,043	$ 109,335
Adjustment for purchased and cancelled common shares	-	(605)	-	(1,809)
Net income	11,828	10,263	24,527	19,680
Dividends paid on common and preferred shares	(897)	(898)	(1,794)	(1,808)
Balance, end of the period	$ 168,776	$ 125,398	$ 168,776	$ 125,398
Accumulated other comprehensive income:				
Balance, beginning of the period	$ 73	$ 72	$ 131	$ 99
Other comprehensive income (loss)	66	22	8	(5)
Balance, end of the period	$ 139	$ 94	$ 139	$ 94
Total shareholders' equity	$ 400,103	$ 356,519	$ 400,103	$ 356,519

The accompanying notes are an integral part of these interim Consolidated Financial Statements.

VERSABANK
Consolidated Statements of Cash Flows
(Unaudited)

(thousands of Canadian dollars)	for the six months ended April 30 2024	April 30 2023
Cash provided by (used in):		
Operations:		
Net income	$ 24,527	$ 19,680
Adjustments to determine net cash flows:		
Items not involving cash:		
Provision for credit losses (recovery of)	(111)	622
Stock-based compensation	204	535
Income tax provision	8,727	7,240
Interest income	(140,535)	(103,156)
Interest expense	87,725	54,273
Amortization	1,206	917
Accretion of discount on securities	(56)	(533)
Foreign exchange rate change on assets and liabilities	7,830	(998)
Interest received	136,601	99,251
Interest paid	(82,123)	(40,680)
Income taxes paid	(11,339)	(10,264)
Change in operating assets and liabilities:		
Loans	(164,600)	(423,843)
Deposits	154,721	437,199
Change in other assets and liabilities	9,734	13,364
	32,511	53,607
Investing:		
Sale of securities (note 19)	63,749	101,768
Purchase of property and equipment	(16,353)	(338)
	47,396	101,430
Financing:		
Purchase and cancellation of common shares	-	(12,558)
Redemption of subordinated notes payable	(5,000)	-
Dividends paid	(1,794)	(1,808)
Repayment of lease obligations	(357)	(351)
	(7,151)	(14,717)
Change in cash	72,756	140,320
Effect of exchange rate changes on cash	(6,190)	(5,240)
Cash, beginning of the period	132,242	88,581
Cash, end of the period	$ 198,808	$ 223,661

The accompanying notes are an integral part of these interim Consolidated Financial Statements.

1. Reporting entity:

VersaBank (the "Bank") operates as a Schedule I bank under the Bank Act (Canada) and is regulated by the Office of the Superintendent of Financial Institutions Canada ("OSFI"). The Bank, whose shares trade on the Toronto Stock Exchange and Nasdaq Stock Exchange, provides commercial lending and banking services to select niche markets in Canada and the United States as well as cybersecurity services through the operations of its wholly owned subsidiary DRT Cyber Inc., ("DRTC"). The Bank is incorporated and domiciled in Canada, and maintains its registered office at Suite 2002, 140 Fullarton Street, London, Ontario, Canada, N6A 5P2.

2. Basis of preparation:

a) Statement of compliance:

These interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting* and do not include all of the information required for full annual financial statements. These interim Consolidated Financial Statements should be read in conjunction with the Bank's audited Consolidated Financial Statements for the year ended October 31, 2023.

The interim Consolidated Financial Statements for the three and six months ended April 30, 2024 and 2023 were approved by the Audit Committee of the Bank's Board of Directors on June 3, 2024.

b) Basis of measurement:

These interim Consolidated Financial Statements have been prepared on the historical cost basis except securities (note 4), the investment in Canada Stablecorp Inc. (note 6) and an interest rate swap (note 12), which are measured at fair value in the Consolidated Balance Sheets.

c) Functional and presentation currency:

These interim Consolidated Financial Statements are presented in Canadian dollars, which is the Bank's functional currency. Functional currency is also determined for each of the Bank's subsidiaries, and items included in the interim financial statements of the subsidiaries are measured using their functional currency.

d) Use of estimates and judgements:

In preparing these interim Consolidated Financial Statements, management has exercised judgement and developed estimates in applying accounting policies and generating reported amounts of assets and liabilities at the date of the financial statements and income and expenses during the reporting periods. Areas where judgement was applied include assessing significant changes in credit risk on financial assets and in the selection of relevant forward-looking information in assessing the Bank's allowance for expected credit losses on its financial assets as described in note 5 – Loans. Estimates are applied in the determination of the allowance for expected credit losses on financial assets, the fair value of stock options granted as described in note 9, the fair value of the investment in Canada Stablecorp Inc. as described in note 6, and the measurement of deferred taxes. It is reasonably possible, on the basis of existing knowledge, that actual results may vary from those expected in the development of these estimates. This could result in material adjustments to the carrying amounts of assets and/or liabilities affected in the future.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are applied prospectively once they are known.

3. Significant accounting policies and future accounting changes:

The accounting policies applied by the Bank in these interim Consolidated Financial Statements are the same as those applied by the Bank as at and for the year ended October 31, 2023 and are detailed in note 3 of the Bank's 2023 audited Consolidated Financial Statements.

4. Securities:

As at April 30, 2024, the Bank held securities totalling $103.8 million (October 31, 2023 - $167.9 million), including accrued interest, comprised of a series of Government of Canada Bonds for $102.9 million with a face value totaling $103.0 million, a weighted average yield of 4.23%, and maturing between May 1, 2024 and May 1, 2025.

5. Loans, net of allowance for credit losses:

The Bank organizes its lending portfolio into the following four broad asset categories: Point-of-Sale Loans and Leases, Commercial Real Estate Mortgages, Commercial Real Estate Loans, and Public Sector and Other Financing. These categories have been established in the Bank's proprietary, internally developed asset management system and have been designed to catalogue individual lending assets as a function primarily of their key risk drivers, the nature of the underlying collateral, and the applicable market segment.

The **Point-of-Sale Loans and Leases ("POS Financing")** asset category is comprised of point-of-sale loan and lease receivables acquired from the Bank's network of origination and servicing partners as well as warehouse loans that provide bridge financing to the Bank's origination and servicing partners for the purpose of accumulating and seasoning practical volumes of individual loans and leases prior to the Bank purchasing the cashflow receivables derived from same.

The **Commercial Real Estate Mortgages ("CRE Mortgages")** asset category is comprised primarily of Residential Construction, Term, Insured and Land Mortgages. All of these loans are business-to-business loans with the underlying credit risk exposure being primarily consumer in nature given that the vast majority of the loans are related to properties that are designated primarily for residential use. The portfolio benefits from diversity in its underlying security in the form of a broad range of such collateral properties.

The **Commercial Real Estate Loans ("CRE Loans")** asset category is comprised primarily of condominium corporation financing loans.

The **Public Sector and Other Financing ("PSOF")** asset category is comprised primarily of public sector loans and leases, a small balance of corporate loans and leases and single family residential conventional and insured mortgages.

Summary of loans and allowance for credit losses:

(thousands of Canadian dollars)

	April 30 2024	October 31 2023	April 30 2023
Point-of-sale loans and leases	$ 3,114,024	$ 2,879,320	$ 2,538,917
Commercial real estate mortgages	819,853	889,069	807,828
Commercial real estate loans	8,612	8,793	11,996
Public sector and other financing	56,671	55,054	46,350
	3,999,160	3,832,236	3,405,091
Allowance for credit losses	(2,402)	(2,513)	(2,526)
Accrued interest	21,700	20,681	16,890
Total loans, net of allowance for credit losses	$ 4,018,458	$ 3,850,404	$ 3,419,455

The following table provides a summary of loan amounts, ECL allowance amounts, and expected loss ("EL") rates by lending asset category:

	As at April 30, 2024				As at October 31, 2023			
(thousands of Canadian dollars)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Point-of-sale loans and leases	$ 3,104,388	$ 9,636	$ -	**$ 3,114,024**	$ 2,873,078	$ 6,242	$ -	**$ 2,879,320**
ECL allowance	*207*	*-*	*-*	***207***	*100*	*-*	*-*	***100***
EL %	0.01%	0.00%	0.00%	**0.01%**	0.00%	0.00%	0.00%	**0.00%**
Commercial real estate mortgages	$ 688,250	$ 131,603	$ -	**$ 819,853**	$ 717,755	$ 155,993	$ 15,321	**$ 889,069**
ECL allowance	*1,643*	*299*	*-*	***1,942***	*1,699*	*523*	*-*	***2,222***
EL %	0.24%	0.23%	0.00%	**0.24%**	0.24%	0.34%	0.00%	**0.25%**
Commercial real estate loans	$ 8,612	$ -	$ -	**$ 8,612**	$ 8,793	$ -	$ -	**$ 8,793**
ECL allowance	*58*	*-*	*-*	***58***	*42*	*-*	*-*	***42***
EL %	0.67%	0.00%	0.00%	**0.67%**	0.48%	0.00%	0.00%	**0.48%**
Public sector and other financing	$ 52,423	$ 4,248	$ -	**$ 56,671**	$ 49,293	$ 5,761	$ -	**$ 55,054**
ECL allowance	*185*	*10*	*-*	***195***	*104*	*45*	*-*	***149***
EL %	0.35%	0.24%	0.00%	**0.34%**	0.21%	0.78%	0.00%	**0.27%**
Total loans	$ 3,853,673	$ 145,487	$ -	**$ 3,999,160**	$ 3,648,919	$ 167,996	$ 15,321	**$ 3,832,236**
Total ECL allowance	*2,093*	*309*	*-*	***2,402***	*1,945*	*568*	*-*	***2,513***
Total EL %	0.05%	0.21%	0.00%	**0.06%**	0.05%	0.34%	0.00%	**0.07%**

The Bank's maximum exposure to credit risk is the carrying value of its financial assets. The Bank holds security against the majority of its loans in the form of mortgage interests over property, other registered securities over assets, guarantees or cash reserves (holdbacks) on loan and lease receivables included in the POS Financing portfolio (see note 8).

Allowance for credit losses

The Bank must maintain an allowance for expected credit losses that is adequate, in management's opinion, to absorb all credit related losses in the Bank's lending and treasury portfolios. The expected credit loss methodology requires the recognition of credit losses based on 12 months of expected losses for performing loans which is reflected in the Bank's Stage 1 grouping. The Bank recognizes lifetime expected losses on loans that have experienced a significant increase in credit risk since origination which is reflected in the Bank's Stage 2 grouping. While there is elevated credit risk in the Bank's POS Financing portfolio as at the measurement date, management does not believe that this represents significant increase in credit risk in that portfolio and the majority of this portfolio remains in stage 1. Impaired loans require recognition of lifetime losses and is reflected in Stage 3 grouping.

Forward-looking Information

The Bank has sourced credit risk modeling systems and forecast macroeconomic scenario data from Moody's Analytics, a third-party service provider for the purpose of computing forward-looking credit risk parameters under multiple macroeconomic scenarios that consider both market-wide and idiosyncratic factors and influences. The macroeconomic indicator data utilized by the Bank for the purpose of sensitizing probability of default and loss given default term structure data to forward economic conditions include, but are not limited to: real GDP, the national unemployment rate, long term interest rates, the consumer price index, the S&P/TSX Index and the price of oil. These specific macroeconomic indicators were selected in an attempt to ensure that the spectrum of fundamental macroeconomic influences on the key drivers of the credit risk profile of the Bank's balance sheet, including: corporate, consumer and real estate market dynamics; corporate, consumer and SME borrower performance; geography; as well as collateral value volatility, are appropriately captured and incorporated into the Bank's forward macroeconomic sensitivity analysis.

Key assumptions driving Moody's Analytics' baseline macroeconomic forecast trends this quarter include: the Bank of Canada cutting interest rates at the June policy meeting; the Canadian economy returning to modest growth in late 2024 and inflation approaching the Bank of Canada's target by the third quarter of 2024; elevated debt service obligations strain household finances but result in only modest loan deterioration; high financing costs and low sales volumes cause home prices to contract over the course of the majority of year; the various military conflicts continue but do not escalate to other regional powers; supply-chain bottlenecks continue to ease which aids in moderating inflation; outbreaks of disease or illness have very little economic impact; and global oil prices stabilize with West Texas Intermediate in the high US $80 range until early 2025.

Management developed ECL estimates using credit risk parameter term structure forecasts sensitized to individual baseline, upside and downside forecast macroeconomic scenarios, each weighted at 100%, and subsequently computed the variance of each to the Bank's reported ECL as at April 30, 2024 in order to assess the alignment of the Bank's reported ECL with the Bank's credit risk profile, and further, to assess the scope, depth and ultimate effectiveness of the credit risk mitigation strategies that the Bank has applied to its lending portfolios (see Expected Credit Loss Sensitivity below).

Expected credit loss sensitivity:

The following table presents the sensitivity of the Bank's estimated ECL to a range of individual macroeconomic scenarios, that in isolation may not reflect the Bank's actual expected ECL exposure, as well as the variance of each to the Bank's reported ECL as at April 30, 2024:

(thousands of Canadian dollars)

	Reported ECL	100% Upside	100% Baseline	100% Downside
Allowance for expected credit losses	$ 2,402	$ 1,392	$ 1,739	$ 2,632
Variance from reported ECL		(1,010)	(663)	230
Variance from reported ECL (%)		(42%)	(28%)	10%

The following table provides a reconciliation of the Bank's ECL allowance by lending asset category for the three months ended April 30, 2024:

(thousands of Canadian dollars)	Stage 1	Stage 2	Stage 3	Total
Point-of-sale loans and leases				
Balance at beginning of period	$ 65	$ -	$ -	$ 65
Transfer in (out) to Stage 1	-	-	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	142	-	-	142
Loan originations	-	-	-	-
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	142	-	-	142
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 207**	**$ -**	**$ -**	**$ 207**
Commercial real estate mortgages				
Balance at beginning of period	$ 1,656	$ 450	$ -	$ 2,106
Transfer in (out) to Stage 1	110	(110)	-	-
Transfer in (out) to Stage 2	(53)	53	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(73)	(68)	-	(141)
Loan originations	11	-	-	11
Derecognitions and maturities	(8)	(26)	-	(34)
Provision for (recovery of) credit losses	(13)	(151)	-	(164)
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 1,643**	**$ 299**	**$ -**	**$ 1,942**
Commercial real estate loans				
Balance at beginning of period	$ 55	$ -	$ -	$ 55
Transfer in (out) to Stage 1	-	-	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	3	-	-	3
Loan originations	-	-	-	-
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	3	-	-	3
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 58**	**$ -**	**$ -**	**$ 58**
Public sector and other financing				
Balance at beginning of period	$ 134	$ 26	$ -	$ 160
Transfer in (out) to Stage 1	-	-	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	38	(16)	-	22
Loan originations	13	-	-	13
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	51	(16)	-	35
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 185**	**$ 10**	**$ -**	**$ 195**
Total balance at end of period	**$ 2,093**	**$ 309**	**$ -**	**$ 2,402**

The following table provides a reconciliation of the Bank's ECL allowance by lending asset category for the three months ended April 30, 2023:

(thousands of Canadian dollars)	Stage 1	Stage 2	Stage 3	Total
Point-of-sale loans and leases				
Balance at beginning of period	$ 583	$ -	$ -	$ 583
Transfer in (out) to Stage 1	32	(32)	-	-
Transfer in (out) to Stage 2	(118)	118	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	130	(86)	-	44
Loan originations	-	-	-	-
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	44	-	-	44
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 627**	**$ -**	**$ -**	**$ 627**
Commercial real estate mortgages				
Balance at beginning of period	$ 1,517	$ 74	$ -	$ 1,591
Transfer in (out) to Stage 1	17	(17)	-	-
Transfer in (out) to Stage 2	(88)	88	-	-
Transfer in (out) to Stage 3	-	(13)	13	-
Net remeasurement of loss allowance	159	(7)	(13)	139
Loan originations	63	-	-	63
Derecognitions and maturities	(21)	(5)	-	(26)
Provision for (recovery of) credit losses	130	46	-	176
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 1,647**	**$ 120**	**$ -**	**$ 1,767**
Commercial real estate loans				
Balance at beginning of period	$ 57	$ -	$ -	$ 57
Transfer in (out) to Stage 1	-	-	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	2	-	-	2
Loan originations	-	-	-	-
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	2	-	-	2
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 59**	**$ -**	**$ -**	**$ 59**
Public sector and other financing				
Balance at beginning of period	$ 55	$ 3	$ -	$ 58
Transfer in (out) to Stage 1	-	-	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(1)	-	-	(1)
Loan originations	16	-	-	16
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	15	-	-	15
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 70**	**$ 3**	**$ -**	**$ 73**
Total balance at end of period	**$ 2,403**	**$ 123**	**$ -**	**$ 2,526**

The following table provides a reconciliation of the Bank's ECL allowance by lending asset category for the six months ended April 30, 2024:

(thousands of Canadian dollars)	Stage 1	Stage 2	Stage 3	Total
Point-of-sale loans and leases				
Balance at beginning of period	$ 100	$ -	$ -	$ 100
Transfer in (out) to Stage 1	-	-	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	107	-	-	107
Loan originations	-	-	-	-
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	107	-	-	107
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 207**	**$ -**	**$ -**	**$ 207**
Commercial real estate mortgages				
Balance at beginning of period	$ 1,699	$ 523	$ -	$ 2,222
Transfer in (out) to Stage 1	232	(232)	-	-
Transfer in (out) to Stage 2	(162)	162	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(106)	(111)	-	(217)
Loan originations	77	-	-	77
Derecognitions and maturities	(97)	(43)	-	(140)
Provision for (recovery of) credit losses	(56)	(224)	-	(280)
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 1,643**	**$ 299**	**$ -**	**$ 1,942**
Commercial real estate loans				
Balance at beginning of period	$ 42	$ -	$ -	$ 42
Transfer in (out) to Stage 1	-	-	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	5	-	-	5
Loan originations	11	-	-	11
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	16	-	-	16
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 58**	**$ -**	**$ -**	**$ 58**
Public sector and other financing				
Balance at beginning of period	$ 104	$ 45	$ -	$ 149
Transfer in (out) to Stage 1	18	(18)	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	50	(17)	-	33
Loan originations	13	-	-	13
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	81	(35)	-	46
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 185**	**$ 10**	**$ -**	**$ 195**
Total balance at end of period	**$ 2,093**	**$ 309**	**$ -**	**$ 2,402**

The following table provides a reconciliation of the Bank's ECL allowance by lending asset category for the six months ended April 30, 2023:

(thousands of Canadian dollars)	Stage 1	Stage 2	Stage 3	Total
Point-of-sale loans and leases				
Balance at beginning of period	$ 545	$ -	$ -	$ 545
Transfer in (out) to Stage 1	70	(70)	-	-
Transfer in (out) to Stage 2	(172)	172	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	184	(102)	-	82
Loan originations	-	-	-	-
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	82	-	-	82
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 627**	**$ -**	**$ -**	**$ 627**
Commercial real estate mortgages				
Balance at beginning of period	$ 1,150	$ 137	$ -	$ 1,287
Transfer in (out) to Stage 1	79	(79)	-	-
Transfer in (out) to Stage 2	(118)	118	-	-
Transfer in (out) to Stage 3	-	(13)	13	-
Net remeasurement of loss allowance	422	(38)	(13)	371
Loan originations	149	-	-	149
Derecognitions and maturities	(35)	(5)	-	(40)
Provision for (recovery of) credit losses	497	(17)	-	480
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 1,647**	**$ 120**	**$ -**	**$ 1,767**
Commercial real estate loans				
Balance at beginning of period	$ 54	$ -	$ -	$ 54
Transfer in (out) to Stage 1	-	-	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	5	-	-	5
Loan originations	-	-	-	-
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	5	-	-	5
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 59**	**$ -**	**$ -**	**$ 59**
Public sector and other financing				
Balance at beginning of period	$ 17	$ 1	$ -	$ 18
Transfer in (out) to Stage 1	-	-	-	-
Transfer in (out) to Stage 2	-	-	-	-
Transfer in (out) to Stage 3	-	-	-	-
Net remeasurement of loss allowance	10	2	-	12
Loan originations	43	-	-	43
Derecognitions and maturities	-	-	-	-
Provision for (recovery of) credit losses	53	2	-	55
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Balance at end of period	**$ 70**	**$ 3**	**$ -**	**$ 73**
Total balance at end of period	**$ 2,403**	**$ 123**	**$ -**	**$ 2,526**

Credit quality:

The Bank assigns a risk rating to each lending asset comprising its lending portfolio. A risk rating is assigned as a function of each new credit application, annual review or an amendment to a facility. The risk rating considers the credit risk attributes of the lending asset, structure, individual borrower circumstances as well as local, regional and global macroeconomic and market conditions. The Bank aggregates its risk rating assignments into the following three broad categories:

i) Satisfactory – The borrower and lending asset valuation are of acceptable credit quality.

ii) Watchlist – The borrower or the lending asset valuation exhibits potential credit weakness or a downward trend which, if not mitigated, will potentially weaken the Bank's position. The lending asset requires close supervision.

iii) Classified – The collection of the structural payment and/or the full repayment of the lending asset is uncertain.

As of April 30, 2024, 97% (October 31, 2023 – 99%) of the Bank's lending assets were categorized Satisfactory. There was no material change in the Bank's processes for managing credit risk during the current quarter.

6. Other assets:

(thousands of Canadian dollars)

	April 30 2024	October 31 2023	April 30 2023
Accounts receivable	$ 5,921	$ 3,858	$ 3,070
Prepaid expenses and other	21,173	22,130	20,880
Property and equipment	24,172	6,536	6,833
Right-of-use assets	3,081	3,427	3,775
Deferred income tax asset	2,585	4,058	2,269
Interest rate swap (note 12)	1,052	1,517	103
Investment (note 6a)	953	953	953
Goodwill	5,754	5,754	5,754
Intangible assets	2,594	2,791	2,988
	$ 67,285	$ 51,024	$ 46,625

a) In February 2021, the Bank acquired an 11% investment in Canada Stablecorp Inc. ("Stablecorp") for cash consideration of $953,000. The Bank has made an irrevocable election to designate this investment at fair value through other comprehensive income at initial recognition and any future changes in the fair value of the investment will be recognized in other comprehensive income (loss). Amounts recorded in other comprehensive income (loss) will not be reclassified to profit and loss at a later date.

7. Subordinated notes payable:

(thousands of Canadian dollars)

	April 30 2024	October 31 2023	April 30 2023
Issued April 2021, unsecured, non-viability contingent capital compliant, subordinated notes payable, principal amount of US $75.0 million, fixed effective interest rate of 5.38%, maturing May 2031.	$ 101,108	$ 101,931	$ 99,619
Issued March 2019, unsecured, non-viability contingent capital compliant, subordinated notes payable, principal amount of $5.0 million, $500,000 is held by related party (note 14), fixed effective interest rate of 10.41%, maturing March 2029.	-	4,919	4,913
	$ 101,108	$ 106,850	$ 104,532

On April 30, 2024, the Bank redeemed its $5.0 million, unsecured, non-viability contingent capital compliant, subordinate note payable using the Bank's general funds.

8. Other liabilities:

(thousands of Canadian dollars)

	April 30 2024	October 31 2023	April 30 2023
Accounts payable and other	$ 20,816	$ 9,681	$ 4,045
Current income tax liability	4,102	7,466	2,773
Deferred income tax liability	355	731	681
Lease obligations	3,414	3,771	4,120
Cash collateral and amounts held in escrow	6,751	8,818	6,746
Cash reserves on loan and lease receivables	158,176	153,769	141,759
	$ 193,614	$ 184,236	$ 160,124

9. Share capital:

a) Common shares:

At April 30, 2024, there were 25,964,424 (October 31, 2023 - 25,964,424) common shares outstanding.

On August 5, 2022, the Bank received approval from the Toronto Stock Exchange ("TSX") to proceed with a Normal Course Issuer Bid ("NCIB") for its common shares. On September 21, 2022, the Bank received approval from the Nasdaq to proceed with a NCIB for its common shares. Pursuant to the NCIB, VersaBank was authorized to purchase for cancellation up to 1,700,000 of its common shares representing approximately 9.54% of its public float.

The Bank was eligible to make purchases commencing on August 17, 2022 and the NCIB was terminated on August 16, 2023. The purchases were made by VersaBank through the facilities of the TSX and alternate trading systems and the Nasdaq in accordance with the rules of the TSX and such alternate trading systems and the Nasdaq, as applicable, and the prices that VersaBank paid for the Common Shares was at the market price of such shares at the time of acquisition. VersaBank made no purchases of Common Shares other than open market purchases. All shares purchased under the NCIB were cancelled.

No common shares were issued or purchased in the quarter end April 30, 2024. For the quarter ended April 30, 2023, the Bank purchased and cancelled 419,500 common shares for $4.2 million, reducing the Bank's Common Share capital value by $3.6 million and retained earnings by $0.6 million.

No common shares were issued or purchased in the six month period ended April 30, 2024. For the six month period ended April 30, 2023, the Bank purchased and cancelled 1,241,796 common shares for $12.6 million, reducing the Bank's Common Share capital value by $10.7 million and retained earnings by $1.8 million.

b) Preferred shares:

At April 30, 2024, there were 1,461,460 (October 31, 2023 - 1,461,460) Series 1 preferred shares outstanding. These shares are Basel III compliant, non-cumulative rate reset preferred shares and include non-viability contingent capital ("NVCC") provisions. As a result, these shares qualify as Additional Tier 1 Capital (see note 15).

The holders of the Series 1 preferred shares are entitled to receive a non-cumulative fixed dividend in the amount of $0.6772 annually per share, payable quarterly, as and when declared by the Board of Directors for the period ending October 31, 2024. The dividend represents an annual yield of 6.772% based on the stated issue price per share. Thereafter, the dividend rate will reset every five years at a level of 543 basis points over the then five year Government of Canada bond yield.

The Bank maintains the right to redeem, subject to the approval of OSFI, up to all of the outstanding Series 1 preferred shares on October 31, 2024 and on October 31 every five years thereafter at a price of $10.00 per share. Should the Bank choose not to exercise its right to redeem the Series 1 preferred shares, holders of these shares will have the right to convert their shares into an equal number of non-cumulative, floating rate Series 2 preferred shares. Holders of Series 2 preferred shares will be entitled to receive quarterly floating dividends, as and when declared by the Board of Directors, equal to the 90-day Government of Canada Treasury bill rate plus 543 basis points.

c) Stock options

Stock option transactions during the three and six month periods ended April 30, 2024 and 2023:

	for the three months ended				for the six months ended			
	April 30, 2024		April 30, 2023		April 30, 2024		April 30, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	874,393	$ 15.90	963,276	$ 15.53	874,393	$ 15.90	965,766	$ 15.53
Granted	-	-	-	-	-	-	1,500	15.90
Exercised	-	-	-	-	-	-	-	-
Forfeited/cancelled	(12,600)	15.90	(10,500)	15.90	(12,600)	15.90	(14,490)	15.90
Expired	-	-	-	-	-	-	-	-
Outstanding, end of period	861,793	$ 15.90	952,776	$ 15.53	861,793	$ 15.90	952,776	$ 15.53

For the three and six month periods ended April 30, 2024, the Bank recognized $72,000 (April 30, 2023 - $192,000) and $204,000 (April 30, 2023 - $535,000) in compensation expense related to the estimated fair value of options granted.

10. Income tax provision:

Income tax provision for the three and six month periods ended April 30, 2024 was $4.5 million (April 30, 2023 - $3.5 million) and $8.7 million (April 30, 2023 - $7.2 million) respectively. The Bank's combined statutory federal and provincial income tax rate in Canada is approximately 27% (2023 - 27%). The Bank's effective rate reflects the statutory rate adjusted for certain items not being taxable or deductible for income tax purposes.

11. Income per common share:

(thousands of Canadian dollars, except shares outstanding and per share amounts)

	for the three months ended		for the six months ended	
	April 30 2024	April 30 2023	April 30 2024	April 30 2023
Net income	$ 11,828	$ 10,263	$ 24,527	$ 19,680
Less: dividends on preferred shares	(247)	(247)	(494)	(494)
	11,581	10,016	24,033	19,186
Weighted average number of common shares outstanding	25,964,424	26,170,621	25,964,424	26,605,052
Income per common share:	$ 0.45	$ 0.38	$ 0.93	$ 0.72

Common shares associated with the Series 1 NVCC preferred shares are contingently issuable shares and would only have a dilutive impact upon issuance.

12. Derivative instruments:

At April 30, 2024, the Bank had an outstanding contract established for asset liability management purposes to swap between fixed and floating interest rates with a notional amount totalling $22.8 million (October 31, 2023 - $20.8 million), of which $22.8 million (October 31, 2023 - $20.8 million) qualified for hedge accounting. The Bank enters into interest rate swap contracts for its own account exclusively and does not act as an intermediary in this market. As required under the accounting standard relating to hedges, at April 30, 2024, $1.1 million (October 31, 2023 - $1.5 million) relating to this contract was included in other assets and the offsetting amount included in the carrying values of the assets to which they relate. Approved counterparties are limited to major Canadian chartered banks. The carrying amount of the hedged item recognized in the loans was $22.2 million.

13. Commitments and contingencies:

The amount of credit-related commitments represents the maximum amount of additional credit that the Bank could be obligated to extend.

(thousands of Canadian dollars)	April 30 2024	October 31 2023	April 30 2023
Loan commitments	$ 438,177	$ 405,426	$ 378,309
Letters of credit	72,332	75,963	78,866
	$ 510,509	$ 481,389	$ 457,175

14. Related party transactions:

The Bank's Board of Directors and Senior Executive Officers represent key management personnel and are related parties. At April 30, 2024, amounts due from these related parties totalled $2.1 million (October 31, 2023 - $1.5 million) and an amount due from a corporation controlled by key management personnel totalled $4.3 million (October 31, 2023 - $3.9 million). The interest rates charged on loans and advances to related parties are based on mutually agreed-upon terms. Interest income earned on the above loans for the three and six months ended April 30, 2024, was $40,000 (April 30, 2023 - $25,000) and $81,000 (April 30, 2023 - $49,000). As at April 30, 2024, there were no specific provisions for credit losses associated with loans issued to key management personnel (October 31, 2023 - $nil), and all loans issued to key management personnel were current. On April 30, 2024, the Bank redeemed all of its issued and outstanding $5.0 million subordinated note payable originally issued in April 2019; $500,000 of this amount was held by a related party (note 7).

15. Capital management:

a) Overview:

The Bank's policy is to maintain a strong capital base so as to retain investor, creditor and market confidence as well as to support the future growth and development of the business. The impact of the level of capital held on shareholders' return is an important consideration, and the Bank recognizes the need to maintain a balance between the higher returns that may be possible with greater leverage and the advantages and security that may be afforded by a more robust capital position.

OSFI sets and monitors capital requirements for the Bank. Capital is managed in accordance with policies and plans that are regularly reviewed and approved by the Board of Directors and that take into account, amongst other items, forecasted capital requirements and current and anticipated financial market conditions.

The goal is to maintain adequate regulatory capital for the Bank to be considered well capitalized, protect deposits and provide capacity to support organic growth as well as to capitalize on strategic opportunities that do not otherwise require accessing the public capital markets, all the while providing a satisfactory return to shareholders. The Bank's regulatory capital is comprised of share capital, retained earnings and unrealized gains and losses on fair value through other comprehensive income securities (Common Equity Tier 1 capital), preferred shares (Additional Tier 1 capital) and subordinated notes (Tier 2 capital).

The Bank monitors its capital adequacy and related capital ratios on a daily basis and has policies setting internal targets and thresholds for its capital ratios. These capital ratios consist of the leverage ratio and the risk-based capital ratios.

The Bank makes use of the Standardized Approach for credit risk as prescribed by OSFI and, therefore, may include eligible ECL allowance amounts in its Tier 2 capital, up to a maximum of 1.25% of its credit risk-weighted assets calculated under the Standardized Approach.

During the period ended April 30, 2024, there were no material changes in the Bank's management of capital.

b) Risk-based capital ratios:

The Basel Committee on Banking Supervision has published the Basel III rules on capital adequacy and liquidity ("Basel III"). OSFI requires that all Canadian banks must comply with the Basel III standards on an "all-in" basis for the purpose of determining their risk-based capital ratios. Required minimum regulatory capital ratios are a 7.0% Common Equity Tier 1 capital ratio ("CET1"), an 8.5% Tier 1 capital ratio and a 10.5% Total capital ratio, all of which include a 2.50% capital conservation buffer.

OSFI also requires banks to measure capital adequacy in accordance with guidelines for determining risk-adjusted capital and risk-weighted assets including off-balance sheet credit instruments as specified in the Basel III regulations. Based on the deemed credit risk for each type of asset, both on and off-balance sheet assets of the Bank are assigned a weighting ranging between 0% to 150% to determine the Bank's risk-weighted equivalent assets and its risk-based capital ratios.

The Bank's risk-based capital ratios are calculated as follows:

(thousands of Canadian dollars)

	April 30 2024	October 31 2023
Common Equity Tier 1 (CET1) capital		
Directly issued qualifying common share capital	$ 214,824	$ 214,824
Contributed surplus	2,717	2,513
Retained earnings	168,776	146,043
Accumulated other comprehensive income	139	131
CET1 before regulatory adjustments	386,456	363,511
Regulatory adjustments applied to CET1	(11,303)	(12,699)
Common Equity Tier 1 capital	$ 375,153	$ 350,812
Additional Tier 1 capital		
Directly issued qualifying Additional Tier 1 instruments	$ 13,647	$ 13,647
Total Tier 1 capital	$ 388,800	$ 364,459
Tier 2 capital		
Directly issued Tier 2 capital instruments	$ 103,095	$ 109,033
Tier 2 capital before regulatory adjustments	103,095	109,033
Eligible stage 1 and stage 2 allowance	2,402	2,513
Total Tier 2 capital	$ 105,497	$ 111,546
Total regulatory capital	$ 494,297	$ 476,005
Total risk-weighted assets	$ 3,224,822	$ 3,095,092
Capital ratios		
CET1 capital ratio	11.63%	11.33%
Tier 1 capital ratio	12.06%	11.78%
Total capital ratio	15.33%	15.38%

As at April 30, 2024 and October 31, 2023, the Bank exceeded all of the minimum Basel III regulatory capital requirements prescribed by OSFI.

c) Leverage ratio:

The leverage ratio, which is prescribed under the Basel III Accord, is a supplementary measure to the risk-based capital requirements and is defined as the ratio of Tier 1 capital to the Bank's total exposures. The Basel III minimum leverage ratio is 3.0%. The Bank's leverage ratio is calculated as follows:

(thousands of Canadian dollars)	April 30 2024	October 31 2023
On-balance sheet assets	$4,388,320	$4,201,610
Assets amounts adjusted in determining the Basel III Tier 1 capital	(11,303)	(12,699)
Total on-balance sheet exposures	4,377,017	4,188,911
Total off-balance sheet exposure at gross notional amount	$ 510,509	$ 481,389
Adjustments for conversion to credit equivalent amount	(339,616)	(281,705)
Total off-balance sheet exposures	170,893	199,684
Tier 1 capital	388,800	364,459
Total exposures	4,547,910	4,388,595
Leverage ratio	8.55%	8.30%

As at April 30, 2024 and October 31, 2023, the Bank was in compliance with the leverage ratio prescribed by OSFI.

16. Interest rate risk position:

The Bank is subject to interest rate risk, which is the risk that a movement in interest rates could negatively impact net interest margin, net interest income and the economic value of assets, liabilities and shareholders' equity. The following table provides the duration difference between the Bank's assets and liabilities and the potential after-tax impact of a 100 basis point shift in interest rates on the Bank's earnings during a 12 month period.

(thousands of Canadian dollars)

	April 30, 2024		October 31, 2023	
	Increase 100 bps	Decrease 100 bps	Increase 100 bps	Decrease 100 bps
Increase (decrease):				
Impact on projected net interest income during a 12 month period	$ 5,084	$ (5,097)	$ 4,046	$ (4,059)
Duration difference between assets and liabilities (months)	(2.7)		(2.0)	

17. Fair value of financial instruments:

Fair values are based on management's best estimates of market conditions and valuation policies at a certain point in time. The estimates are subjective and involve particular assumptions and judgement and, as such, may not be reflective of future fair values. The Bank's loans and deposits lack an available market as they are not typically exchanged and, therefore, the book value of these instruments is not necessarily representative of amounts realizable upon immediate settlement. See note 21 of the October 31, 2023 audited Consolidated Financial Statements for more information on fair values.

(thousands of Canadian dollars)

	April 30, 2024					October 31, 2023				
	Carrying Value	Fair value Level 1	Fair Value Level 2	Fair Value Level 3	Total Fair Value	Carrying Value	Fair value Level 1	Fair Value Level 2	Fair Value Level 3	Total Fair Value
Assets										
Cash	$ 198,808	$ 198,808	$ -	$ -	$ 198,808	$ 132,242	$ 132,242	$ -	$ -	$ 132,242
Securities	103,769	103,769	-	-	103,769	167,940	167,940	-	-	167,940
Loans	4,018,458	-	-	4,011,986	4,011,986	3,850,404	-	-	3,837,599	3,837,599
Derivatives	1,052	-	1,052	-	1,052	1,517	-	1,517	-	1,517
Other financial assets	953	-	-	953	953	953	-	-	953	953
Liabilities										
Deposits	$3,693,495	$ -	$ -	$3,661,067	$3,661,067	$3,533,366	$ -	$ -	$3,436,491	$3,436,491
Subordinated notes payable	101,108	-	98,831	-	98,831	106,850	-	109,033	-	109,033
Other financial liabilities	189,157	-	-	189,157	189,157	176,039	-	-	176,039	176,039

18. Operating segmentation:

The Bank has established two reportable operating segments, those being Digital Banking and DRTC (cybersecurity services). The two operating segments are strategic business operations providing distinct products and services to different markets and are separately managed as a function of the distinction in the nature of each business. The following summarizes the operations of each of the reportable segments:

Digital Banking – The Bank employs a branchless business-to-business model using its proprietary financial technology to address underserved segments in the Canadian and US banking markets. VersaBank obtains its deposits and provides the majority of its loans and leases electronically via innovative deposit and lending solutions for financial intermediaries.

DRTC (cybersecurity services and banking and financial technology development) – Leveraging its internally developed IT security software and capabilities, VersaBank established a wholly owned subsidiary, DRT Cyber Inc., to pursue significant large-market opportunities in cybersecurity and develop innovative solutions to address the rapidly growing volume of cyber threats challenging financial institutions, multi-national corporations and government entities.

The basis for the determination of the reportable segments is a function primarily of the systematic, consistent process employed by the Bank's chief operating decision maker, the Chief Executive Officer, and the Chief Financial Officer in reviewing and interpreting the operations and performance of each segment. The accounting policies applied to these segments are consistent with those employed in the preparation of the Bank's Consolidated Financial Statements, as disclosed in note 3 of the Bank's 2023 audited Consolidated Financial Statements.

Performance is measured based on segment net income, as included in the Bank's internal management reporting. Management has determined that this measure is the most relevant in evaluating segment results and in the allocation of resources.

The following table sets out the results of each reportable operating segment as at and for the three and six months ended April 30, 2024 and 2023:

(thousands of Canadian dollars) for the three months ended	April 30, 2024 Digital Banking	April 30, 2024 DRTC	April 30, 2024 Eliminations/ Adjustments	April 30, 2024 Consolidated	April 30, 2023 Digital Banking	April 30, 2023 DRTC	April 30, 2023 Eliminations/ Adjustments	April 30, 2023 Consolidated
Net interest income	$ 26,242	$ -	$ -	$ 26,242	$ 24,609	$ -	$ -	$ 24,609
Non-interest income	262	2,336	(339)	2,259	122	2,146	(192)	2,076
Total revenue	26,504	2,336	(339)	28,501	24,731	2,146	(192)	26,685
Provision for (recovery of) credit losses	16	-	-	16	237	-	-	237
	26,488	2,336	(339)	28,485	24,494	2,146	(192)	26,448
Non-interest expenses:								
Salaries and benefits	5,724	1,685	-	7,409	6,930	1,499	-	8,429
General and administrative	3,445	451	(339)	3,557	3,131	377	(192)	3,316
Premises and equipment	845	374	-	1,219	612	369	-	981
	10,014	2,510	(339)	12,185	10,673	2,245	(192)	12,726
Income (loss) before income taxes	16,474	(174)	-	16,300	13,821	(99)	-	13,722
Income tax provision	4,484	(12)	-	4,472	3,991	(532)	-	3,459
Net income (loss)	$ 11,990	$ (162)	$ -	$ 11,828	$ 9,830	$ 433	$ -	$ 10,263
Total assets	$ 4,378,863	$ 26,980	$ (17,523)	$ 4,388,320	$ 3,719,592	$ 25,559	$ (15,758)	$ 3,729,393
Total liabilities	$ 3,982,924	$ 29,069	$ (23,776)	$ 3,988,217	$ 3,366,614	$ 29,057	$ (22,797)	$ 3,372,874

(thousands of Canadian dollars) for the six months ended	April 30, 2024 Digital Banking	April 30, 2024 DRTC	April 30, 2024 Eliminations/ Adjustments	April 30, 2024 Consolidated	April 30, 2023 Digital Banking	April 30, 2023 DRTC	April 30, 2023 Eliminations/ Adjustments	April 30, 2023 Consolidated
Net interest income	$ 52,810	$ -	$ -	$ 52,810	$ 48,883	$ -	$ -	$ 48,883
Non-interest income	382	4,836	(676)	4,542	124	3,979	(383)	3,720
Total revenue	53,192	4,836	(676)	57,352	49,007	3,979	(383)	52,603
Provision for (recovery of) credit losses	(111)	-	-	(111)	622	-	-	622
	53,303	4,836	(676)	57,463	48,385	3,979	(383)	51,981
Non-interest expenses:								
Salaries and benefits	11,095	2,852	-	13,947	13,614	3,072	-	16,686
General and administrative	7,721	845	(676)	7,890	5,993	832	(383)	6,442
Premises and equipment	1,613	759	-	2,372	1,235	698	-	1,933
	20,429	4,456	(676)	24,209	20,842	4,602	(383)	25,061
Income (loss) before income taxes	32,874	380	-	33,254	27,543	(623)	-	26,920
Income tax provision	8,620	107	-	8,727	7,780	(540)	-	7,240
Net income (loss)	$ 24,254	$ 273	$ -	$ 24,527	$ 19,763	$ (83)	$ -	$ 19,680
Total assets	$ 4,378,863	$ 26,980	$ (17,523)	$ 4,388,320	$ 3,719,592	$ 25,559	$ (15,758)	$ 3,729,393
Total liabilities	$ 3,982,924	$ 29,069	$ (23,776)	$ 3,988,217	$ 3,366,614	$ 29,057	$ (22,797)	$ 3,372,874

The Bank has operations in the US, through both its Digital Banking and DRTC businesses, however as at April 30, 2024, substantially all of the Bank's earnings and assets are based in Canada.

19. Comparative balances:

The interim financial statements have been reclassified, where applicable, to conform with the financial statement presentation used in the current period. Cash flows related to the Bank's investments in securities were reflected in operating activities in the comparative period and are now reflected as investing activities, consistent with the presentation and disclosure in the Bank's annual audited financial statements for the year ended October 31, 2023. The change did not affect the comparative period earnings.