



VersaBank

Q1 2025 Conference Call
March 5, 2025

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; 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 January 31, 2025. The Bank makes no undertaking to update any forward-looking statement that is made from time to time by the Bank.



Versa**Bank**

David Taylor

President &
Chief Executive Officer

Q1 2025 Highlights



- Signed our first RPP partner in the United States following US bank acquisition
- Completed successful \$86 million capital raise to support US RPP opportunity
- Realigned structure of DRT Cyber to position Digital Deposit Receipts for a renewed opportunity
- Achieved another record for total assets

First US Partner Post-Acquisition



- Watercress: Proven track record of originating high-quality consumer loans through nationwide contractor network
- Provided first and second funding tranches
- Program is functioning as it should
- Expect funding to steadily expand throughout fiscal 2025

Q1 2025 Key Metrics & Highlights



Total Assets \$4.97B

Credit Assets \$4.35B

NIM on Credit Assets 2.36%

Total Revenue \$27.8M

Net Income \$8.1M

EPS \$0.28

Canadian Digital
Banking Efficiency
Ratio

47%

Realizing significant operating leverage inherent in Digital Banking model



VersaBank

John Asma

Chief Financial Officer

Q1 2025: Continued Strong Financial Performance

Balance Sheet

	At January 31		YoY Change
	2025	2024	
Total Assets	\$4.97 B	\$4.31 B	15%
Credit Asset Portfolio	\$4.35 B	\$3.98 B	9%
Cash and Securities	\$0.55 B	\$0.26 B	109%
Book Value per Common Share	\$16.03	\$14.46	11%
CET1 Ratio	14.61%	11.39%	322bps
Leverage Ratio	9.67%	8.44%	123bps

- Total credit asset portfolio expanded to another record balance
- Book value per share increased as a function of the December 2024 capital raise and higher retained earnings (from net income growth), partially offset by dividends paid

Both CET1 and leverage ratios remain above targets

Q1 2025: Continued Strong Financial Performance

Consolidated

Consolidated Income Statement

	Quarter Ended January 31			
(000's)	2025	2024	YoY Change	Sequential Change
Revenue	27,827	28,851	-4%	2%
Non-Interest Expenses	15,699	12,024	31%	-19%
Net Income	8,143	12,699	-36%	48%
Earnings Per Share	0.28	0.48	-42%	40%

- YoY revenue decrease due primarily to lower overall net interest margin
- EPS was impacted by a 12% higher number of weighted-average shares outstanding due to the December 2024 capital raise

Q1 2025: Segmented Income Statement

Segmented Income Statement

(000's)	Quarter Ended January 31		YoY Change	Sequential Change
	2025	2024		
Revenue	27,827	28,851	-4%	2%
Digital Banking Canada	23,810	26,688	-11%	1%
Digital Banking USA	2,040	NM	NM	46%
Digital Meteor	342	580	-41%	-12%
DRTC	1,989	1,920	4%	-9%

(000's)	Quarter Ended January 31		YoY Change	Sequential Change
	2025	2024		
Net Income	8,143	12,699	-36%	48%
Digital Banking Canada	8,764	12,264	-29%	74%
Digital Banking USA	103	NM	NM	-78%
Digital Meteor	33	338	-90%	-73%
DRTC	-757	97	-880%	-897%

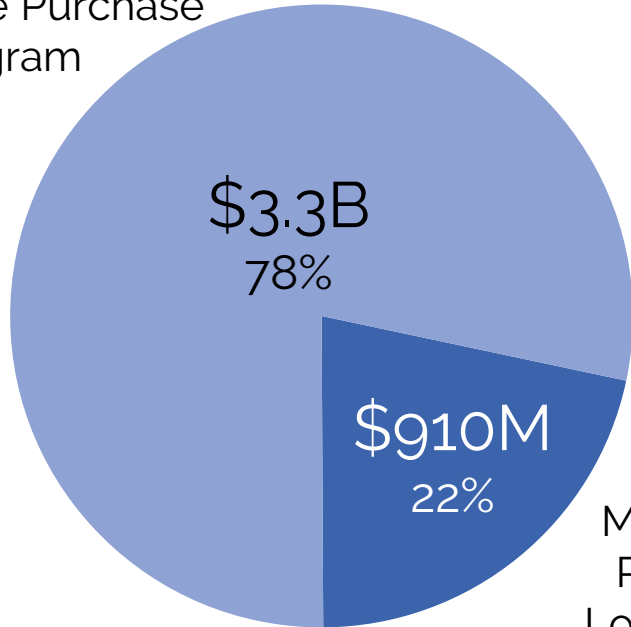
Q1 2025: Continued Strong Financial Performance

Digital Banking Operations - Record Credit Asset: \$4.35 B

Q4 2024

Total: \$4.24 B

Receivable Purchase
Program

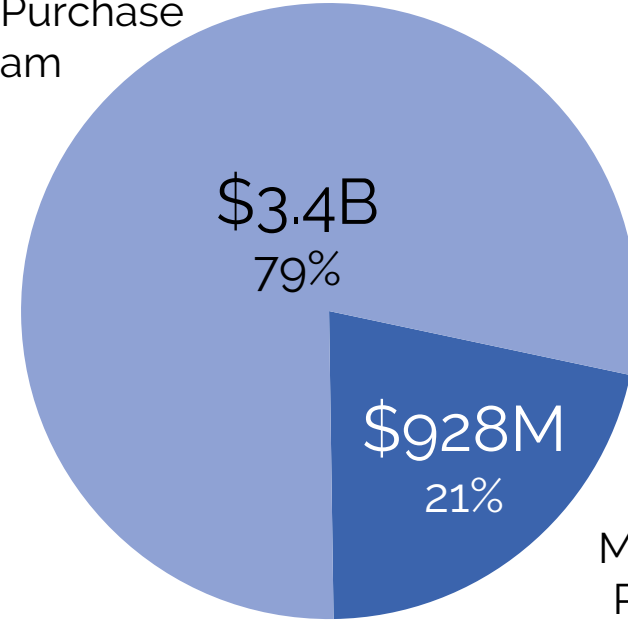


Multi-Family
Residential
Loans & Other

Q1 2025

Total: \$4.35 B

Receivable Purchase
Program



Multi-Family
Residential
Loans & Other

Receivable Purchase Program Portfolio: Up 10% YoY & Up 3% sequentially
Multi-Family Residential Loans & Other: Up 5% YoY & Up 2% sequentially

Q1 2025: Continued Strong Financial Performance

Digital Banking Operations

Digital Banking Operations: Income Statement

	Quarter Ended January 31		YoY Change	Sequential Change
	2025	2024		
Cost of Funds	3.84%	3.99%	-15 bps	-27 bps
Non-Interest Expenses	12,778	10,415	23%	-25%
Net Interest Income	25,724	26,568	-3%	3%
Net Interest Margin on Credit Assets	2.36%	2.63%	-27 bps	2 bps
Net Interest Margin	2.08%	2.48%	-40 bps	-4 bps

- NIE reflects build out of U.S. RPP business ahead of revenue
- NIM on credits assets decreased primarily due to lag effect of atypically inverted yield curve that existed throughout fiscal 2024, which dampened RPP portfolio margins
- NIM remained among the highest of the publicly traded Canadian Schedule I (federally licensed) banks

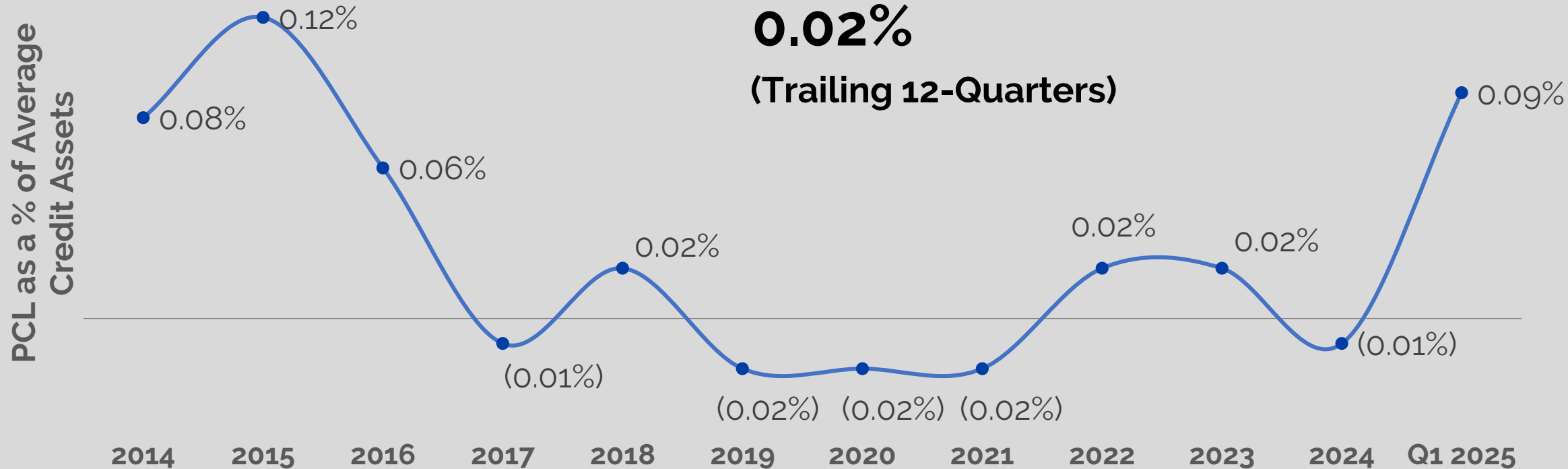
NIM on credit assets increased sequentially

Top Tier Asset Quality & Prudent Approach to Risk Mitigation

Average Provision for Credit Losses as
a % of Average Credit Assets

0.02%

(Trailing 12-Quarters)





Versa**Bank**

David Taylor

President &
Chief Executive Officer

Strong Foundation for Continued Growth in Canadian Banking Operations

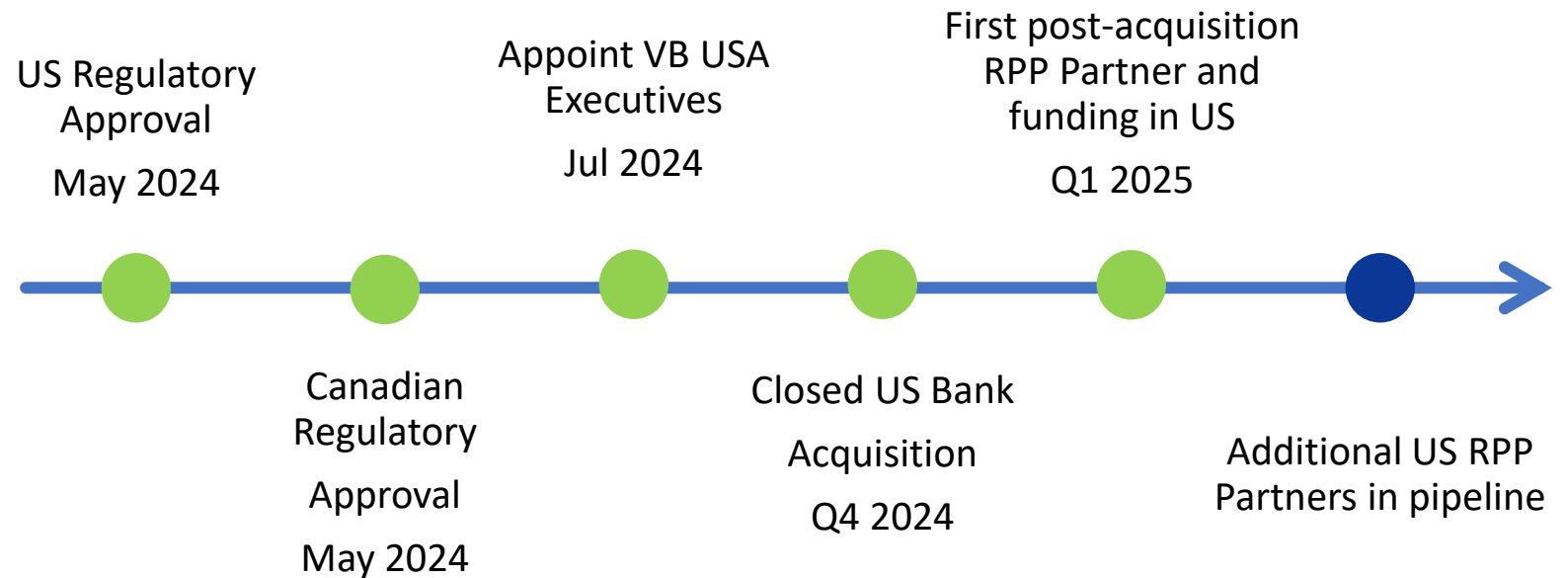
- Continued steady growth led by the Receivable Purchase Program (RPP)
- Contribution of CHMC-insured loan business
- Continuation of several favourable trends that support Net Interest Margin
 - Flattening of yield curve – beneficial to spread on RPP credit assets
 - Growth in low-cost Insolvency Professional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

VersaBank USA: Transformational Opportunity



High-Growth, Underserved Multi-Trillion \$ Market

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



First US Partner Signed
Large Number of US Partners in Pipeline

Digital Meteor, Inc.

Digital Deposit Receipt (DDR) IP, technology and other resources transferred to wholly owned digital asset focused subsidiary

Market Ready Solution



Digital Deposit Receipts (DDRs)

- Highly encrypted digital assets that can represent fiat currency on deposit with the Bank – seamless conversion to/from other digital currencies (incl. Bitcoin)
- SOC 2 Type I certification for the underlying VersaVault® technology
- Successfully completed pilot program on Ethereum, Algorand and Stellar blockchains (first bank known to do so)
- Secure and private storage of digital assets with dual chartered bank as custodian

Capitalizing on Proven Proprietary Technology Amidst Favourable Regulatory Stance of New US Administration



**Renewed
Opportunity for
Proprietary Digital
Asset Technology**





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Q&A Session

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Banking on the Future!