



**Basel III Pillar 3 Disclosures
January 31, 2026**

VERSABANK

Basel III Pillar 3 Disclosures

For the quarter ended January 31, 2026

Overview

VersaBank (“VersaBank” or the “Bank”) is a North American bank (federally chartered in Canada and the United States) with a difference. VersaBank was the world's first fully digital financial institution and today employs a cloud-based, branchless, business-to-business model based on its proprietary state-of-the-art technology that enables it to profitably address underserved segments of the banking industry. The Bank's model is based on obtaining its deposits and providing financing digitally through third-party financial intermediaries (referred to as “partners”) who themselves engage with the actual depositors and borrowers. This provides VersaBank with significant operating leverage, which drives efficiency and return on common equity, and significantly reduces risk.

VersaBank's recent and expected continued growth is primarily the result of its unique Structured Receivable Program “SRP” (previously referred to as (Receivable Purchase Program (“RPP”)), which invests in cash flow streams derived primarily from consumer and small business loans and leases that are originated and owned throughout their lifetime by VersaBank's SRP partners, as well as asset-backed securities that have similar underlying assets noted in the SRP portfolio. In September 2024, following its acquisition of a US bank, VersaBank broadly launched its SRP, which has been highly successful in Canada for nearly 15 years, to the underserved multi-trillion-dollar US market.

Basis of preparation

This document represents the Basel III Pillar 3 disclosures for the Bank. These disclosures are made pursuant to the Office of the Superintendent of Financial Institutions (OSFI) requirements, which are based on global standards established by the Bank of International Settlements, Basel Committee on Banking Supervision (BCBS). The Bank follows the Pillar 3 Disclosure requirements for Small and Medium-Sized Banks (SMSBs) and is classified as a Category 2 SMSB.

The amounts disclosed in this document are based on the Bank's condensed consolidated interim financial statements, which reflect the financial position and results of operations of the Bank consolidated with the financial position and results of operations of its subsidiaries. The condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard (IAS) 34. The condensed consolidated interim financial statements follow the same accounting policies and methods of computation as in the Bank's most recent annual financial statements including the accounting requirements specified by OSFI, and reflect, where necessary, management's best estimates and judgments.

The Bank's Credit risk – General information about credit risk (CRA), Operational risk – General qualitative information on the Bank's operational risk framework (ORA) and Credit Valuation Adjustment (CVA) risk – General qualitative disclosure related to CVA (CVAA) are disclosed in the Bank's Audited Consolidated Audit Financial Statements and Management's Discussion and Analysis for the year ended October 31, 2025, available online at www.versabank.com/investor-relations.

This report is unaudited and is reported in thousands of Canadian dollars, unless otherwise noted.

The report is available in the Regulatory information section of the Bank's website at www.versabank.com/investor-relations/financial-results/ and additional financial data published on the OSFI website can also be accessed through the below link;

[Financial data for banks - Office of the Superintendent of Financial Institutions.](http://www.versabank.com/investor-relations/financial-results/)

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KM1: Key Metrics (at consolidated group level)

(in thousands of Canadian dollars)		January 31 2026	October 31 2025	July 31 2025	April 30 2025	January 31 2025
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	\$ 516,815	\$ 509,650	\$ 507,212	\$ 507,222	\$ 500,158
2	Tier 1	516,815	509,650	507,212	507,222	500,158
3	Total capital	623,825	619,890	617,079	615,770	613,021
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	4,031,913	3,943,657	3,740,088	3,551,398	3,422,768
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	12.82%	12.92%	13.56%	14.28%	14.61%
6	Tier 1 ratio (%)	12.82%	12.92%	13.56%	14.28%	14.61%
7	Total capital ratio (%)	15.47%	15.72%	16.50%	17.34%	17.91%
Basel III Leverage ratio						
13	Total Basel III leverage ratio exposure measure	6,326,404	6,014,710	5,698,707	5,276,975	5,172,540
14	Basel III leverage ratio (row 2 / row 13)	8.17%	8.47%	8.90%	9.61%	9.67%

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LR2: Leverage Ratio Common Disclosure Template

	January 31 2026	October 31 2025	July 31 2025
(in thousands of Canadian dollars)			
On-balance sheet exposures			
On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)			
1	\$ 6,146,010	\$ 5,808,475	\$ 5,477,489
4 (Asset amounts deducted in determining Tier 1 capital)	(26,261)	(23,023)	(20,930)
5 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)	6,119,749	5,785,452	5,456,559
Derivative exposures			
6 Replacement cost associated with all derivative transactions	-	-	-
7 Add-on amounts for PFE associated with all derivative transactions	3,319	3,975	2,617
11 Total derivative exposures (sum of lines 6 and 7)	3,319	3,975	2,617
Other off-balance sheet exposures			
17 Off-balance sheet exposure at gross notional amount	585,899	635,854	638,813
18 (Adjustments for conversion to credit equivalent amounts)	(382,563)	(410,571)	(399,282)
19 Off-balance sheet items (sum of lines 17 and 18)	203,336	225,283	239,531
Capital and total exposures			
20 Tier 1 Capital	516,815	509,650	507,212
21 Total Exposures (sum of lines 5, 11 and 19)	6,326,404	6,014,710	5,698,707
Leverage ratio			
22 Basel III leverage ratio	8.17%	8.47%	8.90%

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CVA1: The reduced basic approach for Credit Valuation Adjustment (BA-CVA)

(in thousands of Canadian dollars, except percentages)

		a	b
		Components	Capital requirements under BA-CVA
1	Aggregation of systematic components of CVA risk	261	
2	Aggregation of idiosyncratic components of CVA risk	257	
3	Total		168