

VERSABANK

For Immediate Release: October 2, 2019

Attention: Business Editors

VERSABANK PROVIDES NOTICE OF ANNUAL FIXED DIVIDEND RATE ON SERIES 1 PREFERRED SHARES AND QUARTERLY FLOATING DIVIDEND RATE ON SERIES 2 PREFERRED SHARES

(London, Ontario) – VersaBank (TSX: VB) provides notice that in accordance with the Short Form Prospectus dated October 22, 2014 (the “Prospectus”), for the 5-year period commencing on November 1, 2019 (the “Subsequent Fixed Rate Period”), the holders of non-cumulative 5-year rate reset preferred shares, series 1 (the “Series 1 Preferred Shares”) of VersaBank (the “Bank”) will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the board of directors of the Bank (the “Board of Directors”), payable quarterly on the last day of January, April, July, and October in each year, in the amount per Series 1 Preferred Share per annum determined by multiplying the Annual Fixed Dividend Rate (as herein defined) applicable to the Subsequent Fixed Rate Period by \$10.00. The Annual Fixed Dividend Rate applicable to the Subsequent Fixed Rate Period is determined by the Bank as 6.772%, which is equal to the Government of Canada Yield (as defined in the Prospectus) on October 2, 2019, plus 5.43%.

In accordance with the Prospectus, the holders of non-cumulative floating rate preferred shares, series 2 of the Bank (the “Series 2 Preferred Shares”) will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last day of January, April, July, and October in each year (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a “Quarterly Floating Rate Period”), in the amount per Series 2 Preferred Share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$10.00. The Floating Quarterly Dividend Rate applicable to a Quarterly Floating Rate Period is equal to the sum of the T-Bill Rate (as defined in the Prospectus) plus 5.43% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. As determined by the Bank on October 2, 2019, the Quarterly Floating Dividend Rate for the Quarterly Floating Rate Period commencing on November 1, 2019, is 7.050%.

About VersaBank

VersaBank adopted an electronic branchless model in 1993, becoming the world’s first branchless financial institution. It holds a Canadian Schedule I chartered bank license and obtains its deposits, and the majority of its loans and leases, electronically. VersaBank’s Common Shares trade on the Toronto Stock Exchange under the symbol VB and its Series 1 Preferred Shares and Series 3 Preferred Shares trade under the symbols VB.PR.A and VB.PR.B, respectively. Visit VersaBank’s website at: <https://www.versabank.com>.

Contact:

VersaBank: Wade MacBain, Investor Relations, 800-244-1509 wadem@versabank.com