

VERSABANK

For Immediate Release: July 20, 2020
Attention Business Editors

VERSABANK ADDS LEADING NATIONAL INSOLVENCY FIRM AND ONE OF CANADA'S LARGEST MUTUAL FUND DEALERSHIPS AS DEPOSIT PARTNERS

LONDON, ONTARIO/BusinessWire – VersaBank (“VersaBank” or the “Bank”) (TSX:VB) today announced that it has added two new deposit partners – a large, nationally-licensed Insolvency Professional firm and FundEX Investments Inc. (“FundEX”), one of Canada’s largest mutual fund dealerships.

“VersaBank’s access to low-cost deposit funding is at the core of the Bank’s ability to generate the highest net interest margins amongst its publicly traded peers, as well as being a key factor in the Bank’s track record of strong earnings growth,” said David Taylor, President and Chief Executive Officer, VersaBank. “The addition of each of these partners – each a leader in its own market – is further testament to the high value-add that VersaBank is able to provide its partners based on our proprietary, state-of-the art banking technology. The continuing expansion of our access to low-cost and zero-cost deposits will be fundamental in supporting our growth as we pursue deployment of our more than \$2 billion in lending capacity.”

Further Expansion of Very-Low Cost Insolvency Professional Deposits

The addition of one of Canada’s largest and longest operating insolvency firms, with dozens of offices across the country and four decades in business, further builds on VersaBank’s leading position in deposit services for Insolvency Professionals and further expands its roster of more than 100 Insolvency Partner offices across Canada.

“We have grown our Insolvency Professional deposit business from a great idea in 2012 to more than 40% of the Bank’s deposit value, with a nearly five-fold increase in the last five years, by using our proprietary banking technology to develop a unique offering that addresses a specific unmet need in the market,” said Mr. Taylor. “We are proud to add yet another leading Insolvency Professional firm, with national presence, who we expect to be a large-volume partner. As we continue to add new Insolvency Professional partners based on our differentiated, high-value deposit offering, we also expect to grow the size of our deposits with our existing partners as their business activity increases due to the current and expected challenging economic conditions, which should drive further reductions in our cost of deposit funding.”

Addition of One of Canada’s Largest Mutual Fund Dealerships as a Wealth Management Partner for GIC Deposits

VersaBank also announced that it has added FundEX, one of Canada’s largest mutual fund dealerships, as partner through which it will offer CDIC insured GIC deposits to FundEX’s more than 700 financial advisors across the country. FundEX administers over \$17 billion in assets and is a wholly owned subsidiary of Industrial Alliance Insurance and Financial Services Inc.

“VersaBank has a reputation for high value-add deposit solutions for the wealth management sector, based on our exemplary customer service and experienced, knowledgeable staff, all underpinned by our highly-efficient, accurate processing resulting from our state-of-the-art technology,” said Mr. Taylor. “This highly differentiated

value proposition for our partners enables us to be competitive and win new business with lower interest-paying deposits.”

About VersaBank

VersaBank adopted an electronic B2B (business-to-business) branchless model in 1993, becoming the world’s first branchless financial institution. It holds a Canadian Schedule I chartered bank licence 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.

Forward-Looking Statements

The statements in this press release that relate to the future are forward-looking statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are out of our control. Risks exist that predictions, forecasts, projections, and other forward-looking statements will not be achieved. Readers are cautioned not to place undue reliance on these forward-looking statements as several 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 we conduct operations; the effects of changes in monetary and fiscal policy, including changes in interest rate policies of the Bank of Canada; changing global commodity prices; the effects of competition in the markets in which we operate; inflation; capital market fluctuations; the timely development and introduction of new products in receptive markets; the impact of changes in the laws and regulations pertaining to financial services; changes in tax laws; technological changes; unexpected judicial or regulatory proceedings; unexpected changes in consumer spending and savings habits; the impact of COVID-19 pandemic and our anticipation of and success in managing the risks implicated by the foregoing. For a detailed discussion of certain key factors that may affect our future results, please see our annual Management’s Discussion and Analysis (“MD&A”) for the year ended October 31, 2019.

The foregoing list of important factors is not exhaustive. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The forward-looking information contained in this document and the related MD&A is presented to assist our shareholders in understanding our financial position and may not be appropriate for any other purposes. Except as required by securities law, we do not undertake to update any forward-looking statement that is contained in this document and related MD&A or made from time to time by the Bank or on its behalf.

CONTACT:

VersaBank	LodeRock Advisors
Wade MacBain	Lawrence Chamberlain
(800) 244-1509	416-519-4196
wadem@versabank.com	lawrence.chamberlain@loderockadvisors.com

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