



Investor Presentation

February/March 2016

Forward-Looking Statement

Certain statements in this report may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include projections, predictions, expectations, or beliefs about future events or results or otherwise and are not statements of historical fact. Such statements are often characterized by the use of qualified words (and their derivatives) such as “expect,” “believe,” “estimate,” “plan,” “project,” “anticipate,” “intend,” “will,” or words of similar meaning or other statements concerning opinions or judgment of the Company and its management about future events. Although the Company believes that its expectations with respect to forward-looking statements are based upon reasonable assumptions within the bounds of its existing knowledge of its business and operations, there can be no assurance that actual results, performance, or achievements of the Company will not differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. Actual future results and trends may differ materially from historical results or those anticipated depending on a variety of factors, including, but not limited to, the effects of and changes in: general economic and bank industry conditions, the interest rate environment, legislative and regulatory requirements, competitive pressures, new products and delivery systems, inflation, changes in the stock and bond markets, accounting standards or interpretations of existing standards, mergers and acquisitions, technology, and consumer spending and savings habits. More information is available on the Company’s website, <http://investors.bankatunion.com> and on the Securities and Exchange Commission’s website, www.sec.gov. The information on the Company’s website is not a part of this presentation. The Company does not intend or assume any obligation to update or revise any forward-looking statements that may be made from time to time by or on behalf of the Company.

Company Overview

- The largest community banking organization headquartered in Virginia
- Holding company formed in 1993 – Banking history goes back more than 100 years
- 7 whole bank and 16 branch acquisitions since 1993
- Assets of \$7.7 Billion
- Comprehensive financial services provider offering
 - Commercial and retail banking through Union Bank & Trust
 - Investment, wealth management and trust services
 - Mortgages primarily through Union Mortgage Group, LLC

Union's Strengths

- Unique branch network across Virginia, competitive banking products and services and a loyal customer base
- Well positioned for organic growth given commercial activity, household income levels and population growth in its footprint
- Strong balance sheet and solid capital base
- Conservative in-market lender
- Experienced management team
- Successful acquirer and integrator
- Proven financial performance in both good and bad economic climates

Attractive market demographics support strong organic growth opportunities within our footprint

	Hampton Roads Region	Richmond Region	Northern Virginia Region	Southwest Region	Charlottesville Region	Rappahannock Region	Fredericksburg Region	Northern Neck Region	Total UBSH Regions
Total Households	451,124	391,588	420,049	258,821	220,068	198,251	134,666	26,024	2,100,591
Projected Five-Year Household CAGR	4.3%	5.0%	6.1%	3.2%	4.3%	7.7%	5.9%	2.3%	5.0%
Median Household Income	\$60,104	\$58,675	\$109,705	\$48,136	\$53,791	\$105,080	\$82,502	\$50,185	\$73,178
Total Business	54,355	53,653	51,873	32,260	29,631	25,304	14,983	3,415	265,474
Total Active Market Branches	239	299	358	234	196	193	101	39	1,659
5-Yr Market Deposit CAGR, '09 - '14	2.0%	2.6%	3.5%	2.7%	1.6%	3.8%	2.5%	0.2%	2.7%

Diversity Supports Growth in Virginia

Richmond

- State Capital
- Fortune 500 headquarters (6)
- Finance and insurance
- VCU & VCU Medical Center

Fredericksburg

- Defense and security contractors
- Health care
- Retail
- Real Estate development

Charlottesville

- University of Virginia & Medical College
- High-tech and professional businesses
- Real Estate development

Northern Virginia

- Nation's Capital
- Defense and security contractors
- Associations (lobbyists)
- High tech

Virginia Beach - Norfolk

- Military
- Shipbuilding
- Fortune 500 headquarters (3)
- Tourism

Roanoke - Blacksburg

- Virginia Tech
- Health care
- Retail
- Fortune 500 headquarters (1)

Union Bank & Trust

- 124 branches – closing net 4 branches in 2nd quarter 2016
- Only Virginia based bank with a statewide footprint
- 1,272 FTEs
- 55 Commercial Lenders
- \$5.7 Billion Loans
- \$6.0 Billion Deposits
- 147,000+ Core Consumer Households

Strong Presence Across All Major Markets

MSA
 Market Share Rank
 Company Deposits
 Total Market Deposits
 Market Share

Statewide
 Rank: #6
 Deposits: \$5.8bn
 Market Tot.: \$183bn
 Mkt. Share: 3.2%
 Branches: 124

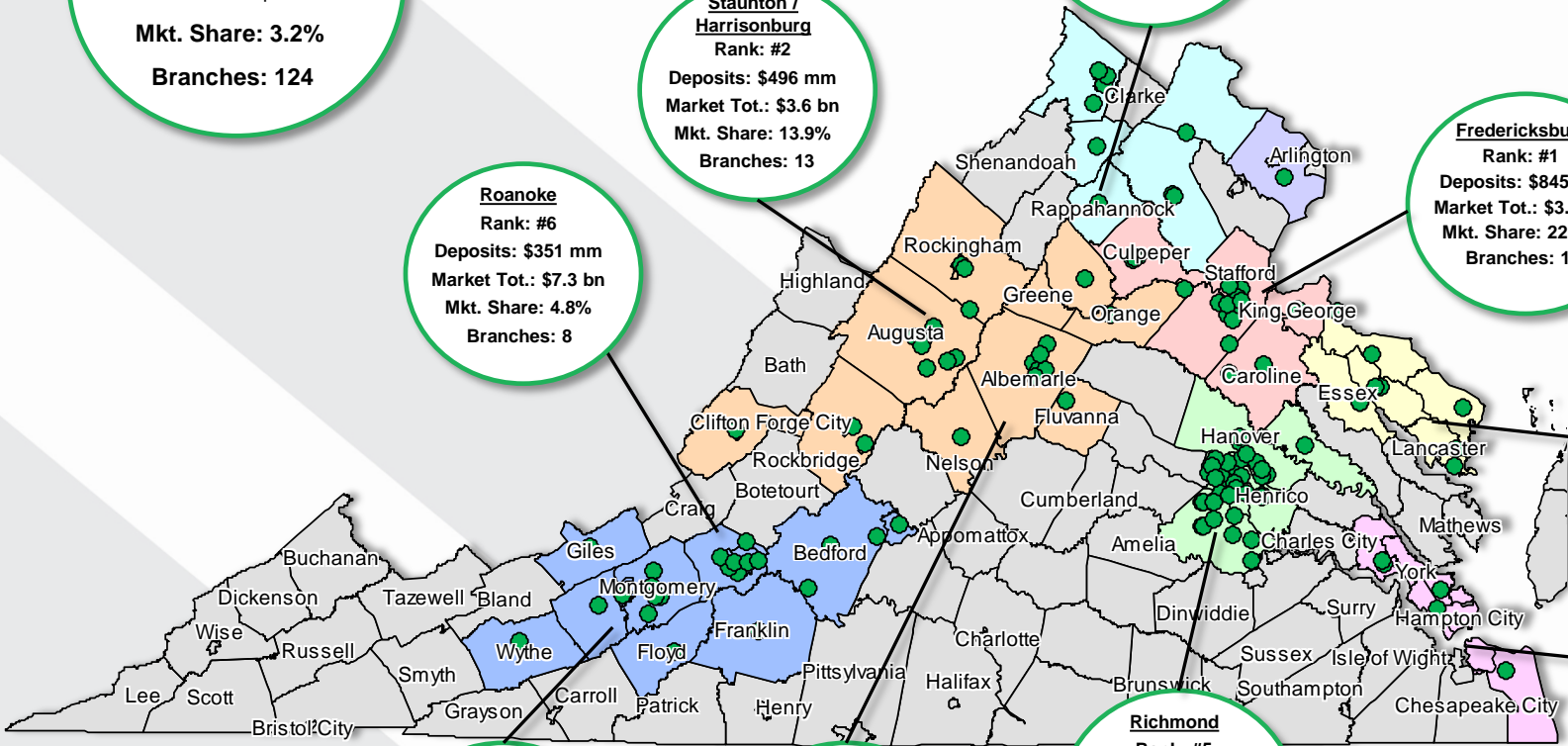
Culpeper
 Rank: #1
 Deposits: \$432 mm
 Market Tot.: \$1.3 bn
 Mkt. Share: 34.4%
 Branches: 8

**Staunton /
 Harrisonburg**
 Rank: #2
 Deposits: \$496 mm
 Market Tot.: \$3.6 bn
 Mkt. Share: 13.9%
 Branches: 13

Fredericksburg
 Rank: #1
 Deposits: \$845mm
 Market Tot.: \$3.8 bn
 Mkt. Share: 22.1%
 Branches: 14

Roanoke
 Rank: #6
 Deposits: \$351 mm
 Market Tot.: \$7.3 bn
 Mkt. Share: 4.8%
 Branches: 8

Northern Neck
 Rank: #1
 Deposits: \$310mm
 Market Tot.: \$1.5 bn
 Mkt. Share: 21.0%
 Branches: 9



Virginia Beach
 Rank: #15
 Deposits: \$158mm
 Market Tot.: \$22.8 bn
 Mkt. Share: 0.7%
 Branches: 5

Richmond
 Rank: #5
 Deposits: \$1.7 bn
 Market Tot.: \$35.9 bn
 Mkt. Share: 4.8%
 Branches: 40

Blacksburg
 Rank: #1
 Deposits: \$690 mm
 Market Tot.: \$2.9 bn
 Mkt. Share: 23.5%
 Branches: 9

Charlottesville
 Rank: #4
 Deposits: \$411 mm
 Market Tot.: \$4.3 bn
 Mkt. Share: 9.6%
 Branches: 8

Source: SNL Financial; Deposit data as of 6/30/2015



Largest Community Bank in Virginia

Deposit Market Share – Virginia

Rank	Institution (ST)	Number of Branches	Deposits in Market (\$mm)	Market Share (%)
1	Wells Fargo & Co. (CA)	290	36,737	20.1
2	Bank of America Corp. (NC)	142	27,609	15.1
3	BB&T Corp. (NC)	358	22,794	12.5
4	SunTrust Banks Inc. (GA)	209	18,786	10.3
5	Capital One Financial Corp. (VA)	80	10,649	5.8
6	Union Bkshs Corp (VA)	124	5,795	3.2
7	TowneBank (VA)	43	5,208	2.8
8	United Bankshares Inc. (WV)	61	4,325	2.4
9	Carter Bank & Trust (VA)	88	3,885	2.1
10	PNC Financial Services Group (PA)	100	3,360	1.8
Totals (1-10)		1,495	139,147	76.0
Totals (1-128)		2,503	183,103	100.0

Union Wealth Management

- Trust, Asset Management, Private Banking, Brokerage and Financial Planning services
- 70 FTEs
- \$1.8B in AUM and AUA, the majority of which is managed assets
- \$9.1 million fiduciary and asset management fees generated in 2015
- Organic and Acquisitive growth opportunities
 - Expand services to existing customers utilizing targeted segmentation and marketing strategies
 - Opportunities to serve retail and commercial customers of bank
 - Leveraging bank brand/reputation in wealth management space
 - Target advisors, teams and firms that complement our wealth model and client service culture

Union Mortgage Group

- 20 offices: 18 in Virginia, 1 each in Maryland and North Carolina
- 111 FTEs – 43 loan officers
- \$540 Million in 2015 originations; \$113.0 million in 4Q15 (36% refinance)
- \$202,000 net loss in 2015
 - Over \$5 million or 36bps in cost efficiencies realized in 2015
 - Costs to produce improved by 37 bps year over year
- Opportunities:
 - Acceleration of salesforce expansion in growth markets
 - Expanded product suite including doctor loan program and construction perm program allows flexibility to add mortgages to the balance sheet for earning asset growth and cross-sell opportunities
 - Improved pipeline management and fulfillment will allow for better delivery models and improved leverage

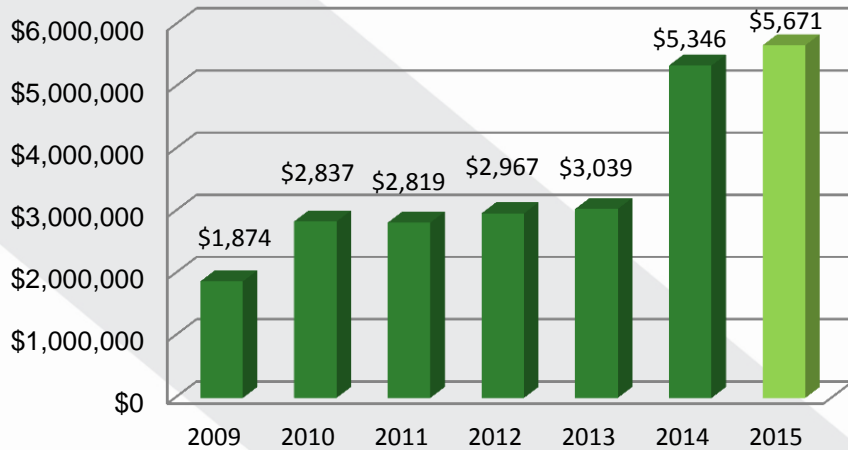
2015 Highlights

- Net Income was \$67.1 million; earnings per share of \$1.49
- Loan growth in 2015 was 6.6%*; annualized loan growth was 9.2% in the fourth quarter
- Deposit balances grew 5.8% in 2015; annualized deposit growth in the fourth quarter was 10%
- Asset Quality remained strong as nonperforming assets declined \$20 million, or 43% to \$27.2 million

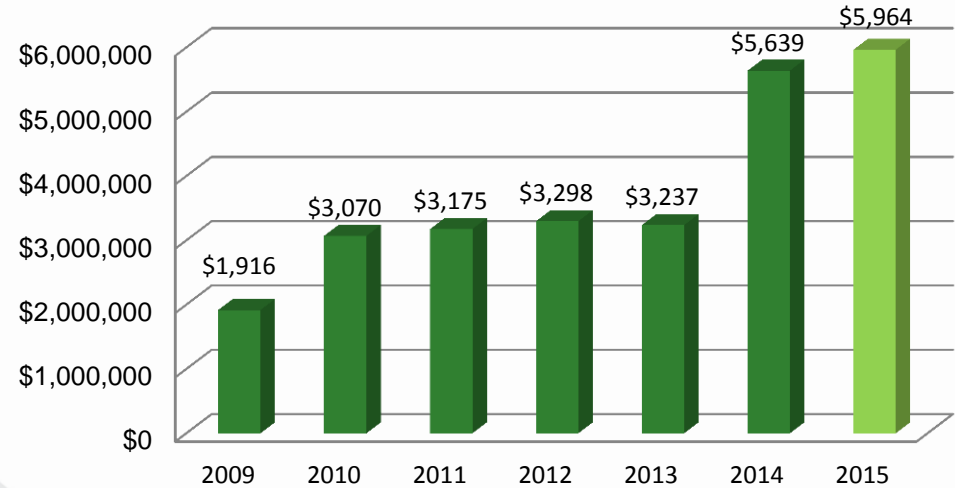
*excludes the impact of the sale of credit card portfolio during 2015

Balance Sheet Trends

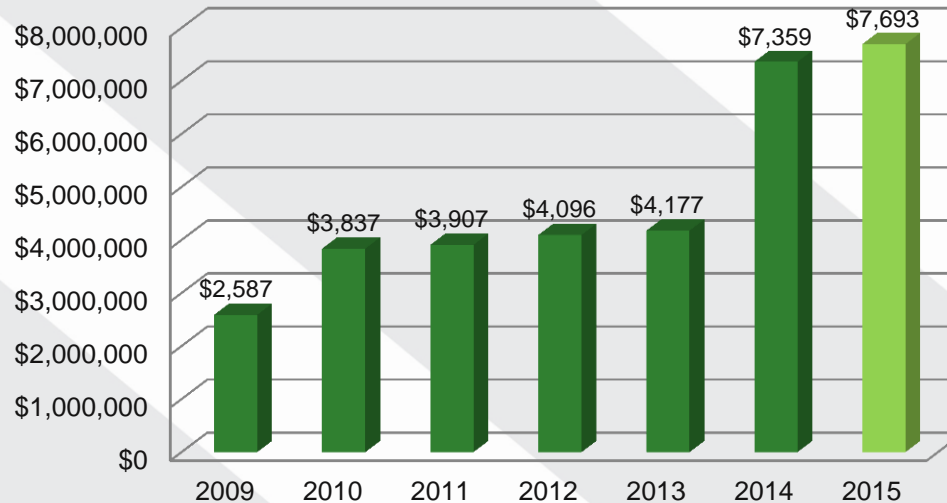
Loans (\$M)



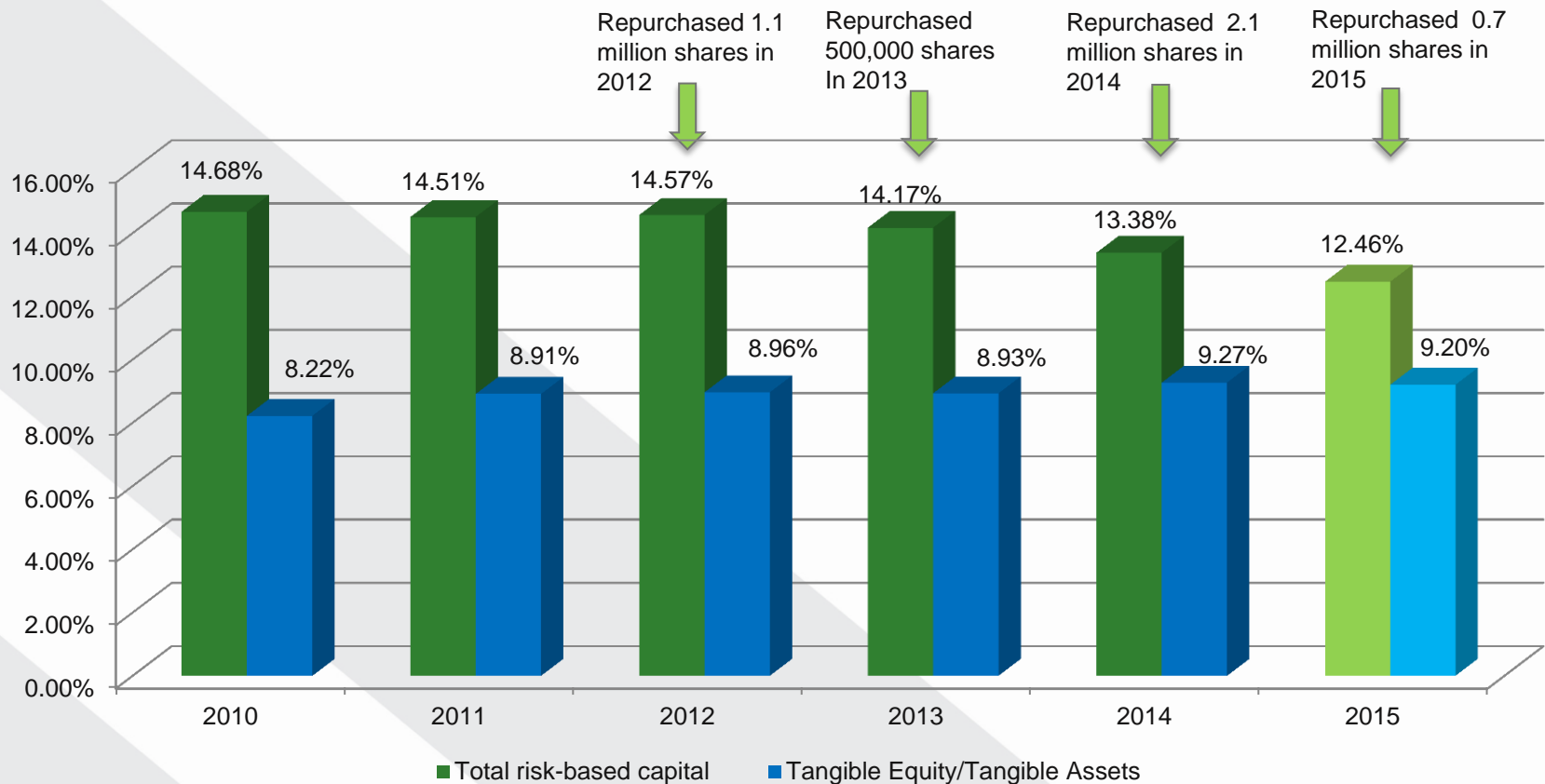
Deposits (\$M)



Assets (\$M)



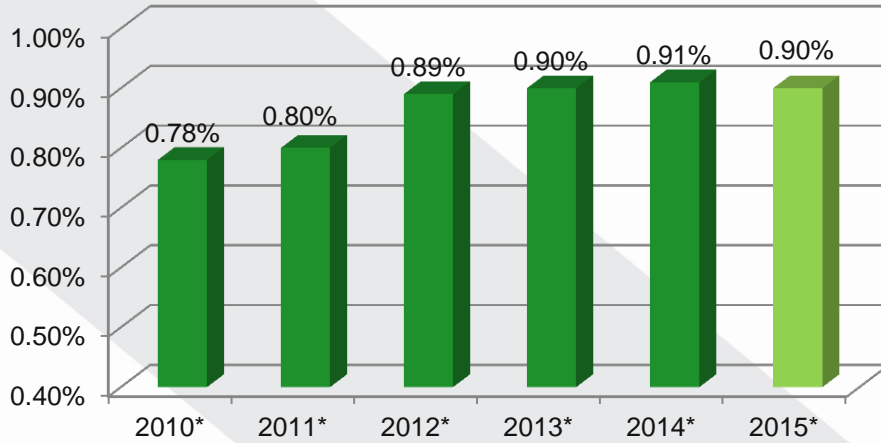
Capital Ratios



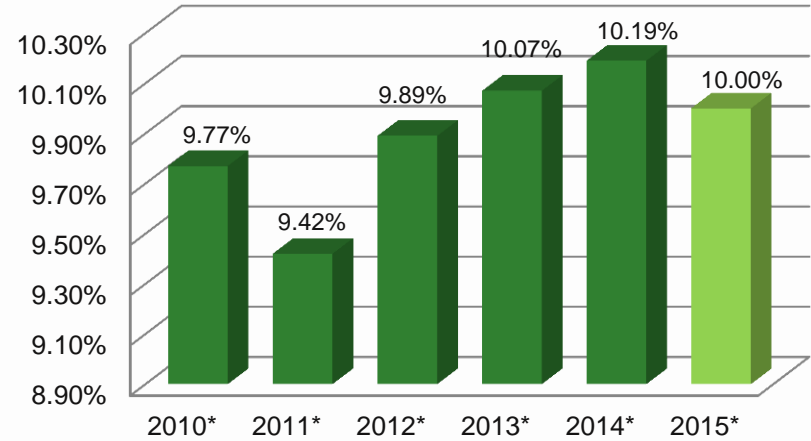
- Since 2011, increased quarterly dividend from \$0.07/share to \$0.19/share; target payout ratio is 45-50%
- Repurchased 4.4 million shares over past 4 years
- As of December 31, 2015, approximately \$21.1 million remaining on \$25 million stock buyback authorization – expires on December 31, 2016

Profitability Ratios and Income Trends

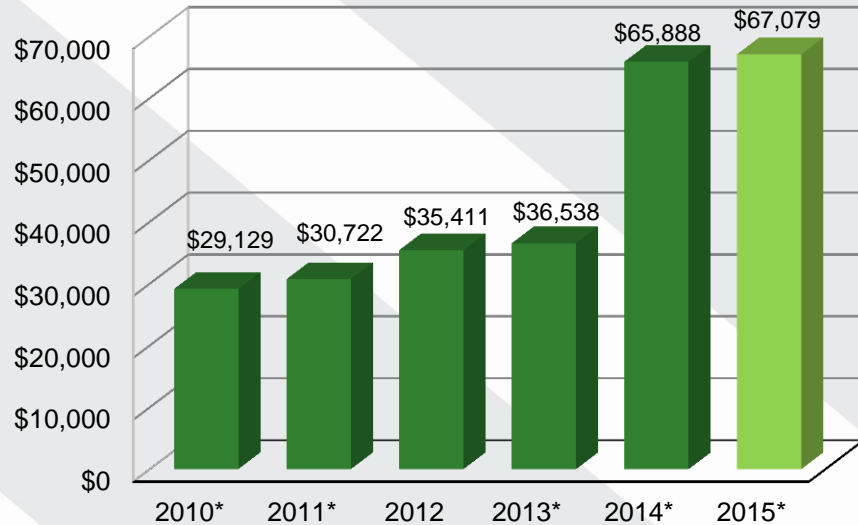
Return on Average Assets (ROA)



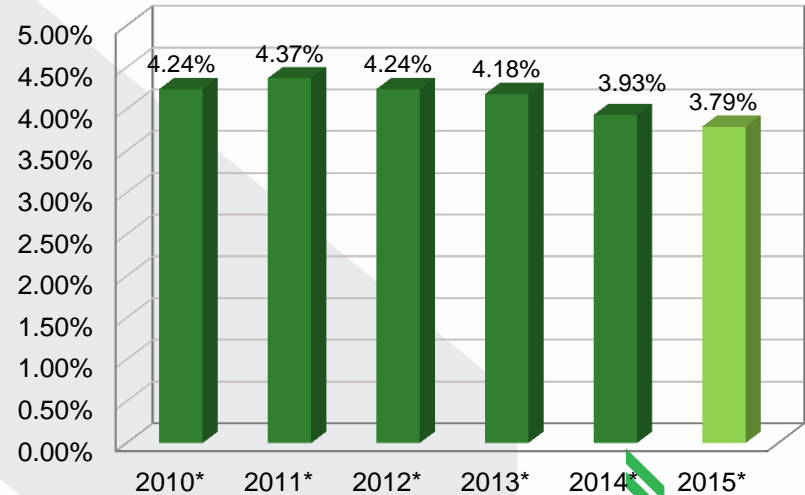
ROTCE



Net Income (\$)



Net Interest Margin



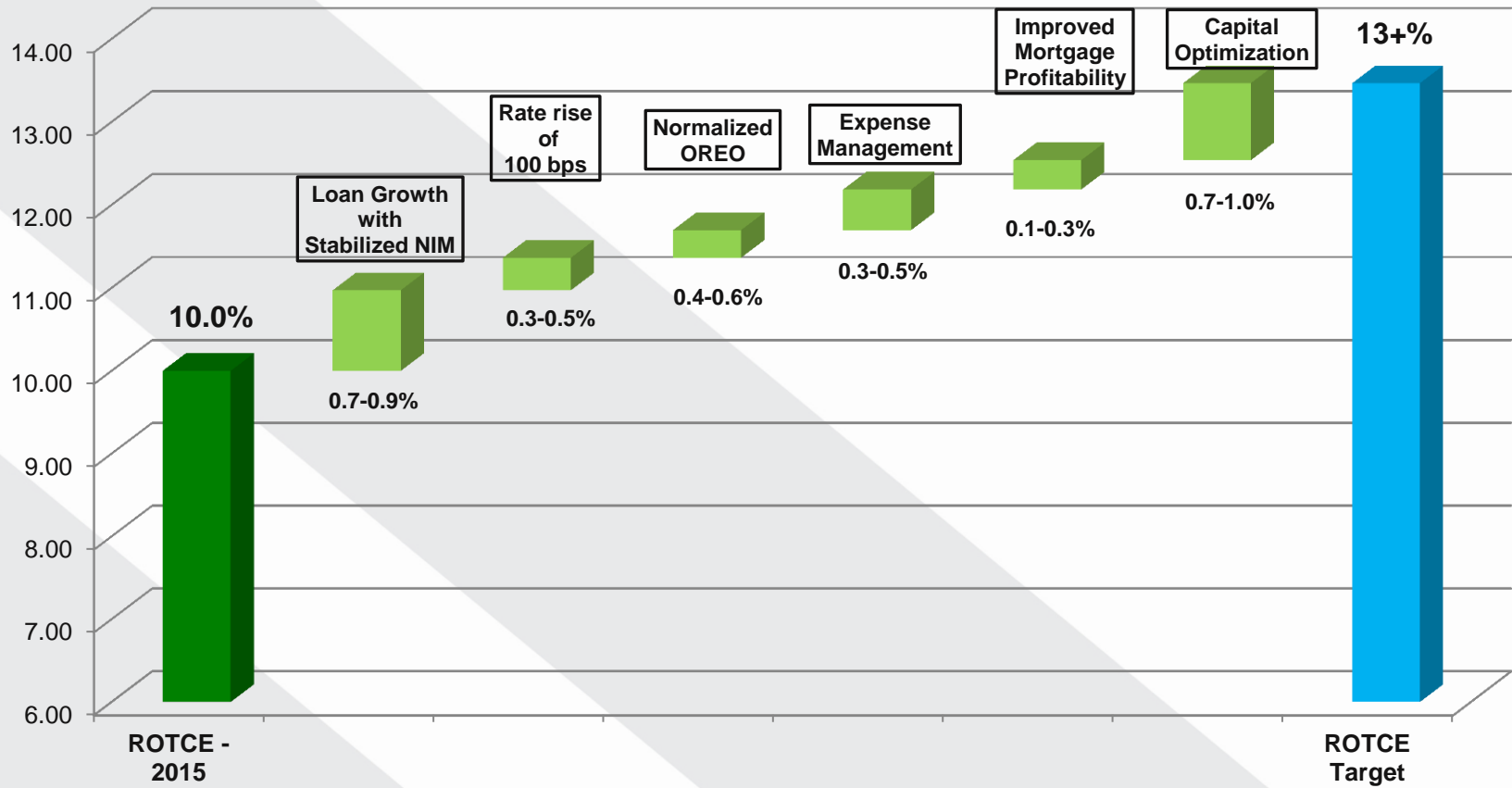
* excludes after-tax acquisition expenses and acquisition accounting impact

Top-Tier Financial Performance Focus

- Union is committed to achieving top tier financial performance and providing our shareholders with above average returns on their investment
- Key financial performance metrics benchmarked against top quartile peers
- Top Tier Financial Performance targets:

Financial Performance Metric	Union Targets
Return on Assets	1.1% - 1.3%
Return on Tangible Common Equity	13% - 15%
Efficiency Ratio	< 60%

Path to Top Tier Return on Tangible Common Equity



This path also delivers Return on Assets of above 1.1%

2016 Outlook

- Stable to growing economy in footprint
- Mid single digit loan growth
- Modest net interest margin compression
- Continued asset quality improvement – reduction of OREO expenses
- Improving ROA, ROTCE and Efficiency Ratio
- Closing 4 branches (net) in 2Q

Value Proposition

- Statewide Branch footprint is a competitive advantage and brings a unique franchise value
- Strong balance sheet and capital base
- Organic growth and acquisition opportunities
- Experienced management team
- Committed to top tier financial performance
- Shareholder Value Driven
 - Solid dividend yield and payout ratio with earnings upside

THANK YOU!

