



# Investor Presentation

September 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](http://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 \$8.1 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, Inc.

# 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
- 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
<b>Total Households</b>	451,124	391,588	420,049	258,821	220,068	198,251	134,666	26,024	2,100,591
<b>Projected Five-Year Household CAGR</b>	4.3%	5.0%	6.1%	3.2%	4.3%	7.7%	5.9%	2.3%	5.0%
<b>Median Household Income</b>	\$60,104	\$58,675	\$109,705	\$48,136	\$53,791	\$105,080	\$82,502	\$50,185	\$73,178
<b>Total Business</b>	54,355	53,653	51,873	32,260	29,631	25,304	14,983	3,415	265,474
<b>Total Active Market Branches</b>	239	299	358	234	196	193	101	39	1,659
<b>5-Yr Market Deposit CAGR, '09 - '14</b>	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

- 120 branches
  - Consolidated 3 in-store branches in Winchester into a new stand-alone branch in April. Closed 2 other branches in second quarter.
  - Will close 5 in-store branches in September
- Only Virginia based bank with a statewide footprint
- 1,251 FTEs
- 58 Commercial Lenders
- \$5.9 Billion Loans
- \$6.1 Billion Deposits
- 176,000+ Core Consumer Households

# Strong Presence Across All Major Virginia 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

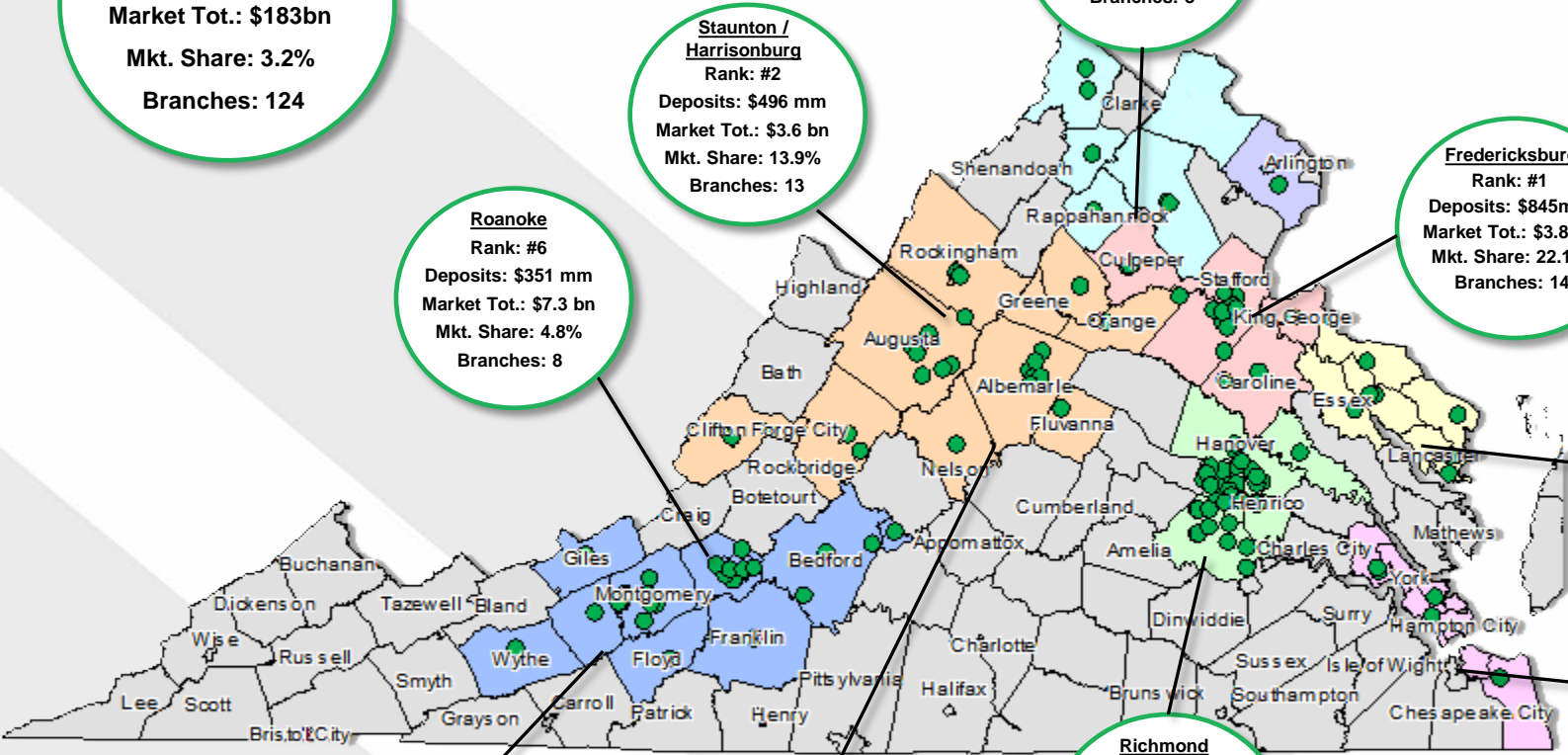
**Culpeper**  
 Rank: #1  
 Deposits: \$432 mm  
 Market Tot.: \$1.3 bn  
 Mkt. Share: 34.4%  
 Branches: 8

**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



**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

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

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



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
<b>6</b>	<b>Union Bkshs Corp (VA)</b>	<b>124</b>	<b>5,795</b>	<b>3.2</b>
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
<b>Totals (1-10)</b>		<b>1,495</b>	<b>139,147</b>	<b>76.0</b>
<b>Totals (1-128)</b>		<b>2,503</b>	<b>183,103</b>	<b>100.0</b>

# Union Wealth Management

- Trust, Asset Management, Private Banking, Brokerage and Financial Planning services
- \$2.3B in AUM and AUA, the majority of which is managed assets
- \$2.3 million fiduciary and asset management fees generated in 2Q16
- 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
  - Closed on Old Dominion Capital Management (\$300 million AUM) acquisition in 2Q

# Union Mortgage Group

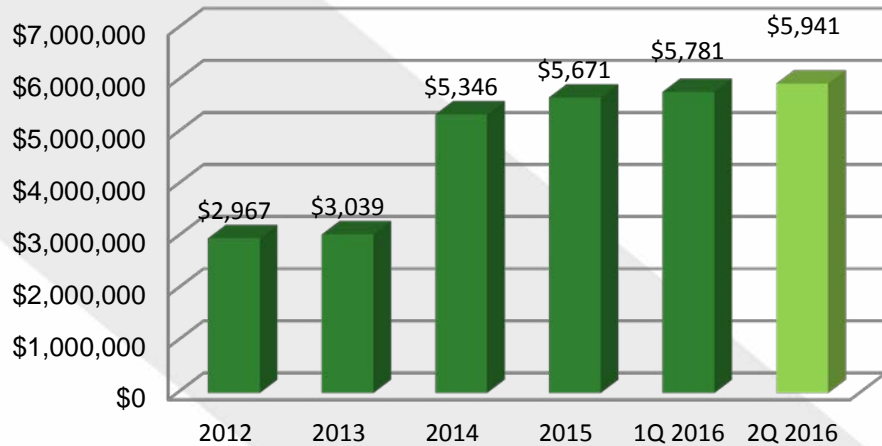
- 22 offices: 20 in Virginia, 1 each in Maryland and North Carolina
- 105 FTEs – 42 loan officers
- \$140.1 million in 2Q16 (34% refinance)
- \$539,000 net income in 2Q16
  - Up from \$54,000 in 1Q
- Opportunities:
  - Salesforce expansion in growth markets
  - Improved pipeline management and fulfillment allowing for improved leverage

# 2Q 2016 Highlights

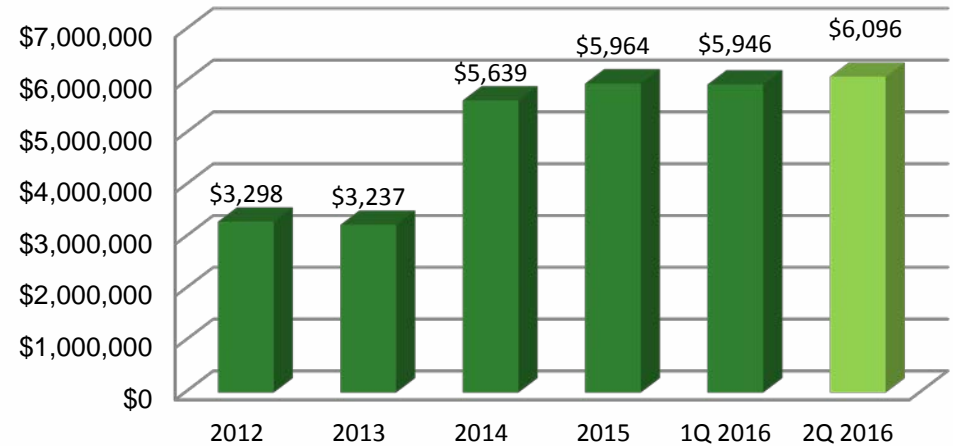
- Net Income was \$19.3 million; earnings per share of \$0.44 – up ~\$4 million or 10 cents from 2Q 2015
- Loan growth was 11.1% annualized in the quarter
- Deposit balances grew 10.1% annualized in the quarter
- Closed on acquisition of Old Dominion Capital Management – registered investment advisory with \$300 million in assets under management
- Opened LPO in Charlotte, North Carolina
- Asset Quality remained strong as combined past due and nonperforming loans declined \$11.9 million, or 24.8% from prior quarter

# Balance Sheet Trends

## Loans (\$M)



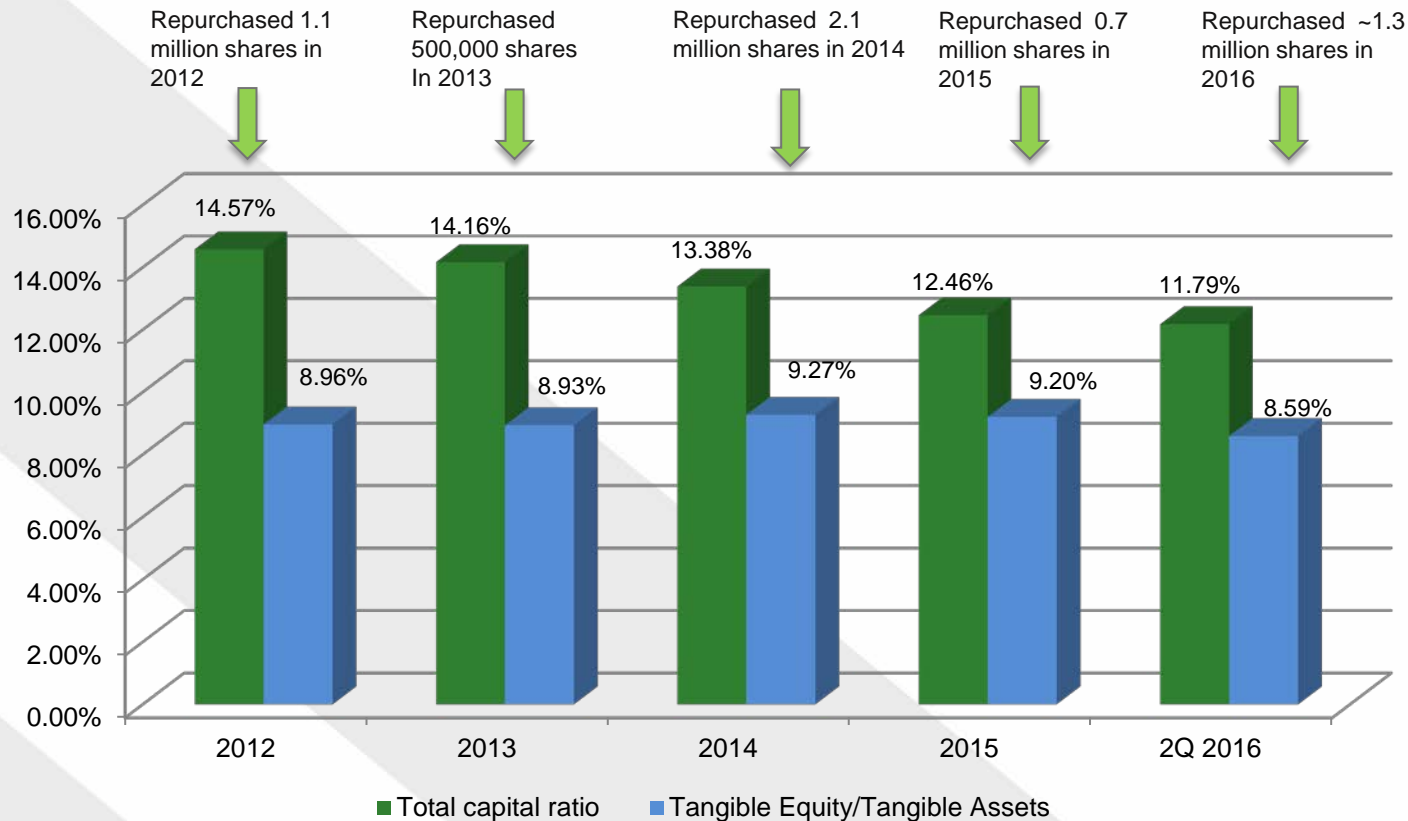
## Deposits (\$M)



## Assets (\$M)



# Capital Ratios



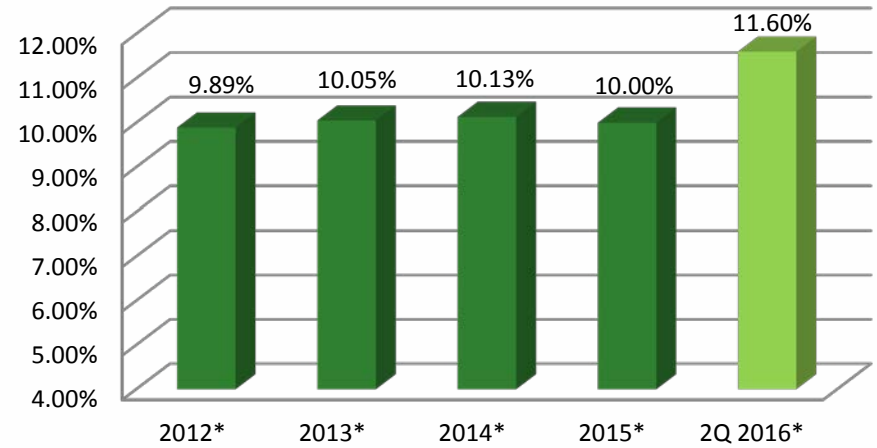
- Since 2011, increased quarterly dividend from \$0.07/share to \$0.19/share;
- Repurchased 5.7 million shares since 2012
- In 2016, repurchased \$30.7 million of stock (~1.3 million shares) as of June 30, 2016.
- In February, Board approved a \$25 million stock buyback authorization – expires on December 31, 2016 - ~\$15.5 million remaining

# Profitability Ratios and Income Trends

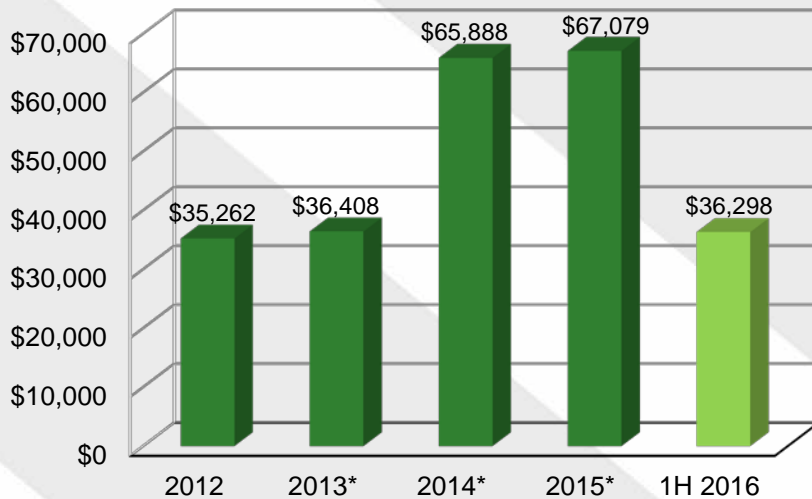
## Return on Average Assets (ROA)



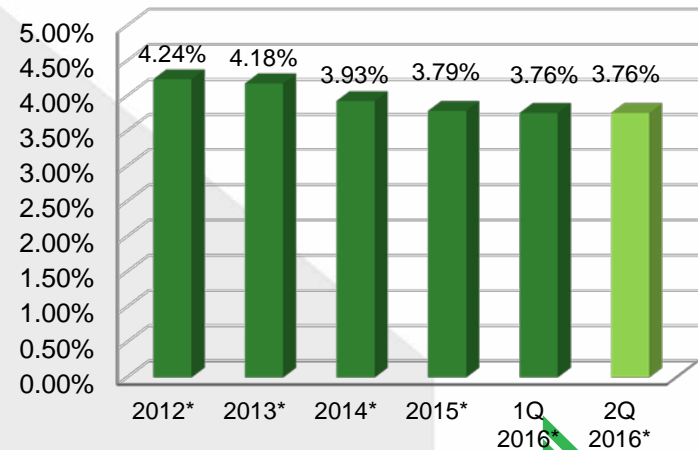
## ROTCE



## Net Income (\$)



## Net Interest Margin



\* excludes after-tax acquisition expenses and acquisition accounting impact

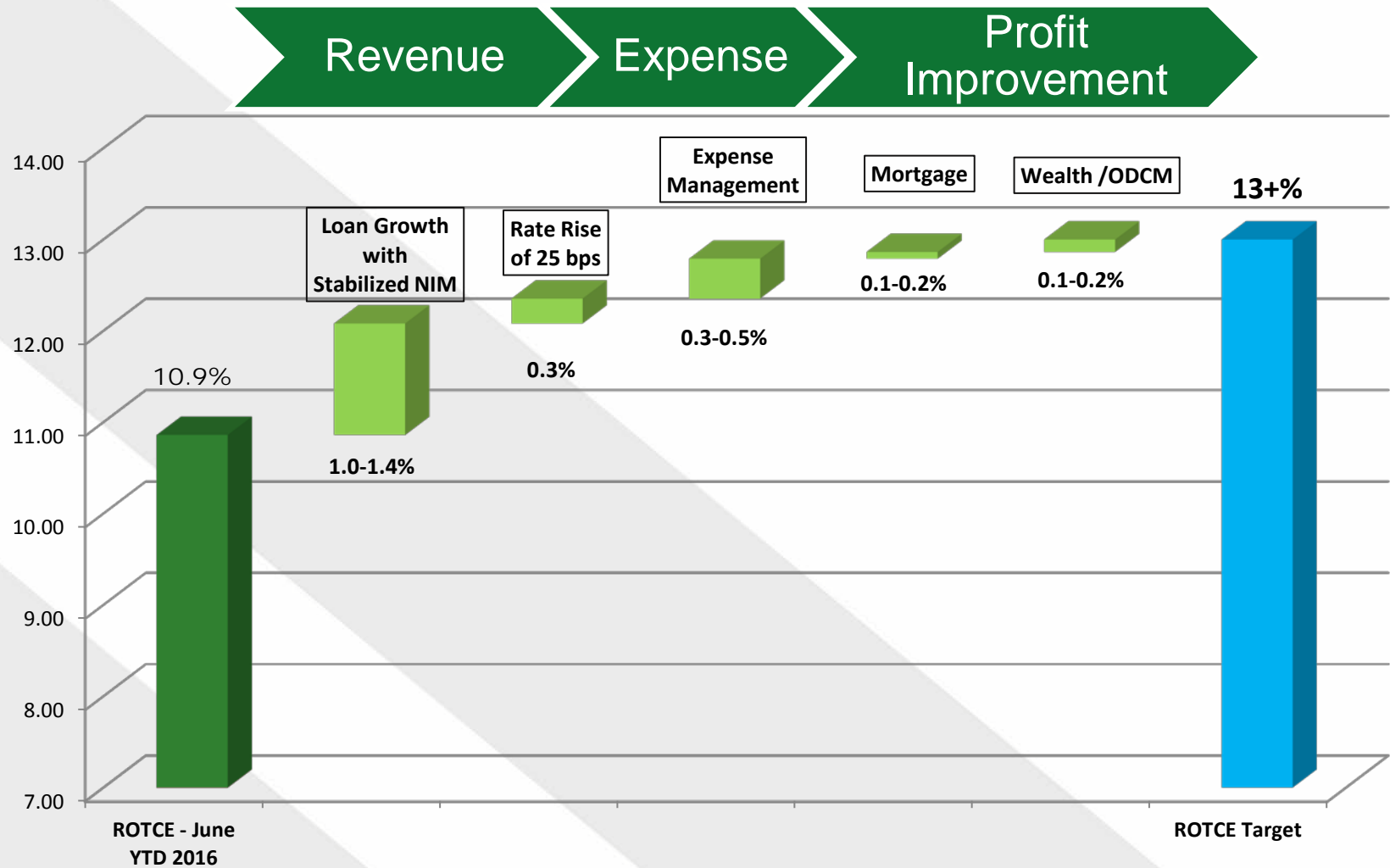
# Top-Tier Financial Performance Focus

- 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%

# CEO Succession Plan

- John Asbury becomes President & CEO of Union Bank & Trust and President of Union Bankshares Corporation on October 1
  - Most recently was President and CEO of First National Bank of Santa Fe, a multi-state bank located in the Southwest
  - Prior to that, he was Senior Executive Vice President at Regions responsible for all lines serving business and commercial customers and managed a \$50 billion book of business
  - Senior Vice President at Bank of America – served in a variety of roles last position responsible for all Pacific Northwest Region business banking
- Asbury joins the board on October 1 and becomes CEO of holding company on January 2, 2017
- Billy Beale remains CEO of holding company until January, then becomes Executive Vice Chairman through March 31. Will stand for re-election to board
- Korn Ferry assisted with the search process
- Timing of succession plan positions Union for seamless leadership transition and strategic continuity

# 2016 Outlook

- Stable to growing economy in footprint
- High single digit loan growth
- Modest net interest margin compression for 3Q and 4Q – assumes no rate increase by Fed
- Continued asset quality improvement – reduction of OREO expenses
- Improving ROA, ROTCE and Efficiency Ratio
- Closing 5 branches in 3Q (reduction of 9 in total for year)

# Value Proposition

- Statewide Virginia 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!**