



Investor Presentation

February/March 2017

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 Snapshot

Overview

- Shares listed under “UBSH” on NASDAQ
- Headquartered in Richmond, VA
- 100+ years of banking history
- 113 branches across more than 50 counties and 10 MSAs throughout Virginia
 - Only Virginia-based bank with a statewide footprint
 - Largest community banking organization headquartered in Virginia

Financial Highlights as of 12/31/2016

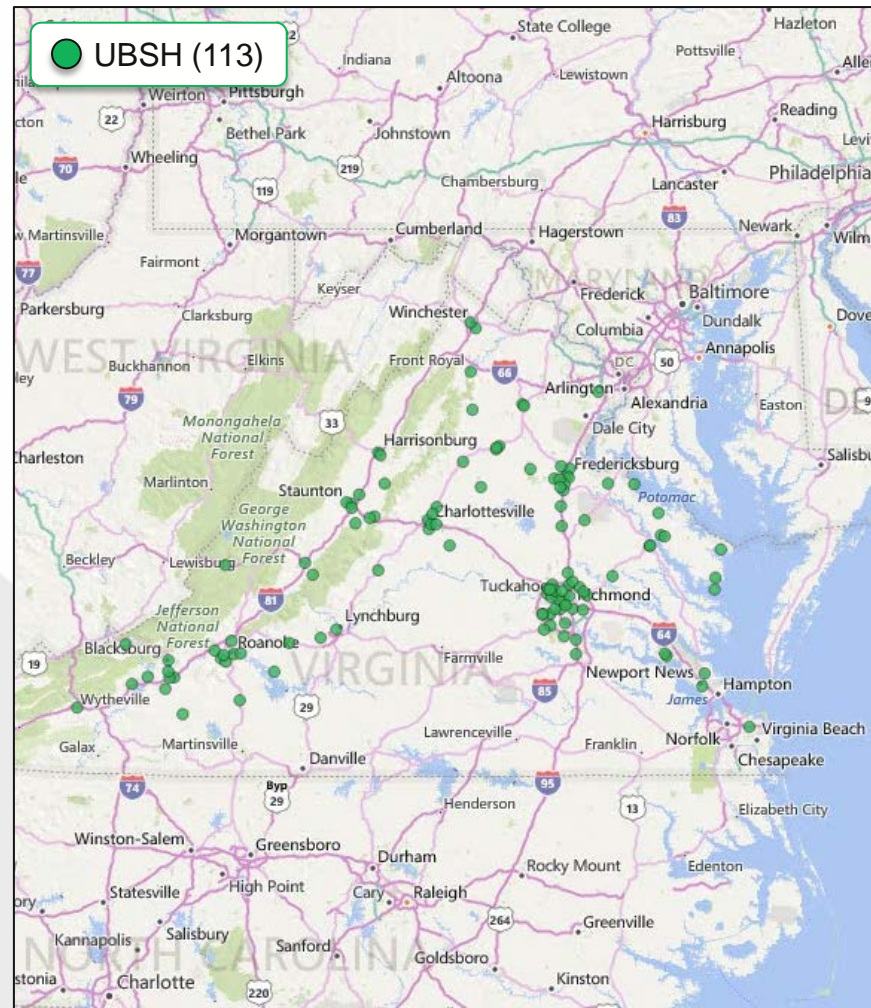
(\$ Millions)

Total Assets	\$8,426.8
Total Loans Held For Investment	6,307.1
Total Deposits	6,379.5
Shareholders' Equity	1,001.0
Market Capitalization	1,558.6

Capital Ratios

Tier 1 Common Capital (CET1)	9.72%
Tier 1 Leverage	9.87%
Tier 1 Capital	10.98%
Total Capital	13.59%
Tangible Common Equity / Tangible Assets	8.41%

Branch Map



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

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

- 113 branches
 - Reduction of 10 branches in 2016; one in January 2017
- Only Virginia-based bank with a statewide footprint
- 1,294 FTEs
- 58 Commercial Bankers
- \$6.3 Billion Loans
- \$6.4 Billion Deposits
- 177,000+ Core Consumer Households

Strong Presence Across All Major Virginia Markets

MSA
 Market Share Rank
 Company Deposits
 Total Market Deposits
 Market Share

Statewide
 Rank: #7
 Deposits: \$6.1bn
 Market Tot.: \$191bn
 Mkt. Share: 3.2%
 Branches: 113

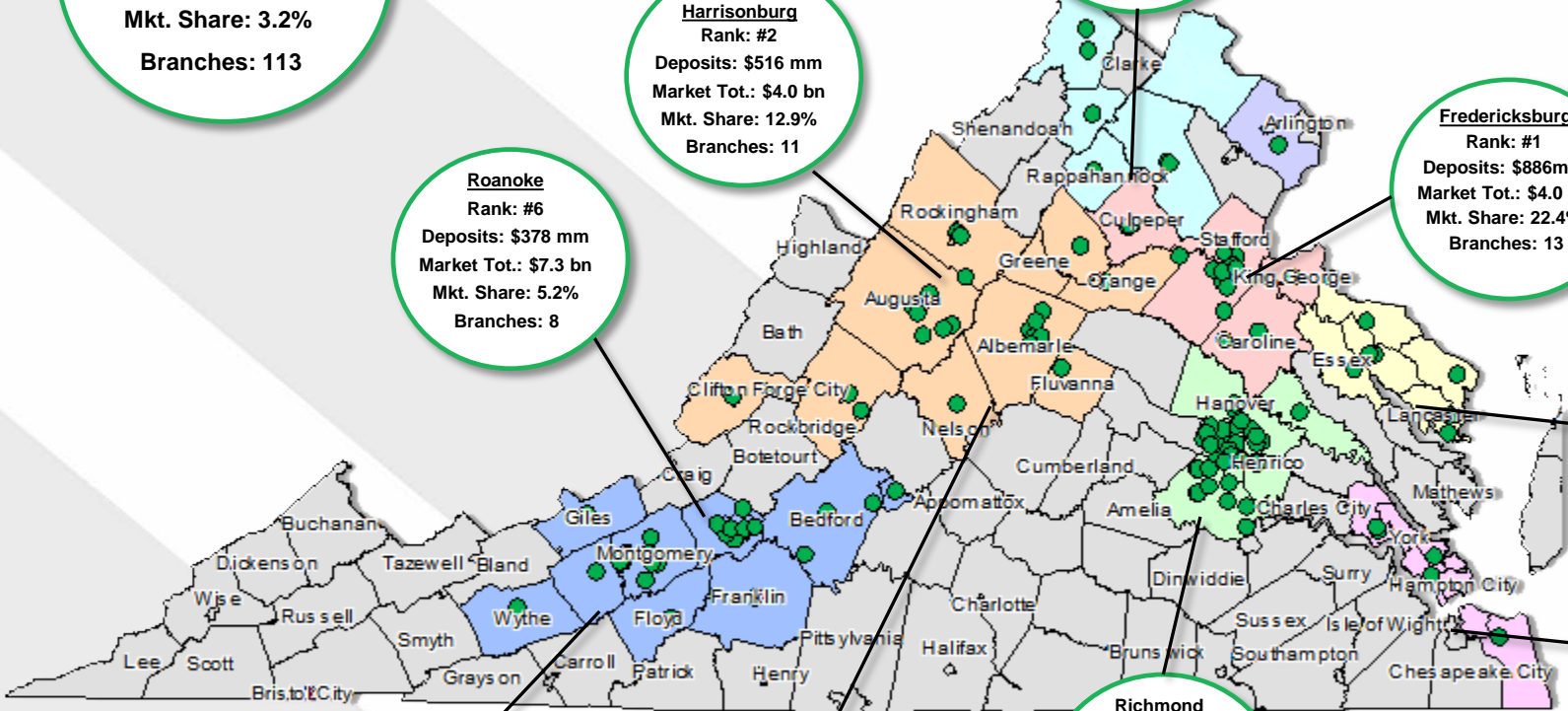
Culpeper
 Rank: #2
 Deposits: \$484 mm
 Market Tot.: \$2.9 bn
 Mkt. Share: 16.9%
 Branches: 8

**Staunton /
 Harrisonburg**
 Rank: #2
 Deposits: \$516 mm
 Market Tot.: \$4.0 bn
 Mkt. Share: 12.9%
 Branches: 11

Fredericksburg
 Rank: #1
 Deposits: \$886mm
 Market Tot.: \$4.0 bn
 Mkt. Share: 22.4%
 Branches: 13

Roanoke
 Rank: #6
 Deposits: \$378 mm
 Market Tot.: \$7.3 bn
 Mkt. Share: 5.2%
 Branches: 8

Northern Neck
 Rank: #2
 Deposits: \$323mm
 Market Tot.: \$1.6 bn
 Mkt. Share: 21.0%
 Branches: 9



Blacksburg
 Rank: #2
 Deposits: \$614 mm
 Market Tot.: \$3.0 bn
 Mkt. Share: 20.9%
 Branches: 9

Charlottesville
 Rank: #5
 Deposits: \$447 mm
 Market Tot.: \$4.3 bn
 Mkt. Share: 9.6%
 Branches: 8

Richmond
 Rank: #5
 Deposits: \$1.8 bn
 Market Tot.: \$34.5 bn
 Mkt. Share: 5.3%
 Branches: 32

Virginia Beach
 Rank: #14
 Deposits: \$157mm
 Market Tot.: \$23.7 bn
 Mkt. Share: 0.7%
 Branches: 5

Source: SNL Financial; Deposit data as of 6/30/2016; Branch count as of 1/31/17



Largest Community Bank Headquartered in Virginia

Deposit Market Share – Virginia

Rank	Parent Company Name	Number of Branches	Total Deposits (\$000)	Total Deposit Market Share (%)
1	Wells Fargo & Co. (CA)	287	38,612,667	20.1
2	Bank of America Corp. (NC)	140	26,154,322	13.6
3	BB&T Corp. (NC)	351	22,630,570	11.8
4	SunTrust Banks Inc. (GA)	203	19,014,719	9.9
5	Capital One Financial Corp. (VA)	74	14,811,622	7.7
6	United Bankshares Inc. (WV)	83	7,089,799	3.7
7	Union Bankshares Corp. (VA)	115	6,101,710	3.2
8	TowneBank (VA)	33	5,704,362	3.0
9	Carter Bank & Trust (VA)	88	3,948,043	2.1
10	PNC Financial Services Group Inc. (PA)	100	3,479,206	1.8
	Other Market Participants (122)	987	44,197,077	23.1
	Market Total	2,461	191,744,097	100.0

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
- \$10.2 million fiduciary and asset management fees generated in 2016
- 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
 - Acquired Old Dominion Capital Management (\$300 million AUM) in 2016

Union Mortgage Group

- 22 offices: 20 in Virginia, 1 each in Maryland and North Carolina
- 105 FTEs – 41 loan officers
- \$145.3 million of originations 4Q16; \$540 million in originations for 2016 (39% refinance)
- \$1.8 net income in 2016
 - Up from a loss of \$202,000 in 2015
- Opportunities:
 - Salesforce expansion in Virginia growth markets
 - Process improvement

2016 Financial Highlights

Fourth Quarter 2016

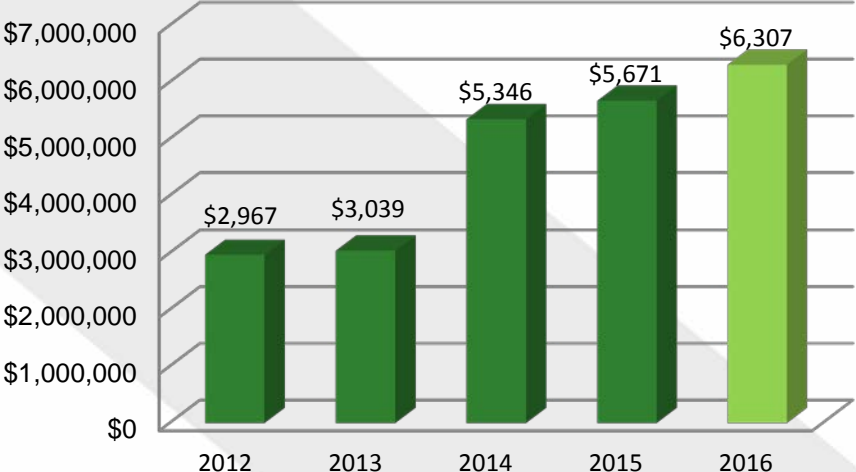
- Net Income was \$20.8 million; earnings per share of \$0.48 – up ~\$3.0 million, or 16.6%, and up 8 cents, or 20%, from 4Q 2015
- ROA was 99 basis points
- ROTCE was 12.05%
- Efficiency ratio (FTE) was 62.8%
- Loan growth was 10.3% annualized in the quarter
- Deposit balances grew 7.7% annualized in the quarter
- Asset Quality remained strong as nonperforming assets declined \$7.2 million, or 26% from 4Q 2015 to \$20.1 million

Full Year 2016

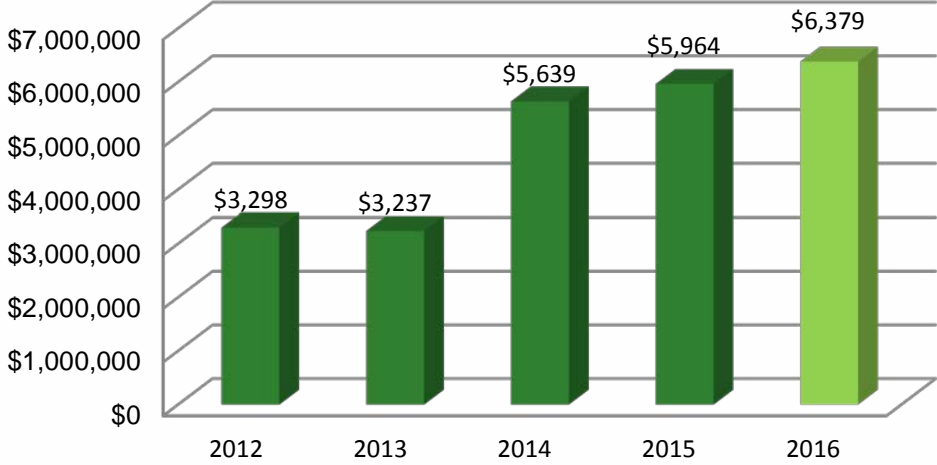
- Net Income was \$77.5 million; earnings per share of \$1.77 – up ~\$10.4 million, 15.5%, or 28 cents, 18.8%, from FY 2015
- ROA of 96 basis points was up 6 basis points from the prior year
- ROTCE of 11.5% was up 145 basis points over 2015 levels
- The efficiency ratio (FTE) of 64.3% was down 223 basis points from 2015
- Loan growth was \$636 million or 11.2%
- Deposit balances grew \$416 million or 7%
- Raised \$150 million subordinated debt at the holding company at favorable terms

Balance Sheet Trends

Loans (\$M)



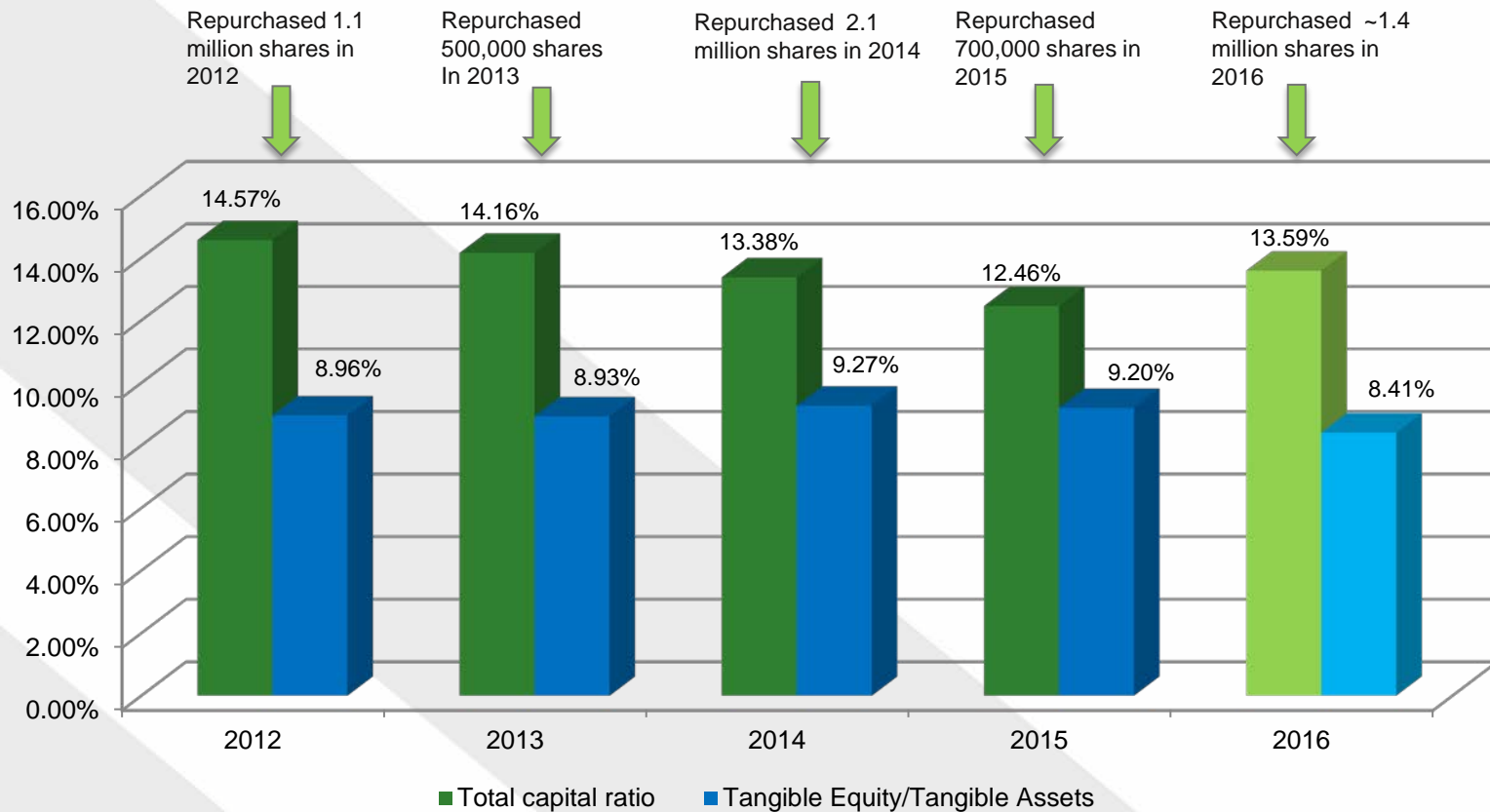
Deposits (\$M)



Assets (\$M)



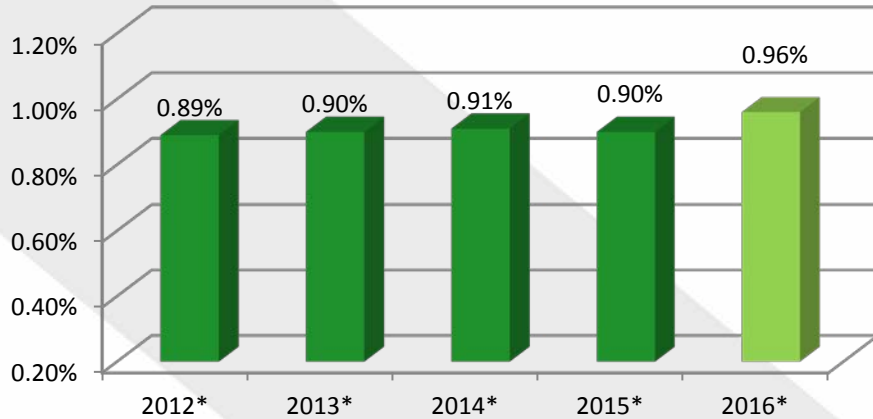
Capital Management



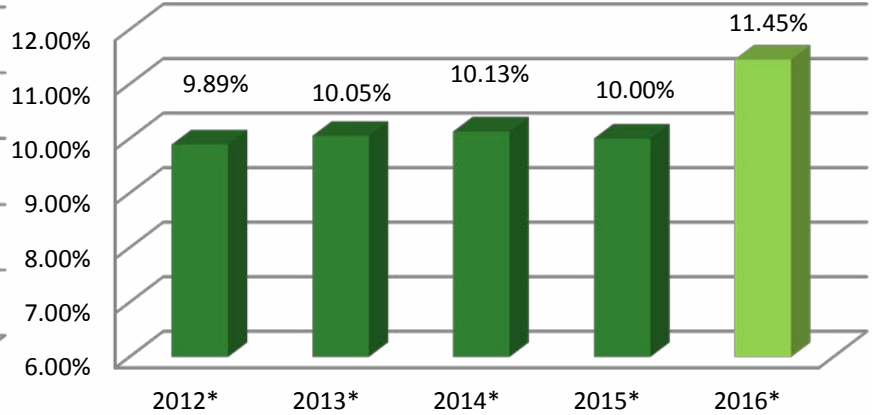
- Since 2011, increased quarterly dividend from \$0.07/share to \$0.20/share;
- Increased quarterly dividend to \$0.20 in November 2016
- Repurchased 5.8 million shares since 2012
- In 2016, repurchased \$33.2 million of stock (~1.4 million shares)

Profitability Ratios and Income Trends

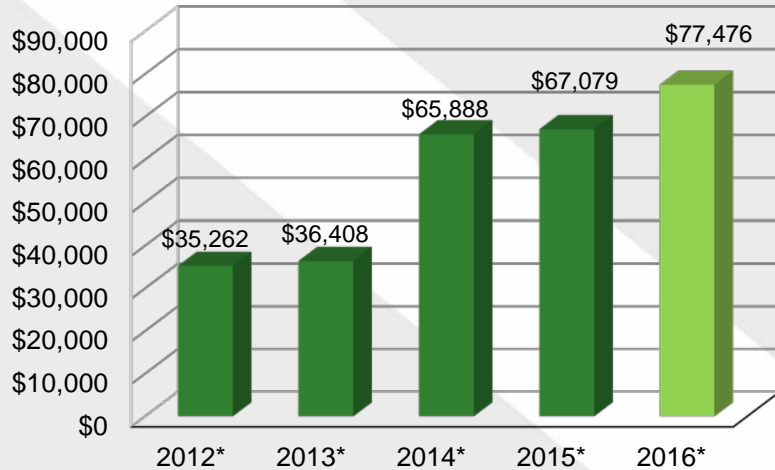
Return on Average Assets (ROA)



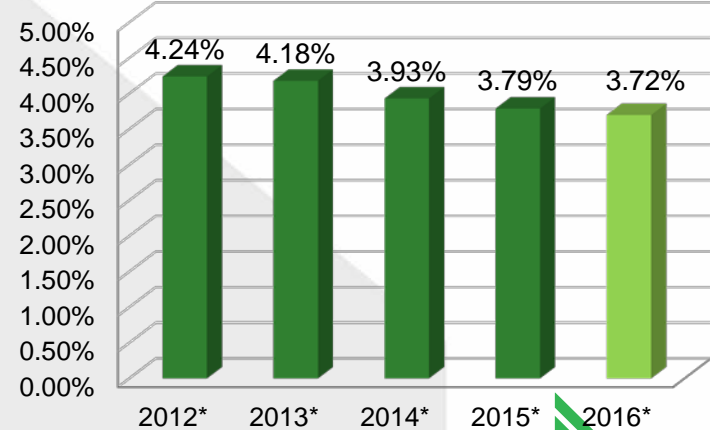
ROTCE



Net Income (\$)



Net Interest Margin



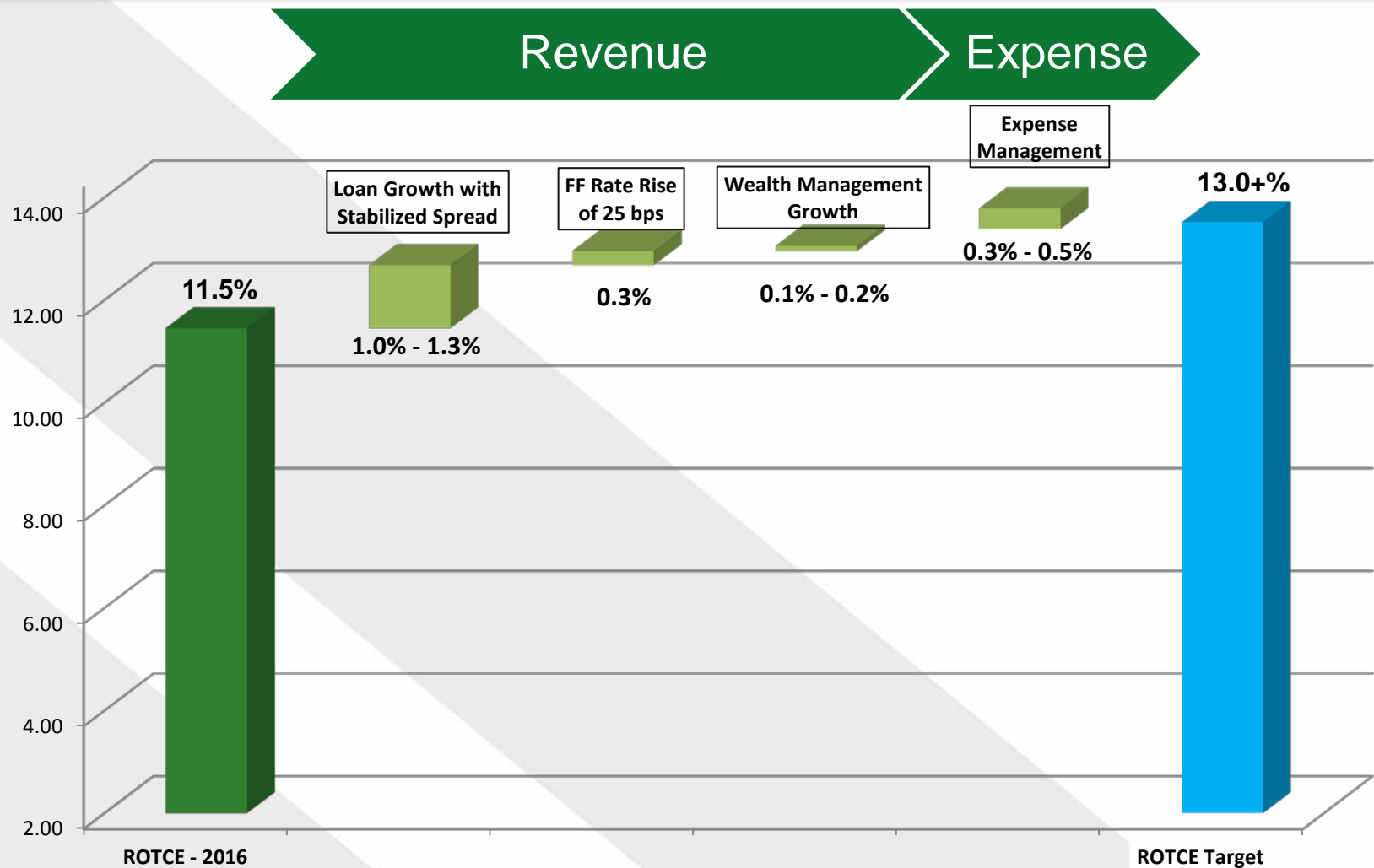
* excludes after-tax acquisition expenses and acquisition accounting impact

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%

2017 Outlook

- Stable economy in footprint; expectation of federal budget passing
- Upper single digit loan growth
- Modest net interest margin compression in 1Q, stabilizing NIM in the second quarter followed by modest NIM expansion during the second half of 2017
- Improving ROA, ROTCE and Efficiency ratio from 2016 levels

2017 Priorities

- Diversification of loan portfolio, deposit base and revenue streams
- Low cost core deposit growth to fund loan growth and work towards our loan/deposit ratio target of 95%
- Focus on improving the Company's efficiency ratio
- Complete readiness for crossing the \$10 billion asset threshold

Value Proposition

- Scaled statewide Virginia branch footprint is a competitive advantage and brings a unique franchise value
- Strong balance sheet and capital levels
- 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

APPENDIX

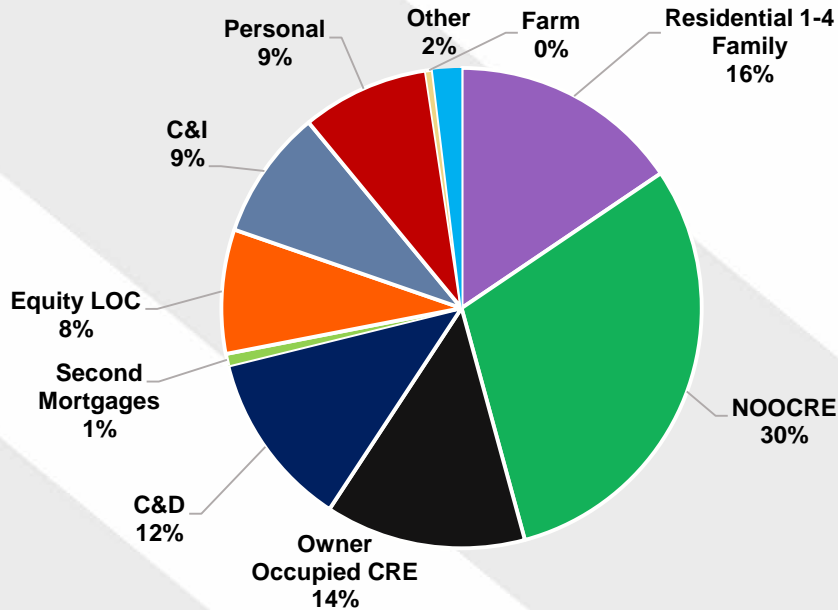
CEO Succession Plan

- John Asbury became President & CEO of Union Bank & Trust and President of Union Bankshares Corporation on October 1; CEO of Holding company on January 2, 2017 – succeeding Billy Beale.
 - Asbury was most recently 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 joined the board on October 1
- Billy is Executive Vice Chairman through March 31 and will stand for re-election to board and serve as an advisor to the CEO and Board

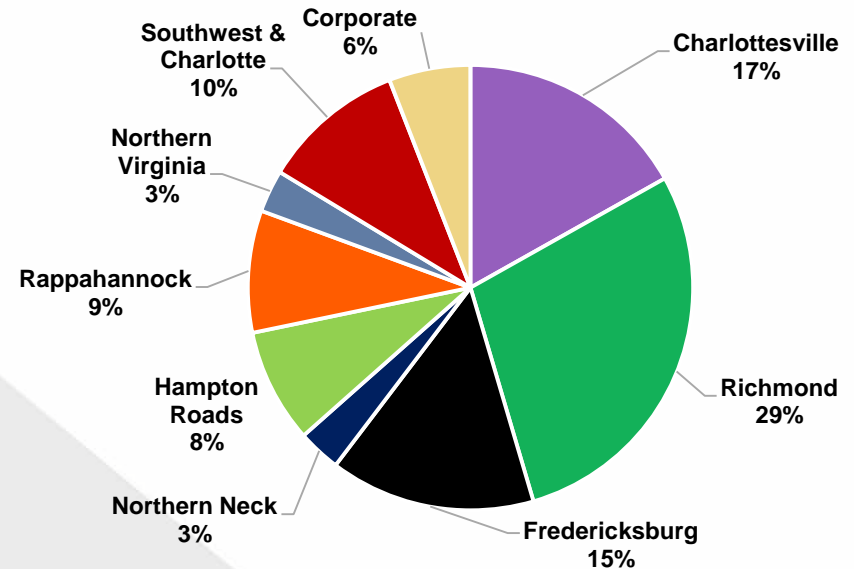
Diversified Loan Portfolio

Loan Composition at December 31, 2016 – \$6.307 Billion

Composition By Type



Composition By Region



**NOO CRE/Total
Capital Ratio:
293%**

Portfolio Characteristics

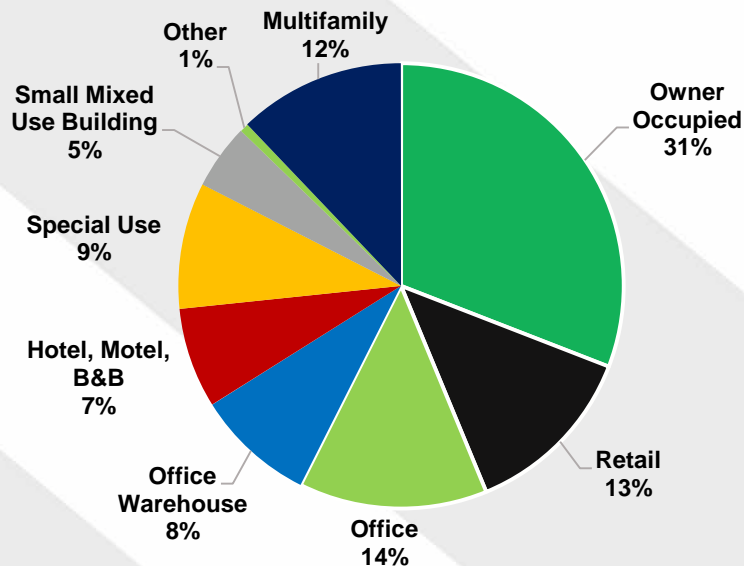
Average loan size	\$141,000
Weighted average maturity	80 months
Yield YTD (Tax Equivalent)	4.44%

**ADC/Total
Capital:
80%**

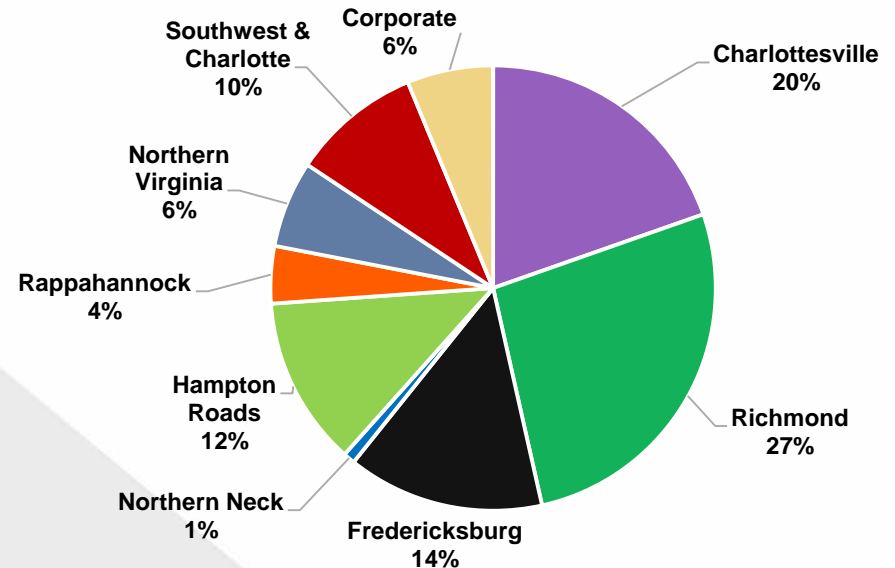
Commercial Real Estate Portfolio

CRE Composition at December 31, 2016 - \$2.756 Billion

Composition By Type



Composition By Region

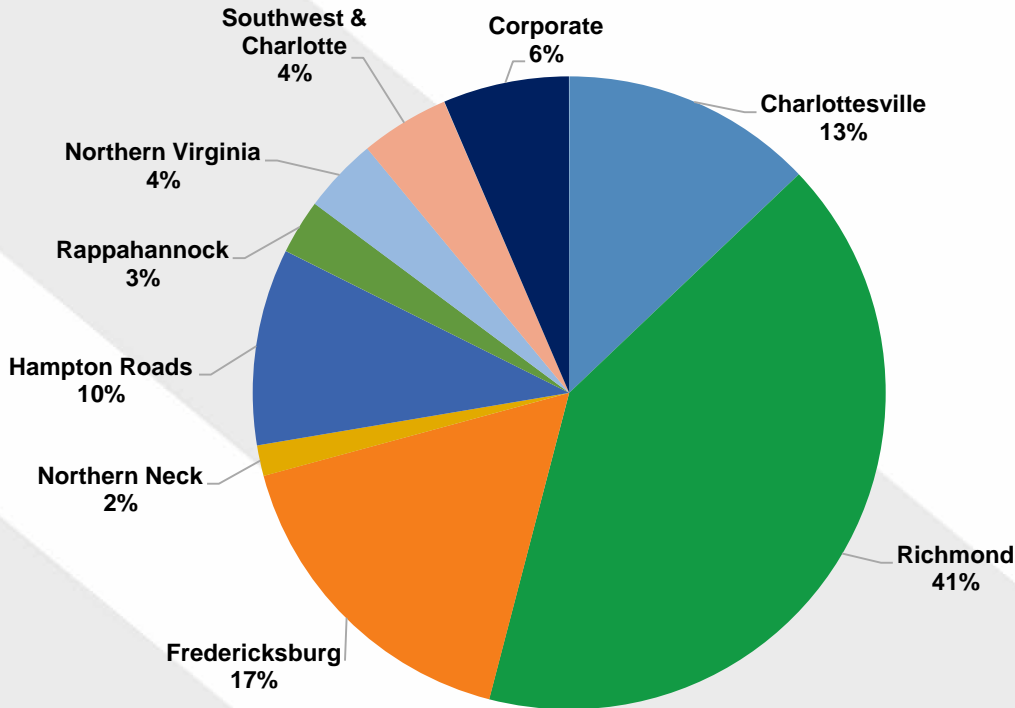


Portfolio Characteristics

10 largest loans	7.5% of CRE portfolio
10 largest loans	3.3% of total loan portfolio
Weighted average maturity	60 months
Weighted average coupon	3.96%

Construction and Development Loans

C&D Composition at December 31, 2016 - \$751 million

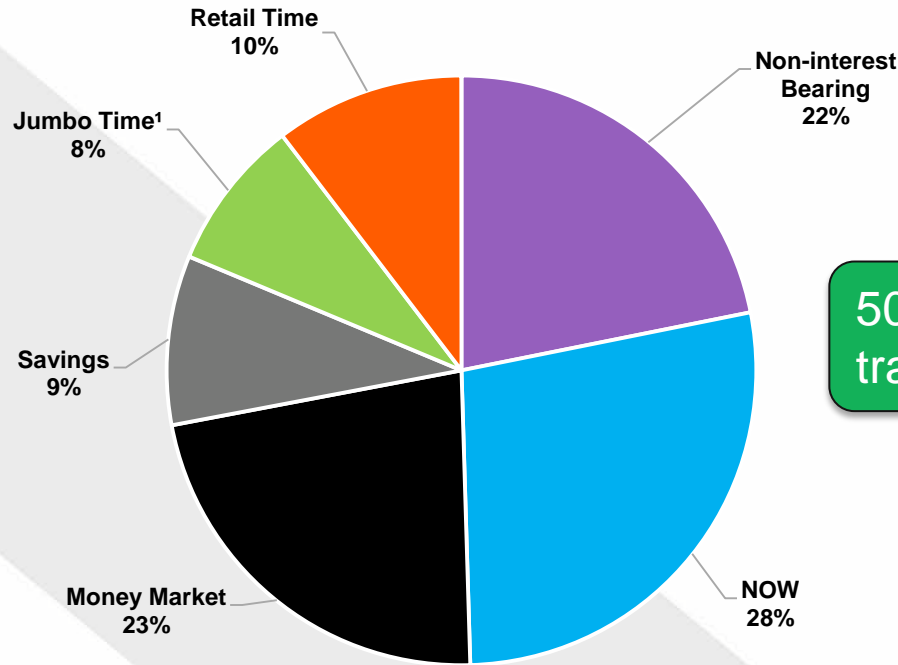


Portfolio Characteristics	
10 largest loans	18.9% of C&D portfolio
10 largest loans	2.3% of total loan portfolio
Weighted average maturity	19 months
Weighted average coupon	4.13%
C&D Loans/Total Capital Ratio	80.0%

- 37.5% commercial construction, 21.3% residential construction and remainder of portfolio divided between raw land, land development and lots
- Most C&D loans have interest reserves
- Residential A&D loans must have 50% or more of the lots under contract to close
- CRE construction loans must be approved with a UB&T-provided mini-perm

Core Deposit Base

Deposit Composition at December 31, 2016 - \$6.379 Billion



50% of deposit base is in transactional accounts

Deposit Base Characteristics

Average cost of interest bearing deposits (YTD)	38 basis points
Average total cost of deposits (YTD)	29 basis points
Ranked 1 st in deposit market share for community banks in Richmond MSA	
Ranked 1 st in deposit market share for community banks in Charlottesville MSA	
Ranked 2 nd in deposit market share in Blacksburg-Christiansburg-Radford MSA	

(1) Time deposits greater than \$100,000
 Note: Minimal exposure to CDARS/ICS deposits
 Source: SNL Financial, Company documents