



Union Bankshares Corporation (NASDAQ: UBSH)

Subordinated Notes Offering

November 2016

Forward-Looking Statements

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Union has filed a registration statement (including a prospectus) and a prospectus supplement which is preliminary and subject to completion, with the Securities and Exchange Commission for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the preliminary prospectus supplement and the other documents that Union has filed with the Securities and Exchange Commission for more complete information about Union and the offering. You may get these documents for free by visiting the SEC web site at www.sec.gov. Alternatively, the Company, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by contacting: Sandler O'Neill + Partners, L.P. at toll-free 1-866-805-4128 or by emailing syndicate@sandleroneill.com.



Terms of Proposed Offering

- **Issuer**: Union Bankshares Corporation
- **Security**: Fixed-to-Floating Rate Subordinated Notes
- **Size**: \$100 million to \$125 million
- **Term**: 10 Years, Non-call 5
- **Covenants**: Consistent with regulatory requirements for Tier 2 Capital
- **Use of proceeds**: Repay amounts outstanding under a line of credit, to contribute capital to the subsidiary bank, Union Bank & Trust, and for general corporate purposes



Company Snapshot

Overview

- Shares listed under "UBSH" on NASDAQ
- Headquartered in Richmond, VA
- 100+ years of banking history
- 115 offices across over 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 9/30/2016

(\$ Millions)

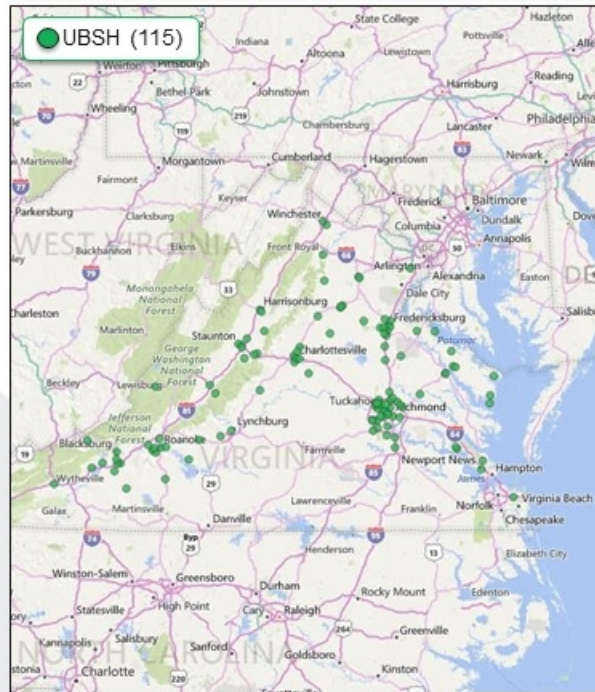
Total Assets	\$8,258.2
Total Loans Held For Investment	6,148.9
Total Deposits	6,258.5
Shareholders' Equity	1,001.0
Market Capitalization	1,482.3

Capital Ratios

Tier 1 Common Capital (CET1)	9.78%
Tier 1 Leverage	9.89%
Tier 1 Capital	11.07%
Total Capital	11.60%
Tangible Common Equity / Tangible Assets	8.57%

Market data as of November 25, 2016
Source: SNL Financial

Branch Map



UNION 4

Experienced Management Team

Name (Title)	Background
<p>G. William "Billy" Beale (Chief Executive Officer)</p>	<p>Following graduation from The Citadel, Mr. Beale began his banking career in Texas in 1971. Over 18 years he served in various capacities at three banks including president of a de novo bank. Beale joined Union in May 1989 and was named president and CEO of Union in April 1991. Over the last 25 years, Beale has led the company through transformative growth and expansion. The bank grew total assets both organically and by acquisition from \$180 million to \$8.3 billion during this period.</p>
<p>John C. Asbury (President)</p>	<p>Mr. Asbury joined the Company in October 2016. Until recently, he was President and CEO of First National Bank of Santa Fe. Prior to that, he was Senior Executive Vice President at Regions. He has also served as a Senior Vice President at Bank of America in a variety of roles. He is a Virginia native and received a Bachelor of Science degree in Finance from Virginia Tech and his MBA from William & Mary.</p>
<p>Robert M. Gorman (Chief Financial Officer)</p>	<p>Mr. Gorman has served as EVP and CFO of Union Bankshares Corporation since July 2012. Mr. Gorman had been at SunTrust Banks, Inc. since 2002 and most recently was Senior Vice President – Director of Corporate Support Services providing executive leadership for the SunTrust's Corporate Real Estate, Supply Chain Management and Insurance Risk Management functions. Prior to this role, he was Senior Vice President – Corporate Strategic Financial Officer from 2004 to 2011 responsible for providing financial management leadership and expertise to SunTrust's Lines of Business including Retail Banking, Mortgage Banking, Commercial Banking, Commercial Real Estate, Wealth and Investment Banking and Corporate and Investment Banking as well as to SunTrust's Geographic Banking and Corporate Function business units. In addition, he directed all corporate planning and forecasting activities for SunTrust. He received a Bachelor of Science degree in Accounting from Babson College and his MBA from Harvard Business School.</p>

- Management team has successfully completed 7 whole bank and 16 branch acquisitions since 1993

Source: SNL Financial, Company documents



CEO Succession Plan

- John Asbury became President & CEO of Union Bank & Trust (UB&T) and President of Union Bankshares Corporation (UBSH), Union's holding company, on October 1, 2016
 - Most recently, he 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, and in his last position was responsible for all Pacific Northwest Region business banking
 - Joined the board on October 1, 2016 and becomes CEO of holding company in January 2017
- Mr. Beale remains CEO of holding company until January, then becomes Executive Vice Chairman through March 31, 2017. Will stand for re-election to UBSH board
- Korn Ferry assisted with the search process
- Timing of succession plan positions Union for seamless leadership transition and strategic continuity

Source: Company documents



Strategic Objectives

By the end of the three year strategic plan horizon, Union intends to have:

- Positioned itself to be a regional bank and grown total assets to between \$12 and \$15 billion via organic growth and acquisition
- Achieved top quartile performance among peers as measured by return on tangible common equity

And plans to establish the following:

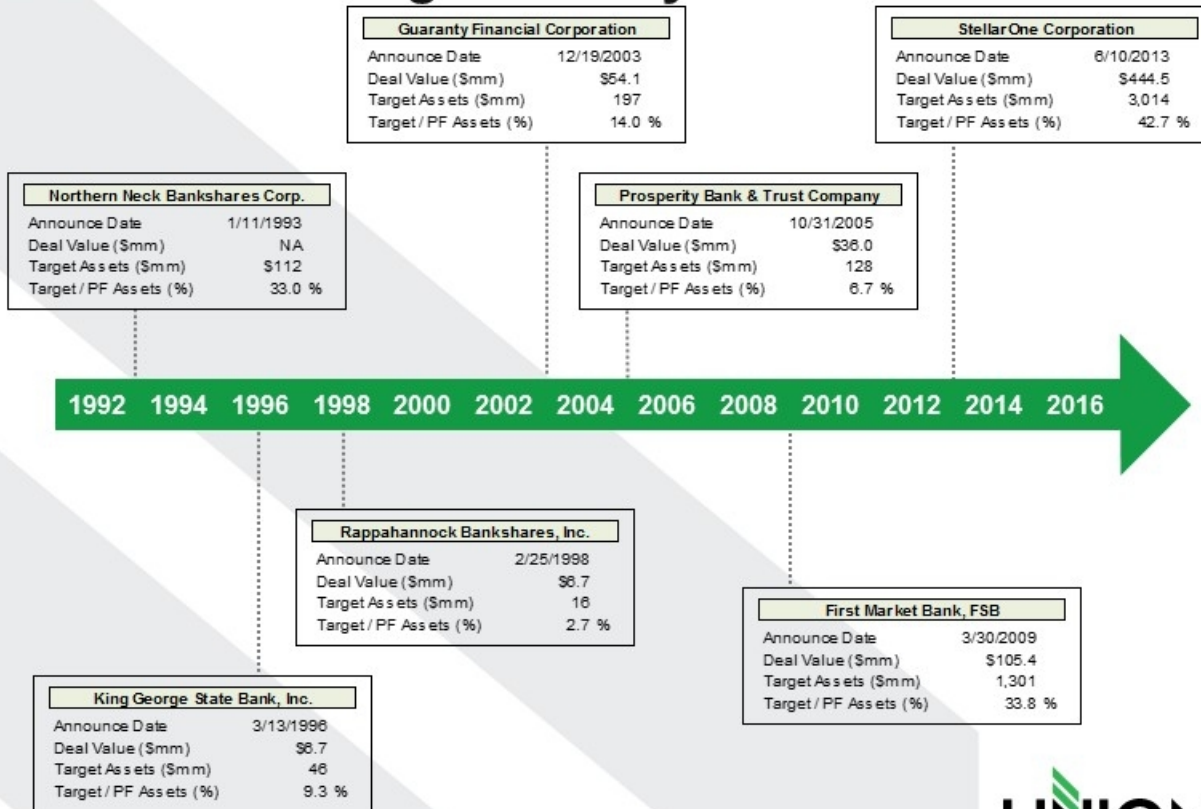
- A growing market presence among businesses with annual sales of between \$5 - \$75 million
- Retail, Commercial, Wealth, and Mortgage businesses that are positioned to increase sales, deliver improved customer experiences and operate more efficiently
- Increased Wealth Management assets under management to between \$2.5 and \$2.7 billion
- Well-diversified mix of business lines, strong commercial loan growth and good core deposit growth
- Expansion into geographies and customer segments with strongest opportunity for meaningful growth
- Diversification of fee-based products and services
- Evaluation of M&A opportunities that align with strategic and financial objectives
- Proactive capital management to maximize shareholder value

Source: Company's Senior Management



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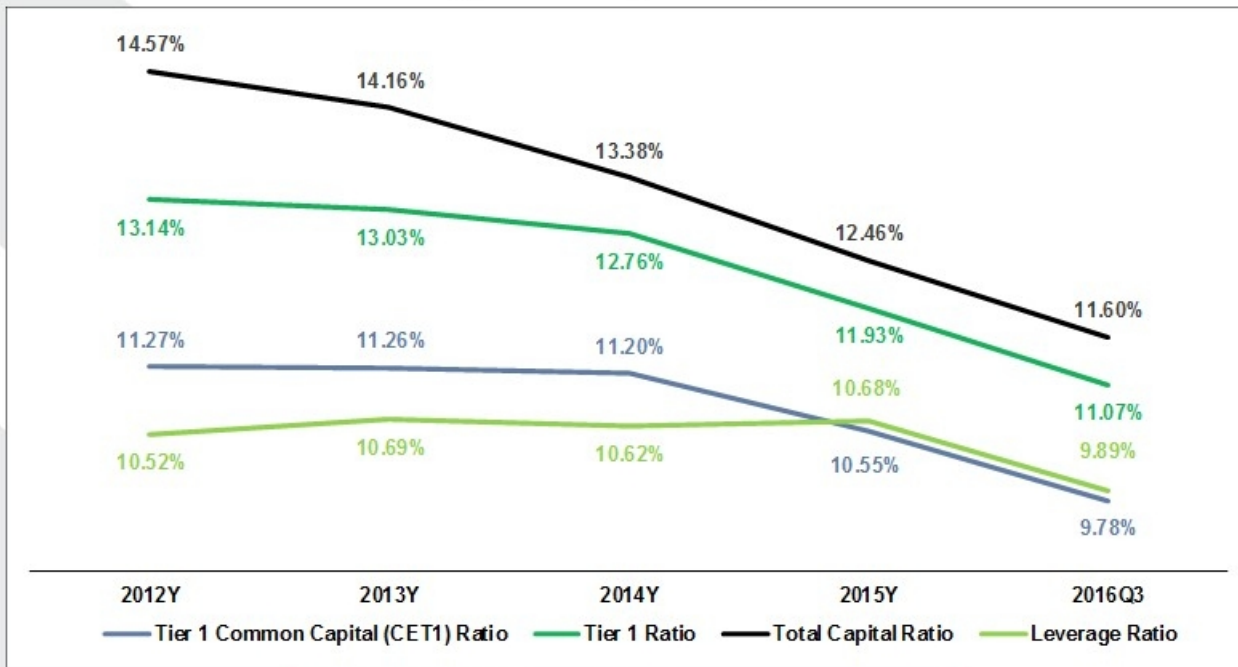
Successful Merger History



Source: SNL Financial, Company documents



Consolidated Regulatory Capital Ratios

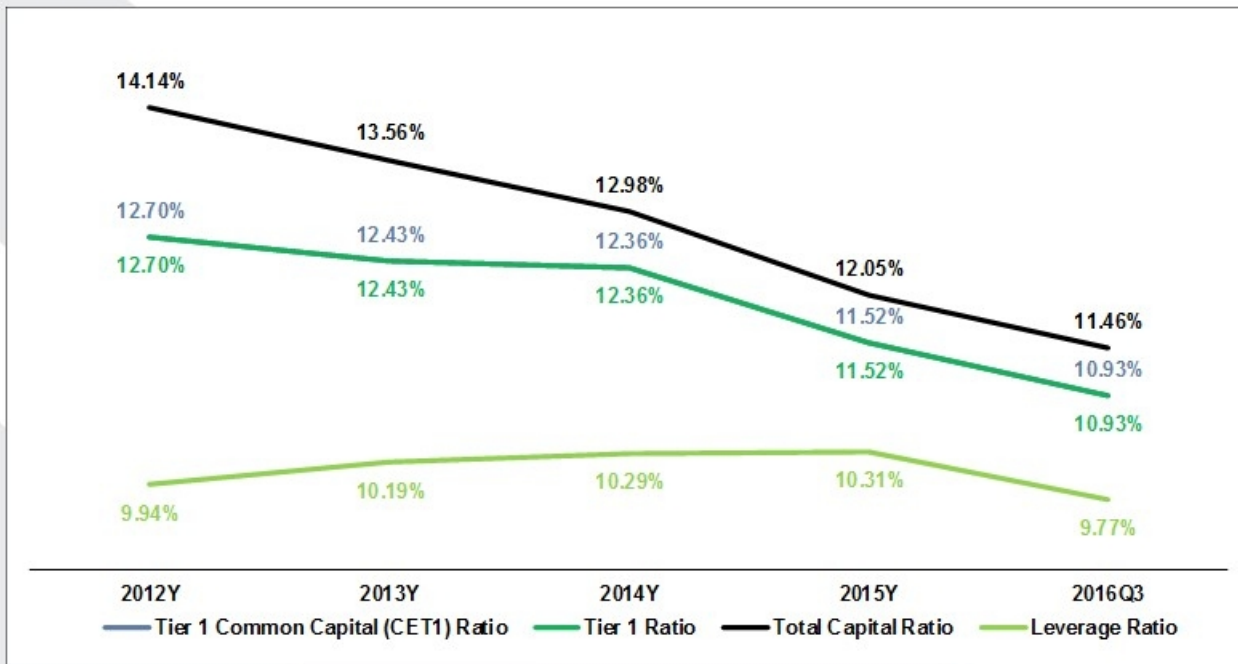


Board Policy Limits	
<u>CET1 Ratio:</u> 7.00%	<u>Total Capital Ratio:</u> 10.50%
<u>Tier 1 Ratio:</u> 8.50%	<u>Leverage Ratio:</u> 5.00%

Note: Union's Board of Directors authorized share repurchase programs on 1/30/2014 (up to \$65 million), 10/29/2015 (up to \$25 million) and 2/25/2016 (up to \$25 million)
 Source: SNL Financial, Company documents



Bank Regulatory Capital Ratios



Board Policy Limits	
<u>CET1 Ratio:</u> 7.00%	<u>Total Capital Ratio:</u> 10.50%
<u>Tier 1 Ratio:</u> 8.50%	<u>Leverage Ratio:</u> 5.00%

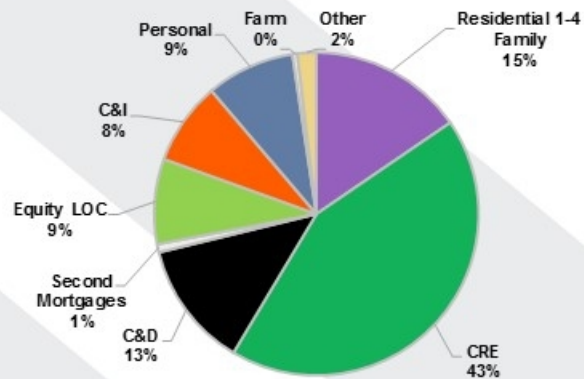
Note: Union's Board of Directors authorized share repurchase programs on 1/30/2014 (up to \$65 million), 10/29/2015 (up to \$25 million) and 2/25/2016 (up to \$25 million)
 Source: SNL Financial, Company documents



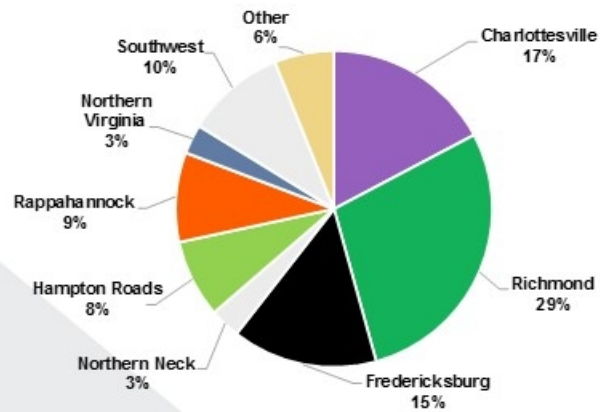
Diversified Loan Portfolio

Loan Composition at September 30, 2016

Composition By Type



Composition By Region



**NOO CRE/Total
Capital Ratio:
333.89%**

Portfolio Characteristics

Average loan size	\$137,000
Weighted average maturity	78 months
Yield (Tax Equivalent)	4.43%

**ADC/Total
Capital:
97.02%**

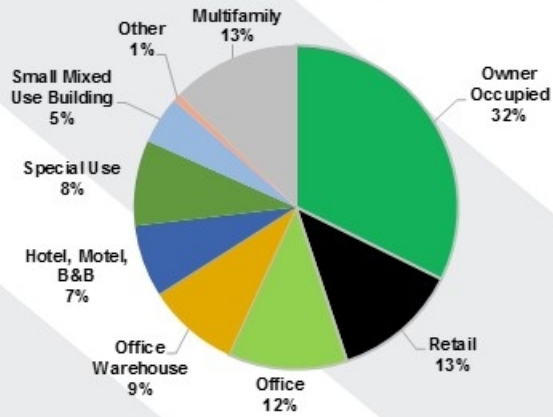
Source: SNL Financial, Company documents

UNION ¹¹

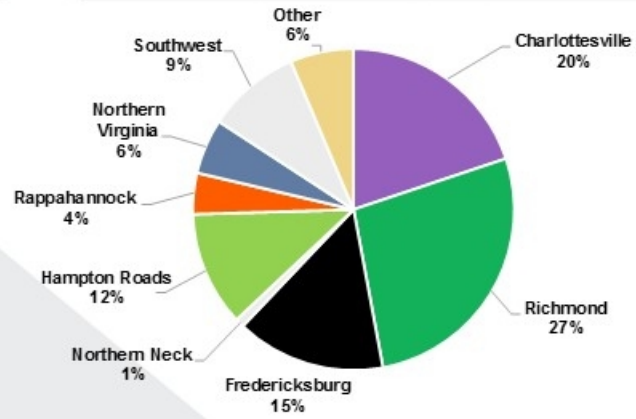
Commercial Real Estate Portfolio

CRE Composition at September 30, 2016

Composition By Type



Composition By Region



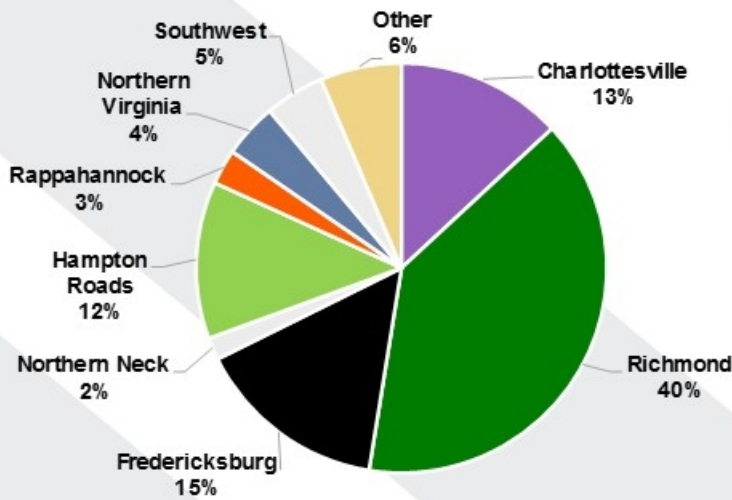
Portfolio Characteristics

10 largest loans	7.1% of CRE portfolio
10 largest loans	2.6% of total loan portfolio
Weighted average maturity	62 months
Weighted average coupon	4.02%

Source: SNL Financial, Company documents

Construction and Development Loans

C&D Composition at September 30, 2016



Portfolio Characteristics	
10 largest loans	15.4% of C&D portfolio
10 largest loans	2.3% of total loan portfolio
Weighted average maturity	19 months
Weighted average coupon	4.08%
C&D Loans/Total Capital Ratio	97.0%

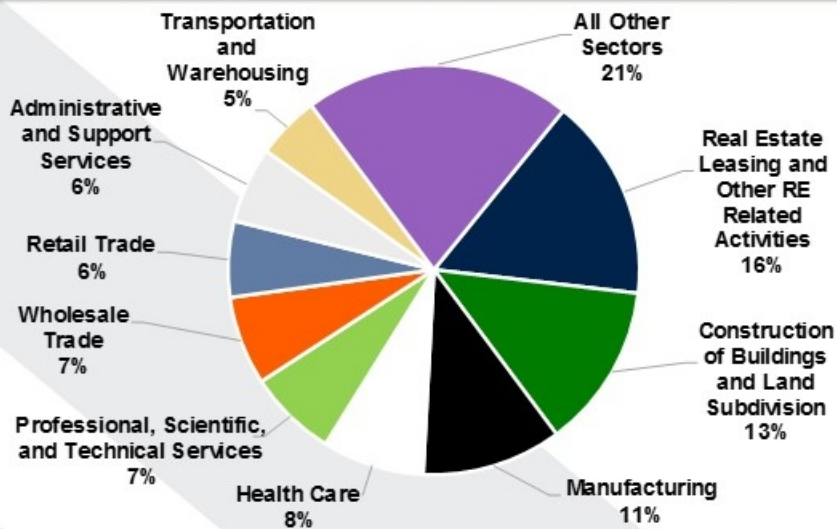
- 38.7% commercial construction, 21.5% residential construction and remainder of portfolio divided between raw land, land development and lots
- Most C&D loans have interest reserves
- Residential A&D loans must have 50% or more of the lots under contract to close
- CRE construction loans must be approved with a UB&T-provided mini-perm

Source: Company documents



Commercial & Industrial Loans

C&I Composition at September 30, 2016



**No Energy
Loan Exposure**

Portfolio Characteristics

10 largest loans	15.0% of C&I portfolio
10 largest loans	1.7% of total loan portfolio
Weighted average maturity	43 months
Weighted average coupon	3.80%
Average loan size	\$230,000

Source: Company documents

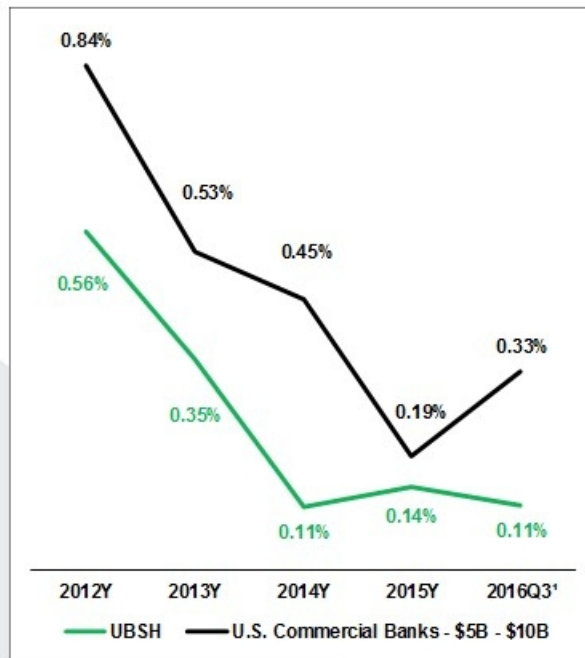
UNION ¹⁴

Historically Strong Credit Metrics

NPLs / Loans



NCOs / Average Loans

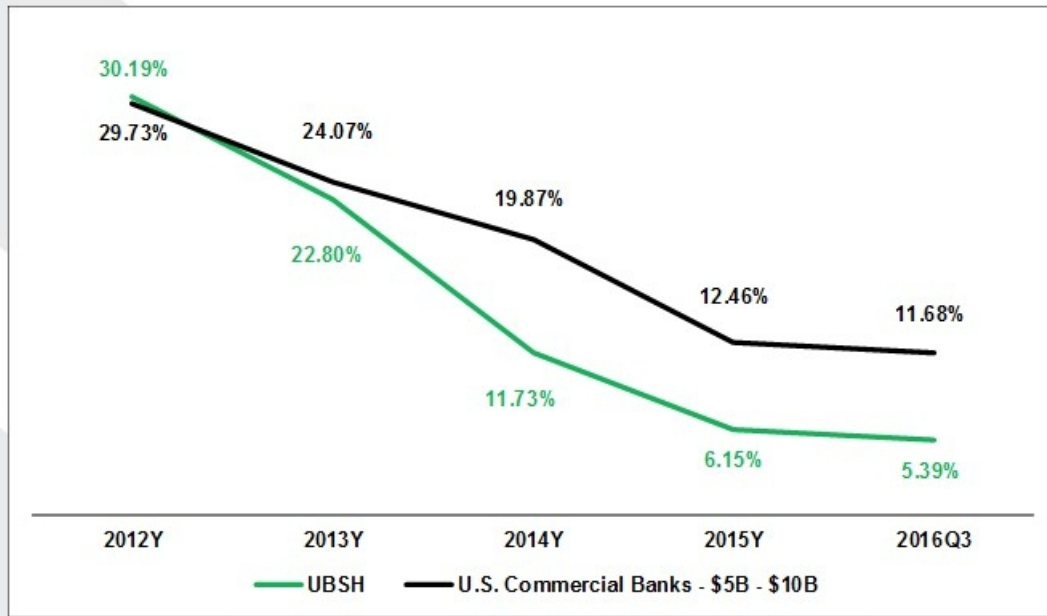


Note: UBSH metrics above were obtained from SNL for peer comparison purposes and are calculated in a manner different from similar metrics calculated in the Company's other public filings. The metrics herein can be recalculated using information available in the aforementioned filings.
 (1) Year-to-date annualized
 Source: SNL Financial



Historically Strong Credit Metrics (Cont'd)

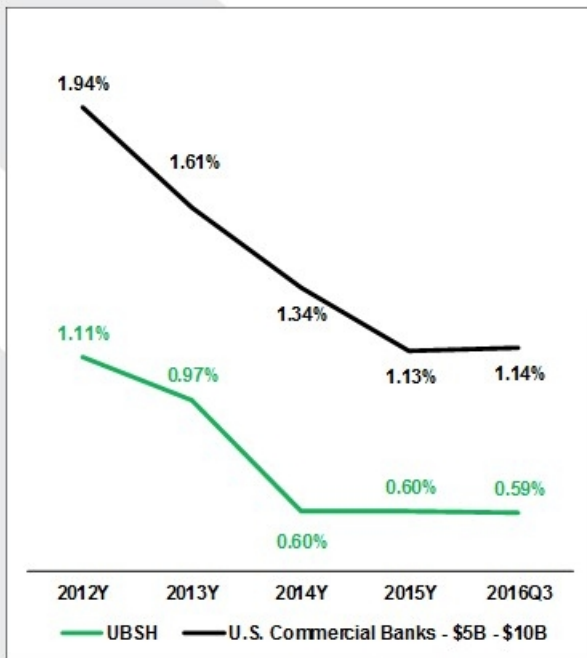
Texas Ratio



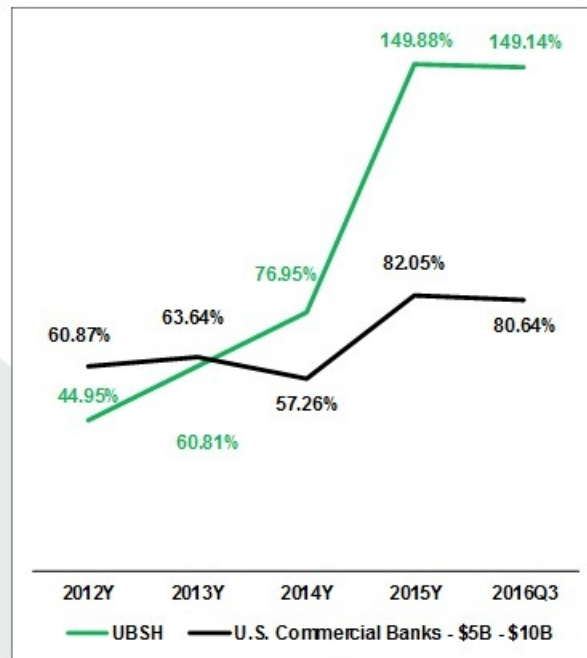
Source: SNL Financial

Solid Reserve Coverage of NPLs

Loan Loss Reserves / Gross Loans



Reserves / NPLs



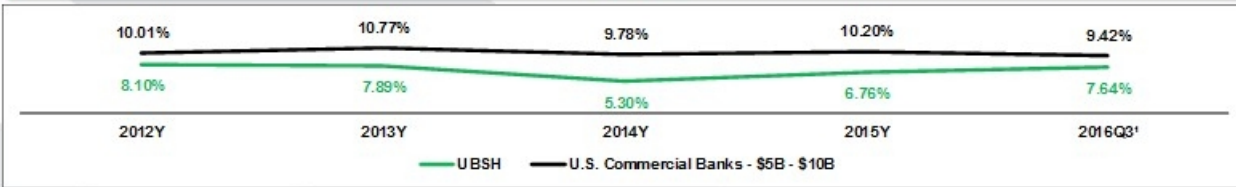
Note: UBSH metrics above were obtained from SNL for peer comparison purposes and are calculated in a manner different from similar metrics calculated in the Company's other public filings. The metrics herein can be recalculated using information available in the aforementioned filings.
Source: SNL Financial

Consistent Solid Profitability Metrics

ROAA



ROAE



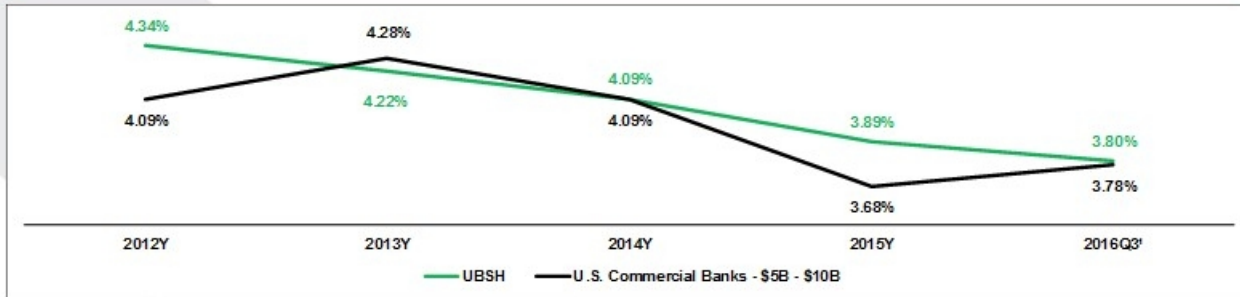
ROATCE



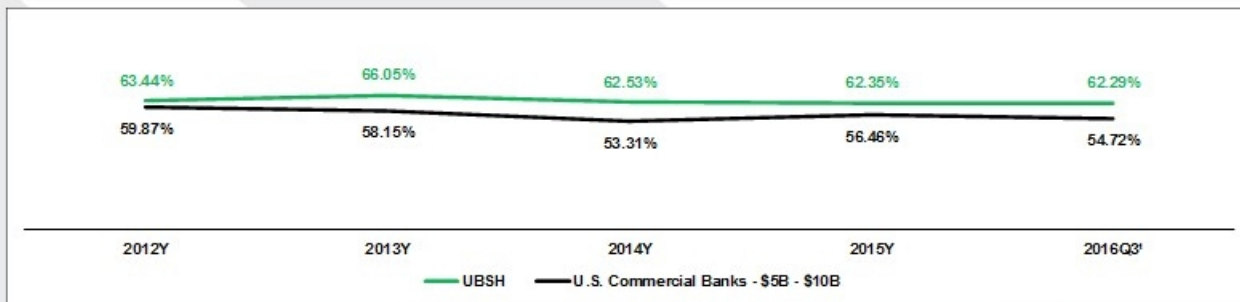
(1) Year-to-date annualized
Source: SNL Financial, Company documents

Consistent Solid Profitability Metrics (Cont'd)

Net Interest Margin



Efficiency Ratio



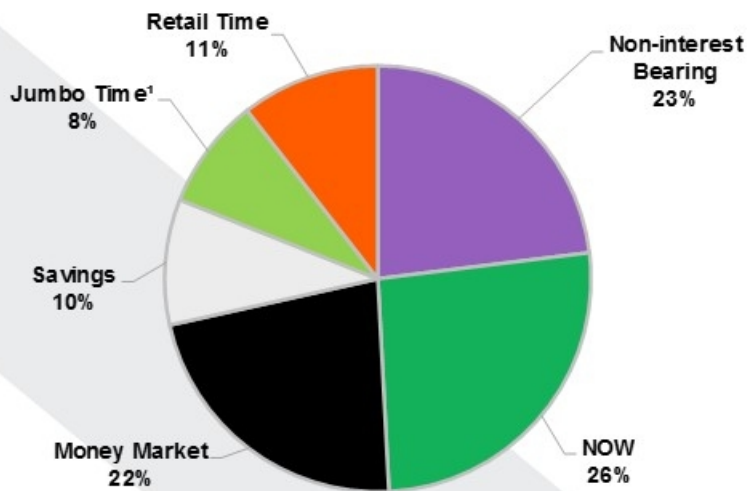
(1) Year-to-date annualized

Note: UBSH metrics above were obtained from SNL for peer comparison purposes and are calculated in a manner different from similar metrics calculated in the Company's other public filings. The metrics herein can be recalculated using information available in the aforementioned filings.

Source: SNL Financial, Company documents

Low Cost Core Deposit Base

Deposit Composition at September 30, 2016



Deposit Base Characteristics

Average cost of interest bearing deposits	0.38%
Average total cost of deposits	0.29%
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	

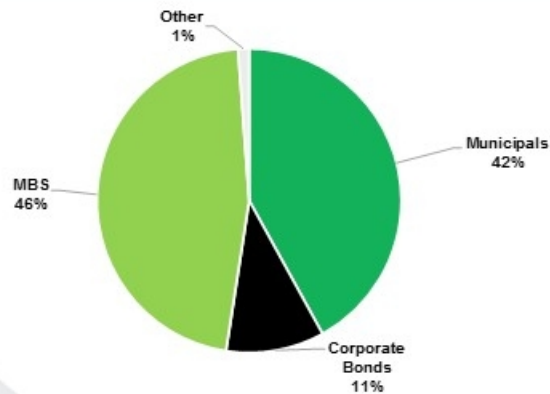
(1) Time deposits greater than \$100,000
 Note: Minimal exposure to CDARS/ICS deposits
 Source: SNL Financial, Company documents



Securities Portfolio

Securities Portfolio Composition at September 30, 2016

(\$000)	Book Value	Gain / Loss	Fair Value
Municipals	\$467,130	\$21,810	\$488,940
Corporate Bonds	122,130	(383)	121,747
MBS	529,228	11,368	540,596
Other	13,385	33	13,418
Total	\$1,131,873	\$32,828	\$1,164,701



Securities Portfolio Detail	
Weighted average duration	52.8 months
Current yield (Tax Equivalent)	3.28%
\$46 million in bank sub debt generally rated BBB or higher with "Well-Capitalized" banks	
Municipals are primarily tax exempt, well diversified, 94% rated AA or higher, 6% A rated	
MBS are all GSE backed, mix of fixed and floating rate CMO's and mortgage pass-throughs	

Source: SNL Financial, Company documents

Historical and Pro Forma Interest Coverage

(\$000)	As of or for the Period Ended,				
	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Bank-Level Equity	\$1,059,538	\$1,057,094	\$1,059,547	\$1,067,638	\$1,079,596
Consolidated Equity	\$995,012	\$995,367	\$980,978	\$989,201	\$1,000,964
Double Leverage Ratio	106%	106%	108%	108%	108%
Proposed Holding Company Subordinated Debt Offering, net of fees					99,000
Pro Forma Bank-Level Equity					1,178,596
Pro Forma Consolidated Equity					1,000,964
Pro Forma Double Leverage Ratio					118%
Interest Coverage					
Total Deposit Interest	\$4,204	\$4,348	\$4,195	\$4,197	\$4,552
Other Borrowed Interest	\$2,352	\$2,364	\$2,823	\$2,808	\$2,853
Total Interest Expense	\$6,556	\$6,712	\$7,018	\$7,005	\$7,405
Pre-Tax Income	\$24,782	\$23,135	\$22,769	\$26,218	\$26,593
Interest Coverage (including deposit expense)	4.78x	4.45x	4.24x	4.74x	4.59x
Interest Coverage (excluding deposit expense)	11.54x	10.79x	9.07x	10.34x	10.32x
New Holding Company Subordinated Debt Expense (5.000%)					\$1,250
Pro Forma Interest Coverage (including deposit expense)					3.93x
Pro Forma Interest Coverage (excluding deposit expense)					7.18x

Note: Assumes a \$100mm subordinated debt raise with a 5.00% coupon and 1.00% underwriting fee
 Note: Assumed offering size, interest rate, and amount of capital downstreamed are for illustrative purposes only
 Source: SNL Financial

Interest Rate Sensitivity

Immediate Interest Rate Change Effect on Net Interest Income	
September 30, 2016	
+ 300 basis points	11.25%
+ 200 basis points	7.65%
+ 100 basis points	3.91%
- 100 basis points	(3.30)%
- 200 basis points	(4.66)%
- 300 basis points	(4.76)%

Source: Company documents

Summary

- Largest community bank headquartered in Virginia, with unique statewide branch network
- Competitive advantage with unique franchise value and loyal customer base
- Strong balance sheet and capital base
- Well positioned for continued organic growth
- Experienced management team
- Committed to top tier financial performance
- Proven financial performance through multiple economic climates including credit crisis through conservative standards and practices, and effective risk management

Source: Company documents, Senior Management



Appendix



Non-GAAP Reconciliation

(\$000)	Net Interest Margin				
	2012Y	2013Y	2014Y	2015Y	2016Q3 ¹
Net Interest Income (GAAP)	\$154,355	\$151,626	\$255,018	\$251,834	\$196,535
FTE Adjustment	\$4,222	\$5,256	\$8,127	\$9,079	\$7,367
FTE Net Interest Income (Non-GAAP)	\$158,577	\$156,882	\$263,145	\$260,913	\$203,902
Average Earning Assets	\$3,649,865	\$3,716,849	\$6,437,681	\$6,713,239	\$7,159,813
Net Interest Margin (FTE) (Non-GAAP)	4.34%	4.22%	4.09%	3.89%	3.80%

(\$000)	Efficiency Ratio				
	2012Y	2013Y	2014Y	2015Y	2016Q3 ¹
Noninterest Expense (GAAP)	\$133,390	\$137,047	\$238,216	\$216,882	\$166,436
Add: Provision for Unfunded Commitments	-	-	-	\$300	\$175
Less: Branch Closure Costs	\$594	-	-	\$1,280	\$700
Less: Acquisition Costs	-	\$2,132	\$20,345	-	-
Less: OREO Expenses ²	\$932	\$1,252	\$6,265	\$5,742	\$601
Less: Intangible Amortization Expense	\$5,336	\$3,831	\$9,795	\$8,445	\$5,468
Noninterest Expense (Non-GAAP)	\$126,528	\$129,832	\$201,811	\$201,715	\$159,842
FTE Net Interest Income (Non-GAAP)	\$158,577	\$156,882	\$263,145	\$260,913	\$203,902
Noninterest Income (GAAP)	\$41,068	\$38,728	\$61,287	\$65,007	\$52,857
Add back: Indemnification claims	-	\$966	-	-	-
Add back: OTTI	-	-	-	\$300	-
Less: Gains on sale of securities	\$190	\$21	\$1,695	\$1,486	\$145
Less: Nonrecurring revenue	-	-	-	\$1,200	-
Noninterest Income (Non-GAAP)	\$40,878	\$39,673	\$59,592	\$62,621	\$52,712
Efficiency Ratio (FTE)	63.44%	66.05%	62.53%	62.35%	62.29%

(1) Year-to-date annualized
(2) Includes gains/losses on sale of OREO and valuation adjustments
Source: Company documents

Non-GAAP Reconciliation (Cont'd)

(\$000)	Texas Ratio				
	2012Y	2013Y	2014Y	2015Y	2016Q3
Nonperforming Assets	\$59,040	\$49,151	\$47,373	\$27,235	\$23,258
Loans past due 90+ days and accruing interest	\$8,843	\$6,746	\$10,047	\$5,829	\$3,529
Performing Restructurings	\$51,468	\$34,520	\$22,829	\$10,780	\$11,824
Total	\$119,351	\$90,417	\$80,249	\$43,844	\$38,611
Stockholders' Equity (GAAP)	\$435,564	\$437,810	\$977,169	\$995,367	\$1,000,964
Less: Intangible Assets	\$75,211	\$71,380	\$325,277	\$316,832	\$320,534
Add: ALLL	\$34,916	\$30,135	\$32,384	\$34,047	\$36,542
Adjusted Stockholders' Equity (Non-GAAP)	\$395,269	\$396,565	\$684,276	\$712,582	\$716,972
Texas Ratio	30.19%	22.80%	11.73%	6.15%	5.39%

(\$000)	Tangible Common Equity				
	2012Y	2013Y	2014Y	2015Y	2016Q3
Stockholders' Equity (GAAP)	\$435,564	\$437,810	\$977,169	\$995,367	\$1,000,964
Less: Intangible Assets	\$75,211	\$71,380	\$325,277	\$316,832	\$320,534
Tangible Common Equity (Non-GAAP)	\$360,353	\$366,430	\$651,892	\$678,535	\$680,430
Average Stockholders' Equity (GAAP)	\$435,475	\$435,635	\$983,727	\$991,977	\$991,097
Less: Average Intangible Assets	\$77,790	\$73,205	\$333,495	\$320,906	\$317,629
Average Tangible Common Equity (Non-GAAP)	\$357,685	\$362,430	\$650,232	\$671,071	\$673,468

(\$000)	Tangible Assets				
	2012Y	2013Y	2014Y	2015Y	2016Q3
Assets (GAAP)	\$4,095,692	\$4,176,353	\$7,358,643	\$7,693,291	\$8,258,230
Less: Intangible Assets	\$75,211	\$71,380	\$325,277	\$316,832	\$320,534
Tangible Assets (Non-GAAP)	\$4,020,481	\$4,104,973	\$7,033,366	\$7,376,459	\$7,937,696

Source: Company documents