

FILED BY UNION BANKSHARES CORPORATION  
PURSUANT TO RULE 425 UNDER THE SECURITIES ACT OF 1933  
AND DEEMED FILED PURSUANT TO RULE 14a-12  
UNDER THE SECURITIES EXCHANGE ACT OF 1934  
SUBJECT COMPANY: XENITH BANKSHARES, INC.  
(Commission File No. 001-32968)  
Date: July 24, 2017

**The following presentation materials will be used by Union Bankshares Corporation at one or more investor relations events, or meetings with analysts or existing or potential investors, during the third quarter of 2017.**





# Investor Presentation

July 2017

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# Forward Looking Statements

Certain statements in this presentation 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 are not statements of historical fact, are based on certain assumptions as of the time they are made, and are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Such statements are often characterized by the use of qualified words (and their derivatives) such as "expect," "believe," "estimate," "plan," "project," "anticipate," "intend," "will," "may," "view," "opportunity," "potential," or words of similar meaning or other statements concerning opinions or judgment of Union Bankshares Corporation ("Union" or "UBSH") or its management about future events. Such statements include statements as to the anticipated benefits of the merger, including future financial and operating results, cost savings and enhanced revenues as well as other statements regarding the merger. Although Union 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 Union will not differ materially from any projected 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: (1) the businesses of Union and Xenith Bankshares, Inc. may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (2) expected revenue synergies and cost savings from the merger may not be fully realized or realized within the expected time frame; (3) revenues following the merger may be lower than expected; (4) customer and employee relationships and business operations may be disrupted by the merger; (5) the ability to obtain required regulatory and shareholder approvals, and the ability to complete the merger on the expected timeframe may be more difficult, time-consuming or costly than expected; (6) changes in interest rates, general economic conditions, tax rates, legislative/regulatory changes, monetary and fiscal policies of the U.S. government, including policies of the U.S. Treasury and the Board of Governors of the Federal Reserve System; the quality and composition of the loan and securities portfolios; demand for loan products; deposit flows; competition; demand for financial services in the companies' respective market areas; their implementation of new technologies; their ability to develop and maintain secure and reliable electronic systems; and accounting principles, policies, and guidelines, and (7) other risk factors detailed from time to time in filings made by Union with the Securities and Exchange Commission (the "SEC"). Forward-looking statements speak only as of the date they are made and Union undertakes no obligation to update or clarify these forward-looking statements, whether as a result of new information, future events or otherwise.



# Company Snapshot

## Overview

- Shares listed under "UBSH" on NASDAQ
- Headquartered in Richmond, VA
- 100+ years of banking history
- 112 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 6/30/2017

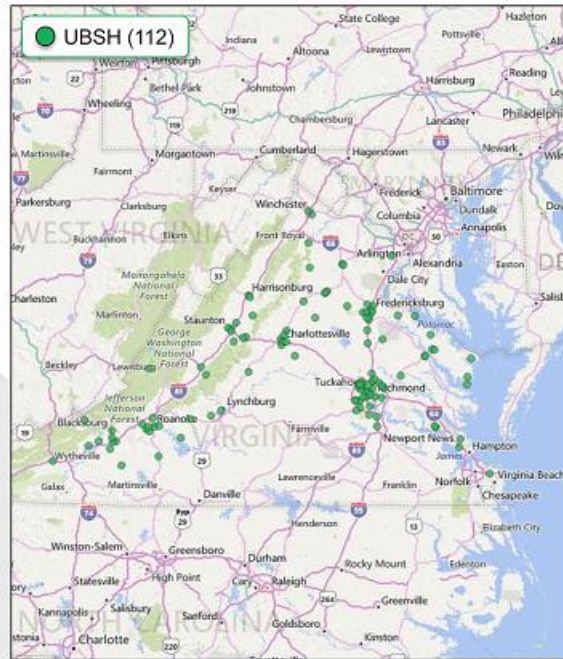
### (\$ Millions)

Total Assets	\$8,915.2
Total Loans Held For Investment	6,771.5
Total Deposits	6,764.4
Shareholders' Equity	1,030.9
Market Capitalization	1,481.6

### Capital Ratios

Tier 1 Common Capital (CET1)	9.39%
Tier 1 Leverage	9.61%
Tier 1 Capital	10.57%
Total Capital	13.00%
Tangible Common Equity / Tangible Assets	8.32%

## Branch Map



Market data as of June 30, 2017  
Source: SNL Financial

## Diversity Supports Growth in Virginia

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### Richmond

- State Capital, Fortune 500 headquarters (6), VCU & VCU Medical Center

### Fredericksburg

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

### Charlottesville

- University of Virginia & Medical College, High-tech, Real Estate development

### Northern Virginia

- Nation's Capital, High-Tech Defense/Military, Associations

### Virginia Beach - Norfolk

- Military, Shipbuilding, Fortune 500 headquarters (3)

### Roanoke - Blacksburg

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



## Union Bank & Trust Key Statistics

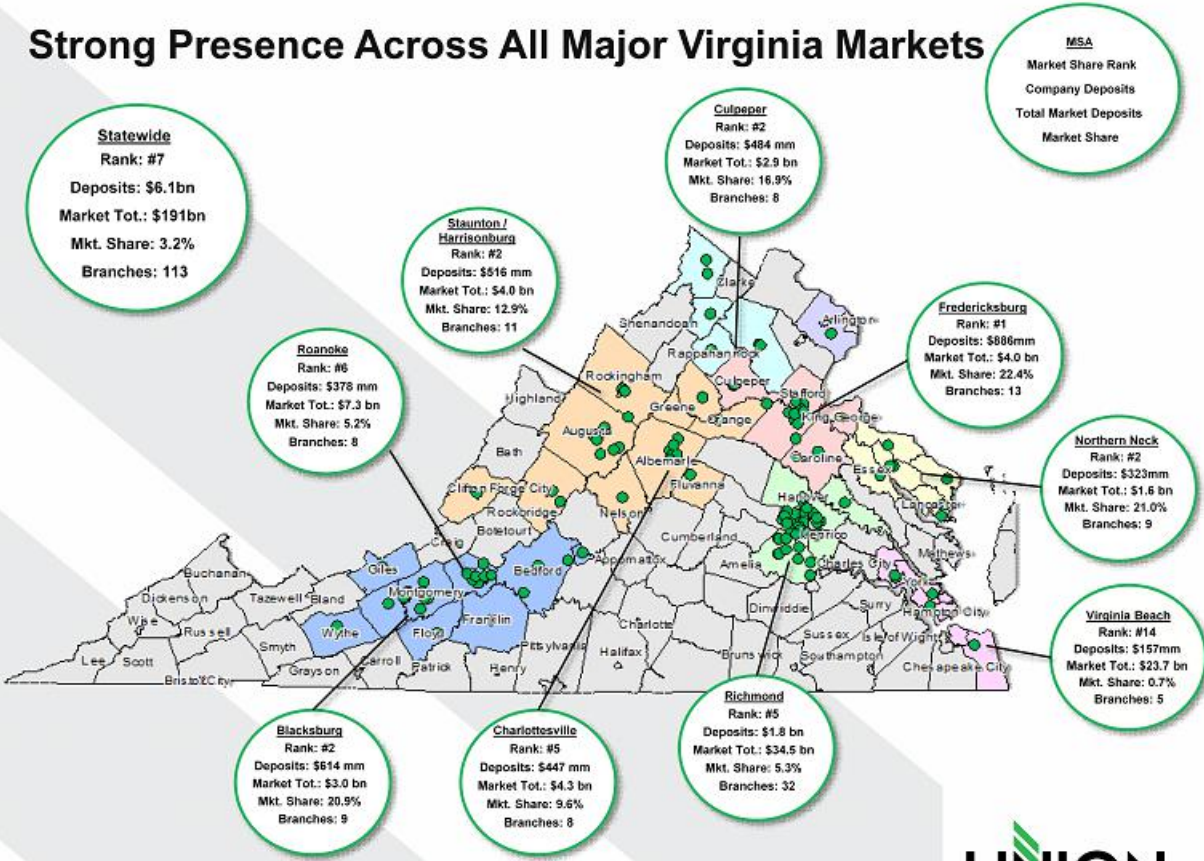
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Branches	• 112 (-10 in 2016; -2 YTD 2017)
Full Time Equivalent	• 1,319
Commercial Bankers	• 56
Loans	• \$6.77 billion
Deposits	• \$6.76 billion
Consumer Households	• 180+ thousand

*Union is the only Virginia-based bank with a statewide footprint*



# Strong Presence Across All Major Virginia Markets



Source: SNL Financial; Deposit data as of 6/30/2016; Branch count as of 1/31/17. Fredericksburg market defined as Caroline, Fredericksburg City, King George, Spotsylvania, & Stafford counties; Culpeper market defined as Culpeper, Madison, Orange & Rappahannock; all other markets per MSA definitions in SNL Financial.



## Second Quarter Financial Highlights

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### Net Operating Income

- \$20.3 million, or \$0.46 per share
- +\$1.2 million, or \$0.02 from Q1

### Loan Growth

- +217.4 million or 13.3% (annualized) from Q1

### Deposit Growth

- \$150.2 million, or 9.1% (annualized) from Q1

### Operating ROA

- 0.93%; +1 bps from Q1

### Operating ROTCE

- 11.48%; +28 bps from Q1

### Operating Efficiency Ratio (FTE)

- 63.75%; 33 bps lower than Q1





## Year-to-Date Financial Highlights

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### Net Operating Income

- \$39.4 million, or \$0.90 per share
- +\$3.1 million, or \$0.08, 10%, from 1H16

### Loan Growth

- +830.4 million or 14% from 1H16

### Deposit Growth

- \$668.6 million, or 11% from 1H16

### Operating ROA

- 0.92% ; -1 bps from 1H16

### Operating ROTCE

- 11.34%; +48 bps from 1H16

### Operating Efficiency Ratio (FTE)

- 64.50%; 56 bps lower than 1H16

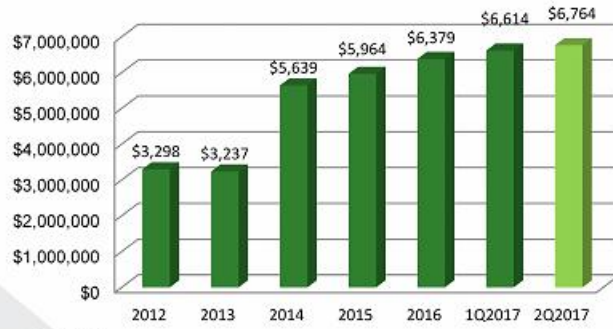


# Balance Sheet Trends

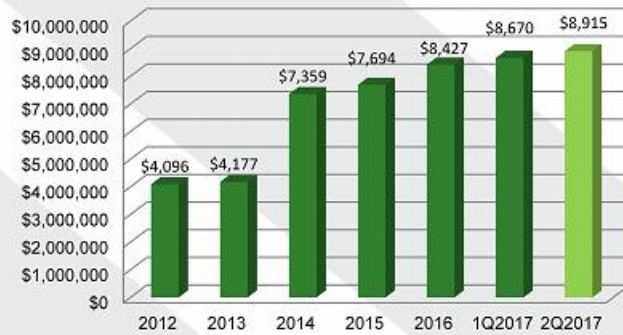
### Loans (\$M)



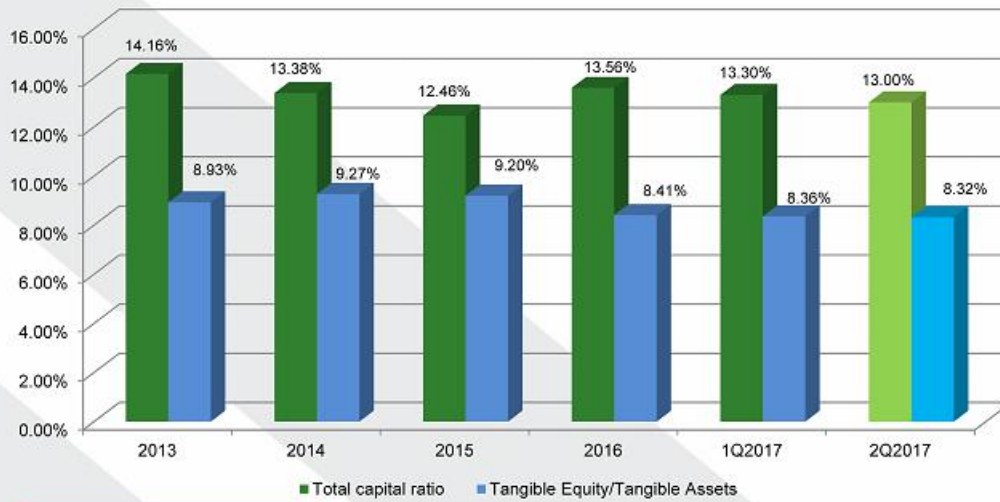
### Deposits (\$M)



### Assets (\$M)



# Capital Management



## Dividend Increases

- Quarterly Dividend of \$0.20/share; 2.5% dividend yield\*; 35-45% Dividend Payout Target

## Share Repurchases

- Repurchased 5.8 million shares since 2012, including ~1.4 million in 2016

## Subordinated Debt Issue

- In 2016, issued \$150 million Fixed to Floating subordinated notes due in 2026

\*July 19<sup>th</sup> closing price of \$31.91

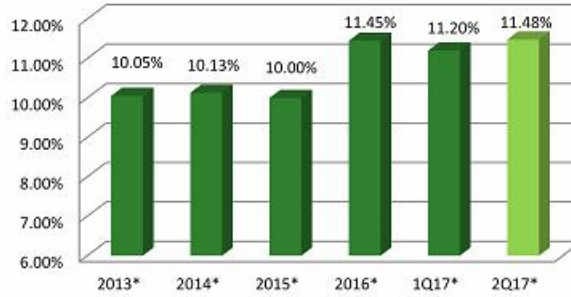


# Profitability Ratios and Income Trends

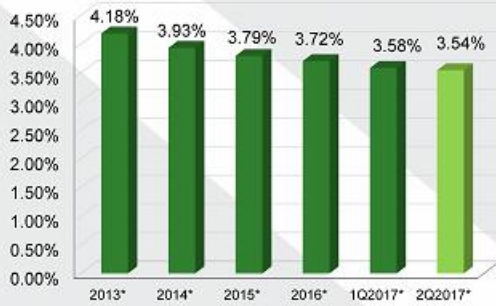
Operating Return on Average Assets (ROA)



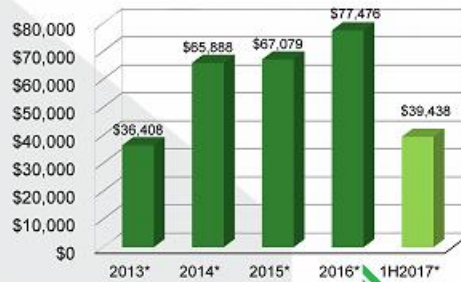
Operating Return on Tangible Common Equity (ROTCE)



Core Net Interest Margin



Operating Net Income (\$)



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

## 2017 Outlook

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### Economy

- Expect stable economy in Virginia footprint

### Loan Growth

- Low double digit

### Net Interest Margin

- Stable in second half of 2017

### Key Financial Metrics

- Expect improvement in return on assets, return on tangible common equity and efficiency ratio vs. 2016



## 2017 Priorities

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### Diversification

- Loan portfolio
- Revenue streams

### Core Funding

- Pace loan growth with deposit growth
- Target 95% loan to deposit ratio over time

### Efficiency

- Drive efficiency ratio <60%
- More revenue + lower cost structure

### \$10 billion asset crossing

- Finalize preparations in 2017

*"We would love to continue to increase density in Virginia, particularly in some of the larger markets where we have a presence, but are not as dense as we would like to be. A good example would be the Greater Hampton Roads, second most populous area of Virginia."*

*- John C. Asbury, President & CEO, Q4 '16 Earnings Call*



# Value Proposition

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## Scale

- Statewide branch footprint is a competitive advantage and brings a unique franchise value

## Strength

- Balance sheet and Capital levels

## Growth

- Organic and acquisition opportunities

## Opportunity

- Committed to top-tier financial performance

## Shareholder

- Solid dividend yield and payout ratio with earnings upside



**UNION**

**+**

**XENITH**  
BANKSHARES

*Merger Details*



# Additional Merger Information

## Additional Information and Where to Find It

In connection with the proposed merger, Union will file with the SEC a registration statement on Form S-4 to register the shares of Union common stock to be issued to the shareholders of Xenith. The registration statement will include a joint proxy statement of Union and Xenith and a prospectus of Union. A definitive joint proxy statement/prospectus will be sent to the shareholders of Union and Xenith seeking their approval of the merger and related matters. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. **Before making any voting or investment decision, investors and shareholders of Union and Xenith are urged to read carefully the entire registration statement and joint proxy statement/prospectus when they become available, including any amendments thereto, because they will contain important information about the proposed transaction.** Free copies of these documents may be obtained as described below.

Investors and shareholders of both companies are urged to read the registration statement on Form S-4 and the joint proxy statement/prospectus included within the registration statement and any other relevant documents to be filed with the SEC in connection with the proposed merger because they will contain important information about Union, Xenith and the proposed transaction. Investors and shareholders of both companies are urged to review carefully and consider all public filings by Union and Xenith with the SEC, including but not limited to their Annual Reports on Form 10-K, their proxy statements, their Quarterly Reports on Form 10-Q, and their Current Reports on Form 8-K. Investors and shareholders may obtain free copies of these documents through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Free copies of the joint proxy statement/prospectus and other documents filed with the SEC also may be obtained by directing a request by telephone or mail to Union Bankshares Corporation, 1051 East Cary Street, Suite 1200, Richmond, Virginia 23219, Attention: Investor Relations (telephone: (804) 633-5031), or Xenith Bankshares, Inc. 901 E. Cary Street Richmond, Virginia, 23219, Attention: Thomas W. Osgood (telephone: (804) 433-2200), or by accessing Union's website at [www.bankatunion.com](http://www.bankatunion.com) under "Investor Relations" or Xenith's website at [www.xenithbank.com](http://www.xenithbank.com) under "Investor Relations" under "About Us." The information on Union's and Xenith's websites is not, and shall not be deemed to be, a part of this presentation or incorporated into other filings either company makes with the SEC.

Union and Xenith and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Union and/or Xenith in connection with the merger. Information about the directors and executive officers of Union is set forth in the proxy statement for Union's 2017 annual meeting of shareholders filed with the SEC on March 21, 2017. Information about the directors and executive officers of Xenith is set forth in Xenith's Annual Report on Form 10-K, as amended, filed with the SEC on May 1, 2017. Additional information regarding the interests of these participants and other persons who may be deemed participants in the merger may be obtained by reading the joint proxy statement/prospectus regarding the merger when it becomes available. Free copies of these documents may be obtained as described above.

# Transaction Highlights

## Strategically Compelling

- ✓ Solidifies position as Virginia's preeminent community bank with ~\$12 billion in pro forma assets
- ✓ Provides breadth and depth across Virginia, including significant expansion in the attractive Hampton Roads market
- ✓ Leverages Xenith's C&I expertise throughout the combined footprint

## Builds Upon Strengths

- ✓ Attractive commercial lending expertise
- ✓ Strong core deposit base
- ✓ Compatible cultures with similar strategies and community focus

## Financially Attractive

- ✓ Efficiently crosses \$10 billion in assets with positive operating leverage
- ✓ Immediately accretive to EPS in 2018
- ✓ Immediately accretive to tangible book value with no earnback period
- ✓ Transaction metrics remain attractive under a lower federal corporate tax rate

## Low Risk

- ✓ Comprehensive due diligence and integration planning process
- ✓ Strong understanding of markets and credit culture
- ✓ Readiness to cross \$10 billion in assets

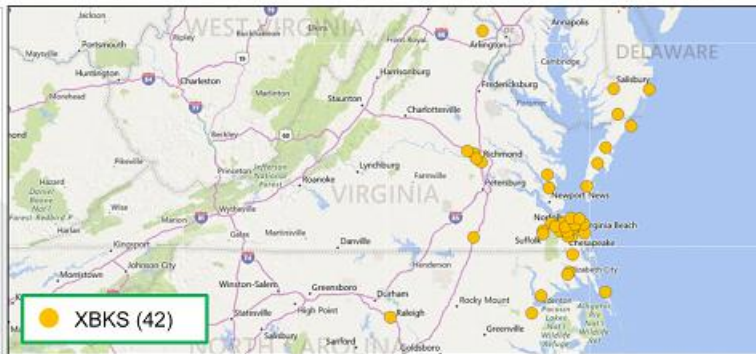




# Overview of Xenith Bankshares, Inc.

## FINANCIAL HIGHLIGHTS

Headquarters	Richmond, VA
Year Established	1987
Branches	42
CEO (Age)	T. Gaylon Layfield III (65)
Total Assets	\$3,199
Total Loans	2,357
Deposits	2,620
Loans / Deposits	90.0 %
ROAA	0.70 %
Net Interest Margin	3.45
Efficiency Ratio	67.8
NPAs / Assets	1.82 %
Reserves / NPLs	34.4
Reserves / Loans	0.78
Tang. Com. Equity / Tang. Assets	13.89 %
Leverage Ratio	11.17
CET1 Ratio	12.76
Tier 1 Capital Ratio	12.86
Total Capital Ratio	13.85
C&D / Total Bank Capital	77 %
CRE / Total Bank Capital	250



## Key Franchise Facts

- Headquartered in Richmond, Virginia with 42 branches across Virginia, Maryland, North Carolina and the greater Washington, D.C. area
- 5<sup>th</sup> largest bank by assets headquartered in Virginia
- In July 2016 legacy Hampton Roads Bankshares closed the acquisition of \$1.1 billion legacy Xenith Bankshares. The combined entity assumed the Xenith name with many legacy Xenith executive management maintaining their leadership roles

Dollars in millions Source: SNL Financial  
Data as of or for the three months ended 3/31/17





# Enhanced Presence in Key Markets

## Virginia

Rank	Institution	Deposits (\$mm)	Market Share	Branches
1	Wells Fargo & Co.	\$38,613	20.32 %	284
2	Bank of America Corp.	26,154	13.76	130
3	BB&T Corp.	22,631	11.91	344
4	SunTrust Banks Inc.	19,015	10.01	193
5	Capital One Financial Corp.	14,812	7.79	59
	<b>Pro Forma</b>	<b>8,105</b>	<b>4.26</b>	<b>143</b>
6	United Bankshares Inc.	7,090	3.73	73
7	<b>Union Bankshares Corp.</b>	<b>6,102</b>	<b>3.21</b>	<b>113</b>
8	TowneBank	5,704	3.00	32
9	Carter Bank & Trust	3,948	2.08	88
10	PNC Financial Services Group Inc.	3,479	1.83	96
13	<b>Xenith Bankshares Inc.</b>	<b>2,003</b>	<b>1.05</b>	<b>30</b>

## Virginia Beach-Norfolk-Newport News, VA-NC MSA

Rank	Institution	Deposits (\$mm)	Market Share	Branches
1	TowneBank	\$5,133	21.51 %	26
2	Wells Fargo & Co.	4,713	19.75	52
3	SunTrust Banks Inc.	3,887	16.29	36
4	BB&T Corp.	3,120	13.07	47
5	Bank of America Corp.	2,855	11.96	32
	<b>Pro Forma</b>	<b>1,080</b>	<b>4.52</b>	<b>26</b>
6	<b>Xenith Bankshares Inc.</b>	<b>922</b>	<b>3.86</b>	<b>21</b>
7	Old Point Financial Corp.	729	3.06	20
8	Southern BancShares (N.C.) Inc.	459	1.92	11
9	PNC Financial Services Group Inc.	389	1.63	11
10	Chesapeake Financial Shares Inc.	331	1.39	8
14	<b>Union Bankshares Corp.</b>	<b>157</b>	<b>0.66</b>	<b>5</b>

## Richmond, VA MSA

Rank	Institution	Deposits (\$mm)	Market Share	Branches
1	Bank of America Corp.	\$12,320	35.60 %	23
2	Wells Fargo & Co.	6,754	19.52	62
3	SunTrust Banks Inc.	4,434	12.81	39
4	BB&T Corp.	3,200	9.25	40
	<b>Pro Forma</b>	<b>2,602</b>	<b>7.23</b>	<b>36</b>
5	<b>Union Bankshares Corp.</b>	<b>1,827</b>	<b>5.28</b>	<b>32</b>
6	C&F Financial Corp.	778	2.24	17
7	TowneBank	735	2.12	9
8	<b>Xenith Bankshares Inc.</b>	<b>675</b>	<b>1.95</b>	<b>4</b>
9	South State Corp.	542	1.57	8
10	Community Bankers Trust Corp.	519	1.50	10

Source: SNL Financial

Deposit data as of 6/30/16; pro forma for announced transactions as of 5/22/17



# Builds Presence in Key Markets

	Market		Demographics				Deposits <sup>(1)</sup>					
	Market	UBSH	XBKS	2017 Population	'17-'22 Population Growth (%)	2022 Proj. Household Income (\$)	Gross Domestic Product <sup>(2)</sup> (\$bn)	Number of Businesses	UBSH	XBKS	Pro Forma	Market Share (%)
									Deposits (\$mm)	Deposits (\$mm)	Deposits (\$mm)	
Shared	Washington, D.C.	✓	✓	6,203,724	5.5%	\$95,628	\$491.0	219,675	\$1,166.5	\$174.8	\$1,341.3	0.7%
	Virginia Beach, VA	✓	✓	1,743,468	3.5	63,939	95.7	58,790	157.4	922.2	1,079.6	4.5
	Richmond, VA	✓	✓	1,285,883	4.6	67,686	74.1	46,613	1,827.3	674.5	2,501.8	7.2
XBKS	Raleigh, NC		✓	1,305,052	8.2%	\$70,453	\$75.8	45,485	--	\$67.9	\$67.9	0.3%
	Salisbury, MD		✓	402,439	5.2	63,679	16.1	17,569	--	127.1	127.1	1.8
	Elizabeth City, NC		✓	63,536	1.3	51,437	NA	2,523	--	248.3	248.3	30.6
	Kill Devil Hills, NC		✓	40,288	4.4	61,158	NA	3,648	--	54.1	54.1	4.8
UBSH	Roanoke, VA	✓		316,013	2.7%	\$55,867	\$14.5	13,288	\$378.4	--	\$378.4	5.2%
	Lynchburg, VA	✓		262,137	3.4	53,020	9.3	9,151	180.3	--	180.3	3.8
	Charlottesville, VA	✓		233,423	4.7	67,126	12.2	10,643	446.7	--	446.7	9.9
	Blacksburg, VA	✓		183,199	2.9	48,740	6.7	6,059	614.5	--	614.5	20.6
	Winchester, VA	✓		135,021	3.8	58,405	5.9	5,416	91.8	--	91.8	3.7
	Harrisonburg, VA	✓		133,374	4.6	54,686	7.4	4,615	128.2	--	128.2	6.0
	Staunton, VA	✓		121,226	2.7	54,245	5.0	4,417	368.4	--	368.4	25.1

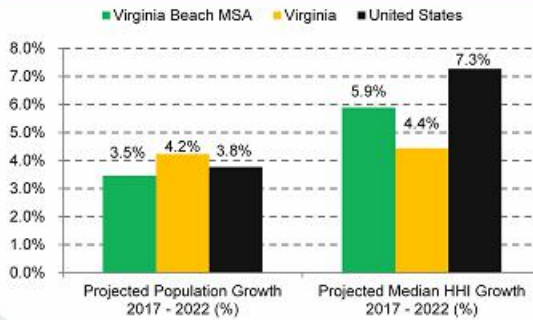
Source: SNL Financial, Bureau of Economic Analysis  
 (1) Deposits and deposit market share data is as of 6/30/2018  
 (2) GDP is for the year ended 12/31/2015

# Hampton Roads Market Highlights

## Hampton Roads Market Overview

- The Hampton Roads market is roughly defined as the Virginia Beach Metropolitan Statistical Area (MSA)
- It is recognized as the 33rd largest MSA in the United States, eighth largest metro area in the Southeast United States and the second largest between Atlanta and Washington, DC
- It is the second largest in Virginia, with a total population of 1.7 million people
- It is a vibrant, Mid-Atlantic region with a skilled workforce, world-class port facilities and a diverse economy
- The region boasts presence of 155+ international companies, a 50 foot shipping channel and 128 million consumers within one day's drive
- 120,000 active duty, reserve and civilian military / defense personnel and 838,400 person civilian labor force, 91% with a high school diploma or higher
- Home to three Fortune 500 Corporations
- Hampton Roads is the mid-Atlantic leader in U.S. waterborne foreign commerce and is ranked second nationally behind the Port of South Louisiana based on export tonnage
- Total C&I businesses <sup>(1)</sup>: 9,126

## Demographics



## Companies Headquartered in the Area



Source: SNL Financial, Hampton Roads Chamber of Commerce, Hampton Roads Economic Development Alliance  
 (1) Includes companies in the Virginia Beach MSA with NAICs as Healthcare and Social Assistance, Wholesale Trade, Manufacturing or Transportation and Warehousing.







# Achieves 2017 Priorities for Union



# Transaction Structure and Key Terms

			Combined <sup>(1)</sup>
<b>Total assets</b>	\$8,670	\$3,199	\$11,869
<b>Loans held for investment</b>	6,554	2,357	8,911
<b>Total deposits</b>	6,617	2,620	9,237
<b>Market capitalization<sup>(2)</sup></b>	1,378	621	1,999
<b>Branches</b>	113	42	155

<b>Consideration<sup>(2)</sup></b>	<ul style="list-style-type: none"> <li>• \$701 million in diluted transaction value</li> <li>• Fixed exchange ratio of 0.9354x of a share of UBSH for each share of XBKS common stock</li> <li>• 100% stock</li> <li>• Outstanding in-the-money options and U.S. Treasury warrants to be cashed out at closing</li> <li>• Remaining in-the-money warrants to be converted into UBSH warrants at closing</li> </ul>
<b>Pro Forma Ownership</b>	<ul style="list-style-type: none"> <li>• 67% UBSH / 33% XBKS</li> </ul>
<b>Executive Management</b>	<ul style="list-style-type: none"> <li>• John C. Asbury – President &amp; Chief Executive Officer</li> <li>• T. Gaylon Layfield – Executive Vice Chairman (for a transitional period)</li> <li>• Robert M. Gorman – Executive Vice President and Chief Financial Officer</li> </ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• Two Xenith representatives to join the combined company board of directors</li> </ul>
<b>Anticipated Close</b>	<ul style="list-style-type: none"> <li>• First quarter of 2018, subject to customary regulatory and shareholder approvals</li> </ul>

Note: Financial data as of 3/31/2017, unless otherwise noted  
Dollars in millions

(1) Combined represents the sum of UBSH and XBKS data and excludes any purchase accounting marks or merger adjustments

(2) Based upon closing prices as of 5/19/2017



# Key Assumptions

<b>Credit Mark</b>	<ul style="list-style-type: none"> <li>Gross loan credit mark of approximately 1.5%, or \$37 million</li> </ul>
<b>Deferred Tax Asset</b>	<ul style="list-style-type: none"> <li>No write-down of deferred tax asset required under current federal corporate tax rate of 35%</li> <li>Under a 25% federal corporate tax rate the deferred tax asset would be written down by ~\$42 million</li> </ul>
<b>Revenue Enhancements</b>	<ul style="list-style-type: none"> <li>Identified revenue opportunities, but none assumed in financial model</li> </ul>
<b>Cost Savings</b>	<ul style="list-style-type: none"> <li>Expected to be approximately \$28 million pre-tax (fully phased-in)               <ul style="list-style-type: none"> <li>~40% of XBKS' 2018 estimated noninterest expense</li> <li>80% realized in 2018, 100% annually thereafter</li> </ul> </li> </ul>
<b>\$10 Billion Crossing Impact</b>	<ul style="list-style-type: none"> <li>Pre-tax impact ~\$11 million annualized, beginning third quarter 2019</li> </ul>
<b>Merger &amp; Integration Costs</b>	<ul style="list-style-type: none"> <li>Expected to be approximately \$33 million after-tax</li> </ul>
<b>Other Adjustments</b>	<ul style="list-style-type: none"> <li>Core deposit intangible of 1.50% (\$26 million) assumed on non-time deposits, amortized sum-of-years'-digits over 10 years</li> <li>Borrowings write-up of \$9 million</li> </ul>
<b>Federal Corporate Tax Rate</b>	<ul style="list-style-type: none"> <li>35%</li> </ul>

pro forma for announced transactions as of 5/22/17



# Estimated Pro Forma Financial Metrics

Key Transaction Impacts to UBSH <sup>(1)</sup>			
<i>Federal Corporate Tax Rate:</i>	35%	25%	15%
2018E & 2019E EPS Accretion	Accretive	Mid single-digit	Mid single-digit
IRR	> 20%	> 20%	> 20%
Initial Tangible Book Value Impact	Accretive	Minimal Dilution	Mid single-digit Dilution
Tangible Book Value Earnback Period	None	2.00 years	3.75 years

Pro Forma at Close			
<i>Federal Corporate Tax Rate:</i>	35%	25%	15%
<b>Capital Ratios</b>			
TCE/ TA	9.2%	8.9%	8.5%
Leverage Ratio	9.6%	9.5%	9.4%
Common Equity Tier 1 Ratio	9.7%	9.5%	9.3%
Tier 1 Ratio	10.8%	10.7%	10.5%
Total Risk-Based Ratio	12.6%	12.5%	12.3%
<b>Loan Concentration Ratios <sup>(2)</sup></b>			
C&D / Total Capital	83%	84%	85%
CRE / Total Capital	296%	300%	303%

(1) Estimated financial impact is presented solely for illustrative purposes using mean analyst estimates. Includes purchase accounting marks and deal related expenses

(2) Projected bank level total capital

# Comprehensive Due Diligence and Preparation

## Thorough Due Diligence Process

- Engaged third party resources for Credit, Tax and Legal diligence
- Credit diligence
  - Reviewed 50% of all outstanding commercial loan balances
  - Reviewed 74% of all commercial loans risk-graded special mention or worse
  - Reviewed 78% of all commercial classified loan balances
- Additional diligence in areas of
  - Retail / marketing strategy
  - Commercial segment
  - Marine finance
  - Finance / accounting
  - Risk management
  - IT / bank operations
  - Human resources

## Deferred Tax Asset

- Tax advisors completed thorough analysis on Xenith's \$154.9 million deferred tax asset
  - Expect no impairment of Xenith's deferred tax asset due to Section 382
  - Anticipate up to \$42 million write-off under an assumed federal tax rate of 25%

## Crossing \$10 Billion

- Union has been preparing to cross \$10 billion in assets since 2014
- Merger will help defray the incremental regulatory expenses over a larger earnings and asset base
- Expect Durbin impact on interchange fees starting July 1, 2019
- Expect first DFAST submission by July 31, 2019

## Capital Plan

- Pro forma company to remain "well capitalized"
- C&D and CRE loan concentration ratios anticipated to remain in-line with current ratios



# Crossing \$10 Billion

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- Union has been preparing to grow through \$10 billion in assets since 2014
  - Union has invested approximately \$5 million pre-tax annual run rate in people, systems and infrastructure in IT, Enterprise Risk and DFAST (Dodd Frank Stress Test)
  - Accelerates Union’s growth over \$10 billion in assets by one year
    - Organic growth: Mid 2019
    - With this transaction closing: Q1 2018
  - Based on a Q1 2018 closing of the transaction, Union expects its reporting timeline to be as follows:

▪ "As-of" date for first stress test	December 31, 2018
▪ First stress test reporting date	July 31, 2019
▪ First public disclosure	October 15-31, 2019
  
- Durbin amendment
  - The Durbin amendment will limit the combined company’s fees charged to retailers for debit card processing
  - The limit will go into effect on July 1<sup>st</sup> following the year in which the combined company reports \$10 billion in assets as of December 31<sup>st</sup>
  - Based on a Q1 2018 closing of the merger, the combined company expects the impact to begin on July 1, 2019, which is one year earlier than previously expected on a standalone basis



# Deal Summary

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- ✓ **Creates Virginia's preeminent community bank with more than \$12 billion in pro forma assets at closing**
- ✓ **Enhances presence in key markets and provides a platform for future growth**
- ✓ **Financially attractive transaction for all shareholders with conservative assumptions**
- ✓ **Proven track record of successful conversions and integrations at both companies**



# Value Proposition

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## Scale

- Statewide branch footprint is a competitive advantage and brings a unique franchise value

## Strength

- Balance sheet and Capital levels

## Growth

- Organic and acquisition opportunities

## Opportunity

- Committed to top-tier financial performance

## Shareholder

- Solid dividend yield and payout ratio with earnings upside

# APPENDIX



## Top-Tier Financial Performance Focus

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- 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:

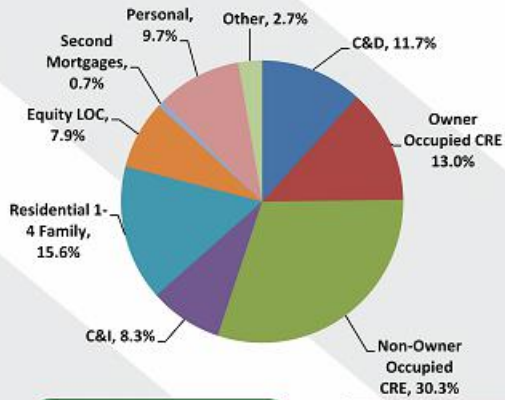
Financial Performance Metric	Union Targets
Return on Assets	1.1% - 1.3%
Return on Tangible Common Equity	13% - 15%
Efficiency Ratio	< 60%



# Diversified Loan Portfolio (Union)

Loan Composition at June 30, 2017 – \$6.771 Billion

## Composition By Type



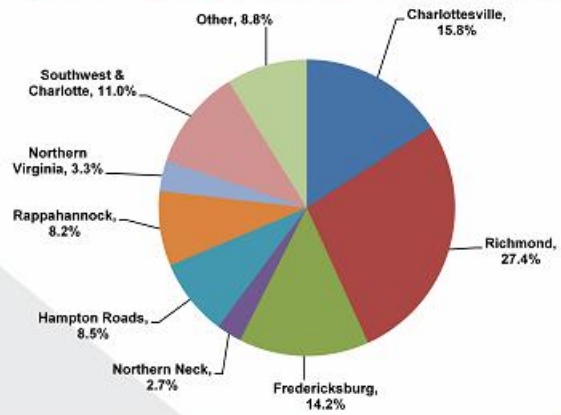
**NOO CRE/Total Capital Ratio:**  
**308%**

## Portfolio Characteristics

Average loan size	\$145,225
Weighted average maturity	83 months
Yield YTD (Tax Equivalent)	4.39%

**ADC/Total Capital:**  
**83%**

## Composition By Region

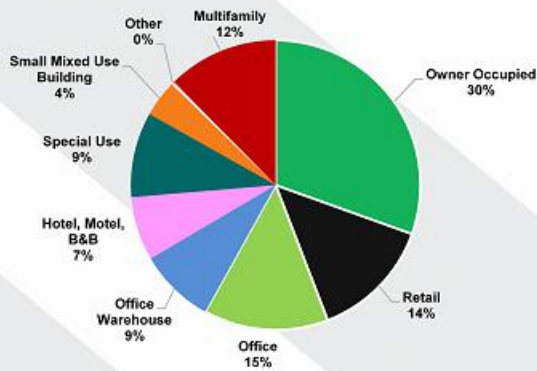




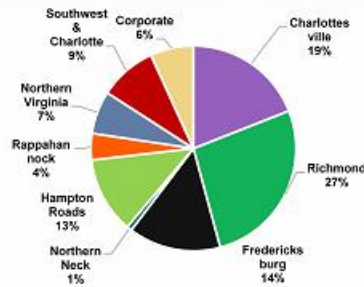
# Commercial Real Estate Portfolio (Union)

CRE Composition at June 30, 2017 - \$2.953 Billion

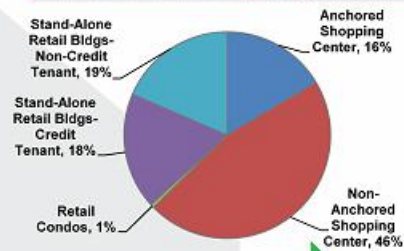
## Composition By Type



## Composition By Region



## Retail by Type



## Portfolio Characteristics

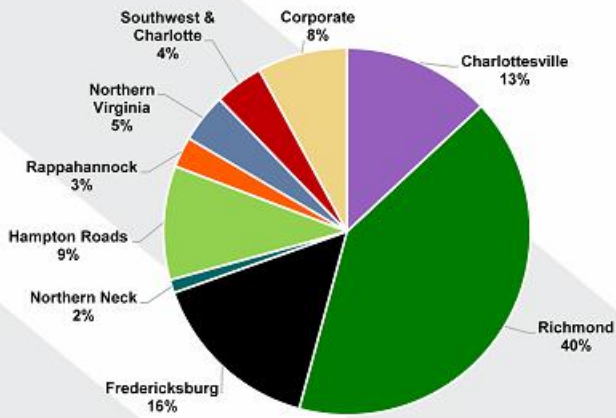
10 largest loans	6.8% of CRE portfolio
10 largest loans	2.4% of total loan portfolio
Weighted average maturity	61 months
Weighted average coupon	4.02%

Source: SNL Financial, Company documents

**UNION** 35

# Construction and Development Loans (Union)

C&D Composition at June 30, 2017 - \$799 million



Portfolio Characteristics	
10 largest loans	17.0% of C&D portfolio
10 largest loans	2.7% of total loan portfolio
Weighted average maturity	21 months
Weighted average coupon	4.30%
C&D Loans/Total Capital Ratio	83.0%

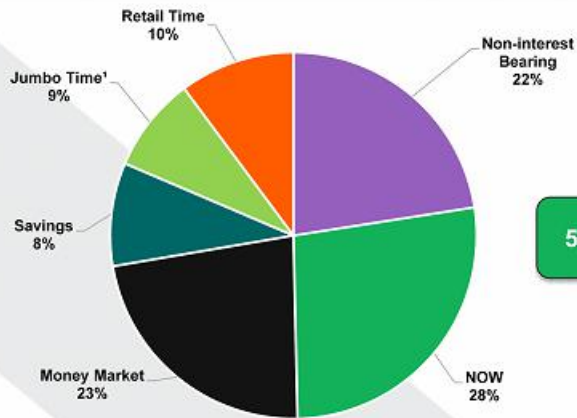
- 38.8% commercial construction, 23.2% residential construction and remainder of portfolio divided between raw land, land development and lots
- Most C&D loans have interest reserves
- Residential A&D loans must have 50% or more of the lots under contract to close
- CRE construction loans must be approved with a UB&T-provided mini-perm

Source: Company documents



# Core Deposit Base (Union)

Deposit Composition at June 30, 2017 - \$6.764 Billion



50% in transactional accounts

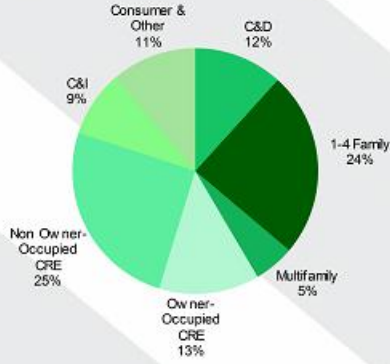
## Deposit Base Characteristics

Average cost of interest bearing deposits	44 basis points
Average total cost of deposits	35 basis points
Ranked 1 <sup>st</sup> in deposit market share for community banks in Richmond MSA	
Ranked 1 <sup>st</sup> in deposit market share for community banks in Charlottesville MSA	
Ranked 2 <sup>nd</sup> 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

# Pro Forma Loan Portfolio

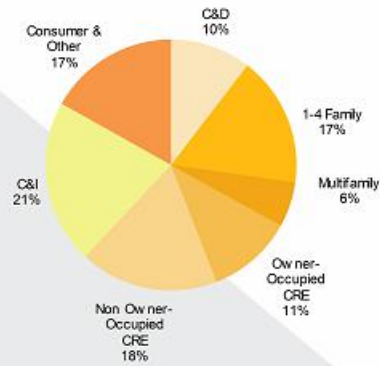
## UBSH



**Total Loans: \$6,574**

Yield on Total Loans: 4.29%

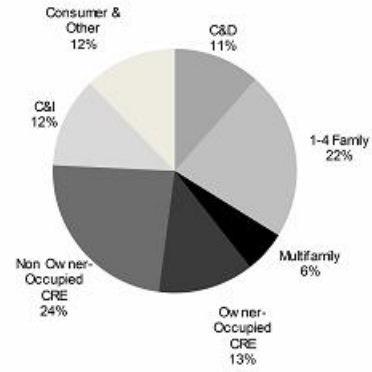
## XBKS



**Total Loans: \$2,357**

Yield on Total Loans: 4.59%

## Pro Forma <sup>(1)</sup>

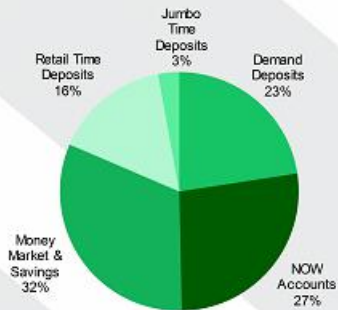


**Total Loans: \$8,931**

Source: SNL Financial  
 Dollars in millions  
 Data as of or for the three months ended 3/31/2017  
 (1) Excludes purchase accounting adjustments

# Pro Forma Deposit Composition

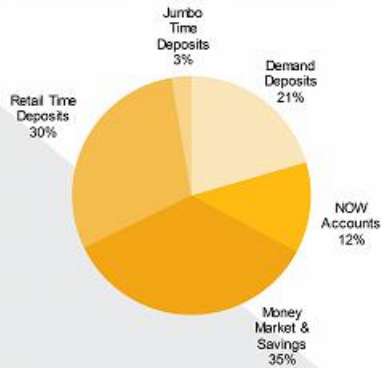
## UBSH



Total Deposits: \$6,617

Cost of Total Deposits: 0.32%

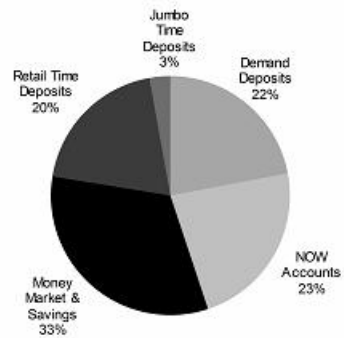
## XBKS



Total Deposits: \$2,620

Cost of Total Deposits: 0.61%

## Pro Forma <sup>(1)</sup>



Total Deposits: \$9,237

Pro Forma  
Loans / Deposits: 97%

Source: SNL Financial  
 Dollars in millions  
 Data as of or for the three months ended 3/31/2017  
 Note: Jumbo time deposits defined as time deposits greater than \$250,000  
 (1) Excludes purchase accounting adjustments

# Non-GAAP Measures

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In reporting the results of the quarter ended June 30, 2017, and in prior periods, the Company has provided supplemental performance measures on a tax-equivalent, tangible, or operating basis. These measures are a supplement to GAAP used to prepare the Company's financial statements and should not be considered in isolation or as a substitute for comparable measures calculated in accordance with GAAP. In addition, the Company's non-GAAP measures may not be comparable to non-GAAP measures of other companies.

Net interest income (FTE), which is used in computing net interest margin (FTE), provides valuable additional insight into the net interest margin by adjusting for differences in tax treatment of interest income sources.

Core net interest income (FTE), which is used in computing core net interest margin (FTE), provides valuable additional insight into the net interest margin by adjusting for differences in tax treatment of interest income sources as well as the net accretion of acquisition-related fair value marks.

The Company believes tangible common equity is an important indication of its ability to grow organically and through business combinations as well as its ability to pay dividends and to engage in various capital management strategies. Tangible common equity is used in the calculation of certain profitability, capital, and per share ratios. These ratios are meaningful measures of capital adequacy because they provide a meaningful base for period-to-period and company-to-company comparisons, which the Company believes will assist investors in assessing the capital of the Company and its ability to absorb potential losses.



# Reconciliation to GAAP

Net interest income (FTE), which is used in computing net interest margin (FTE), provides valuable additional insight into the net interest margin by adjusting for differences in tax treatment of interest income sources.

Core net interest income (FTE), which is used in computing core net interest margin (FTE), provides valuable additional insight into the net interest margin by adjusting for differences in tax treatment of interest income sources as well as the net accretion of acquisition-related fair value marks.

*(Dollars in thousands)*

	Six Months Ended June 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Year Ended December 31,			
	2017	2017	2017	2016	2015	2014	2013
<b>Net Interest Income &amp; Core Net Interest Income (FTE)</b>							
Net interest income (GAAP)	\$ 135,567	\$ 68,999	\$ 66,567	\$ 265,150	\$ 251,834	\$ 255,018	\$ 151,626
FTE adjustment	5,188	2,648	2,540	10,244	9,079	8,127	5,256
Net Interest Income FTE (non-GAAP)	140,755	71,647	69,107	275,394	260,913	263,145	156,882
Less: Net accretion of acquisition fair value marks	3,110	1,617	1,493	5,676	6,622	10,050	1,598
Core Net Interest Income FTE (non-GAAP)	\$ 137,645	\$ 70,030	\$ 67,614	\$ 269,718	\$ 254,291	\$ 253,095	\$ 155,284
Average earning assets	\$7,798,427	\$7,934,405	\$7,660,937	\$ 7,249,090	\$ 6,713,239	\$ 6,437,681	\$ 3,716,849
Net interest margin (GAAP)	3.51%	3.49%	3.52%	3.66%	3.75%	3.96%	4.08%
Net interest margin (FTE) (non-GAAP)	3.64%	3.62%	3.66%	3.80%	3.89%	4.09%	4.22%
Core net interest margin (FTE) (non-GAAP)	3.56%	3.54%	3.58%	3.72%	3.79%	3.93%	4.18%

# Reconciliation to GAAP

The Company believes tangible common equity is an important indication of its ability to grow organically and through business combinations as well as its ability to pay dividends and to engage in various capital management strategies. Tangible common equity is used in the calculation of certain profitability, capital, and per share ratios. These ratios are meaningful measures of capital adequacy because they provide a meaningful base for period-to-period and company-to-company comparisons, which the Company believes will assist investors in assessing the capital of the Company and its ability to absorb potential losses.

	Six Months Ended	Three Months Ended		Year Ended December 31,			
	June 30, 2017	June 30, 2017	March 31, 2017	2016	2015	2014	2013
<i>(Dollars in thousands)</i>							
<b>Tangible Assets</b>							
Ending assets (GAAP)	\$ 8,915,187	\$ 8,915,187	\$ 8,669,920	\$ 8,426,793	\$ 7,693,291	\$ 7,358,643	\$ 4,176,353
Less: Ending intangible assets	315,613	315,613	317,156	318,793	316,832	325,277	71,380
Ending tangible assets (non-GAAP)	\$ 8,599,574	\$ 8,599,574	\$ 8,352,764	\$ 8,108,000	\$ 7,376,459	\$ 7,033,366	\$ 4,104,973
<b>Tangible Common Equity</b>							
Ending common stockholders' equity (GAAP)	\$ 1,030,869	\$ 1,030,869	\$ 1,015,651	\$ 1,001,032	\$ 995,367	\$ 977,169	\$ 437,810
Less: Ending intangible assets	315,613	315,613	317,156	318,793	316,832	325,277	71,380
Ending tangible common stockholders' equity (non-GAAP)	\$ 715,256	\$ 715,256	\$ 698,495	\$ 682,239	\$ 678,535	\$ 651,892	\$ 366,430
Average common stockholders' equity (GAAP)	\$ 1,018,277	\$ 1,026,148	\$ 1,010,318	\$ 994,785	\$ 991,977	\$ 983,727	\$ 435,635
Less: Average intangible assets	317,139	316,355	317,934	318,131	320,906	333,495	73,205
Average tangible common stockholders' equity (non-GAAP)	\$ 701,138	\$ 709,793	\$ 692,384	\$ 676,654	\$ 671,071	\$ 650,232	\$ 362,430
ROE (GAAP)	7.34%	7.02%	7.68%	7.79%	6.76%	5.30%	7.89%
ROTCE (non-GAAP)	10.66%	10.15%	11.20%	11.45%	10.00%	8.02%	9.48%
Common equity to total assets (GAAP)	11.56%	11.56%	11.71%	11.88%	12.94%	13.28%	10.48%
Tangible common equity / tangible assets (non-GAAP)	8.32%	8.32%	8.36%	8.41%	9.20%	9.27%	8.93%

# Reconciliation to GAAP

Operating measures exclude acquisition and conversion costs unrelated to the Company's normal operations. The Company believes these measures are useful to investors as they exclude certain costs resulting from acquisition activity and allow investors to more clearly see the combined economic results of the organization's operations.

(Dollars in thousands, except per share amounts)

Operating Measures	Six Months Ended	Three Months Ended		Year Ended December 31,			
	June 30, 2017	June 30, 2017	March 31, 2017	2016	2015	2014	2013
Net income (GAAP)	\$ 37,080	\$ 17,956	\$ 19,124	\$ 77,476	\$ 67,079	\$ 52,164	\$ 34,366
Acquisition and conversion costs, net of tax	2,358	2,358	-	-	-	13,724	2,042
Net operating earnings (non-GAAP)	\$ 39,438	\$ 20,314	\$ 19,124	\$ 77,476	\$ 67,079	\$ 65,888	\$ 36,408
Weighted average common shares outstanding, diluted	43,755,045	43,783,952	43,725,923	43,890,271	45,138,891	46,130,895	25,030,711
Earnings per common share, diluted (GAAP)	\$ 0.85	\$ 0.41	\$ 0.44	\$ 1.77	\$ 1.49	\$ 1.13	\$ 1.37
Operating earnings per common share, diluted (non-GAAP)	\$ 0.90	\$ 0.46	\$ 0.44	\$ 1.77	\$ 1.49	\$ 1.43	\$ 1.45
Average assets (GAAP)	\$ 8,607,225	\$ 8,747,377	\$ 8,465,517	\$ 8,046,305	\$ 7,492,895	\$ 7,250,494	\$ 4,051,850
ROA (GAAP)	0.87%	0.82%	0.92%	0.96%	0.90%	0.72%	0.85%
Operating ROA (non-GAAP)	0.92%	0.93%	0.92%	0.96%	0.90%	0.91%	0.90%
Average common equity (GAAP)	\$ 1,018,277	\$ 1,026,148	\$ 1,010,318	\$ 994,785	\$ 991,977	\$ 983,727	\$ 435,635
ROE (GAAP)	7.34%	7.02%	7.68%	7.39%	6.76%	5.30%	7.89%
Operating ROE (non-GAAP)	7.81%	7.94%	7.68%	7.79%	6.76%	6.70%	8.36%
Average tangible common equity (non-GAAP)	\$ 701,138	\$ 709,793	\$ 692,384	\$ 676,654	\$ 671,071	\$ 650,232	\$ 362,430
ROTCE (non-GAAP)	10.66%	10.15%	11.20%	11.45%	10.00%	8.02%	9.48%
Operating ROTCE (non-GAAP)	11.34%	11.48%	11.20%	11.45%	10.00%	10.13%	10.05%
Noninterest expense (GAAP)	\$ 117,325	\$ 59,930	\$ 57,395	\$ 222,703	\$ 216,882	\$ 238,216	\$ 137,047
Less: Acquisition and conversion costs	2,744	2,744	-	-	-	20,345	2,132
Operating noninterest expense (non-GAAP)	\$ 114,581	\$ 57,186	\$ 57,395	\$ 222,703	\$ 216,882	\$ 217,871	\$ 134,915
Net interest income (GAAP)	\$ 135,567	\$ 68,999	\$ 66,567	\$ 265,150	\$ 251,834	\$ 255,018	\$ 151,626
Net interest income (FTE) (non-GAAP)	140,755	71,647	69,107	275,394	260,913	263,145	156,882
Noninterest income (GAAP)	36,894	18,056	18,839	70,907	65,007	61,287	38,728
Efficiency ratio (GAAP)	68.03%	68.84%	67.20%	66.27%	68.45%	75.31%	72.00%
Efficiency ratio (FTE) (non-GAAP)	66.04%	66.81%	65.26%	64.31%	66.54%	73.43%	70.06%
Operating efficiency ratio (FTE) (non-GAAP)	64.50%	63.75%	65.26%	64.31%	66.54%	67.15%	68.97%