

# Shenandoah Valley Partnership Annual Meeting

David V. Ring, EVP | Wholesale Banking and Wealth Management Group Executive

July 25, 2025

PROPRIETARY AND CONFIDENTIAL



# OUR COMPANY

Pro Forma Combined Basis

- Soundness | Profitability | Growth

Largest Regional Bank Headquartered in the Lower Mid-Atlantic

HIGHLIGHTS<sup>1</sup>

**\$38 Billion**  
Assets

**\$30 Billion**  
Loans

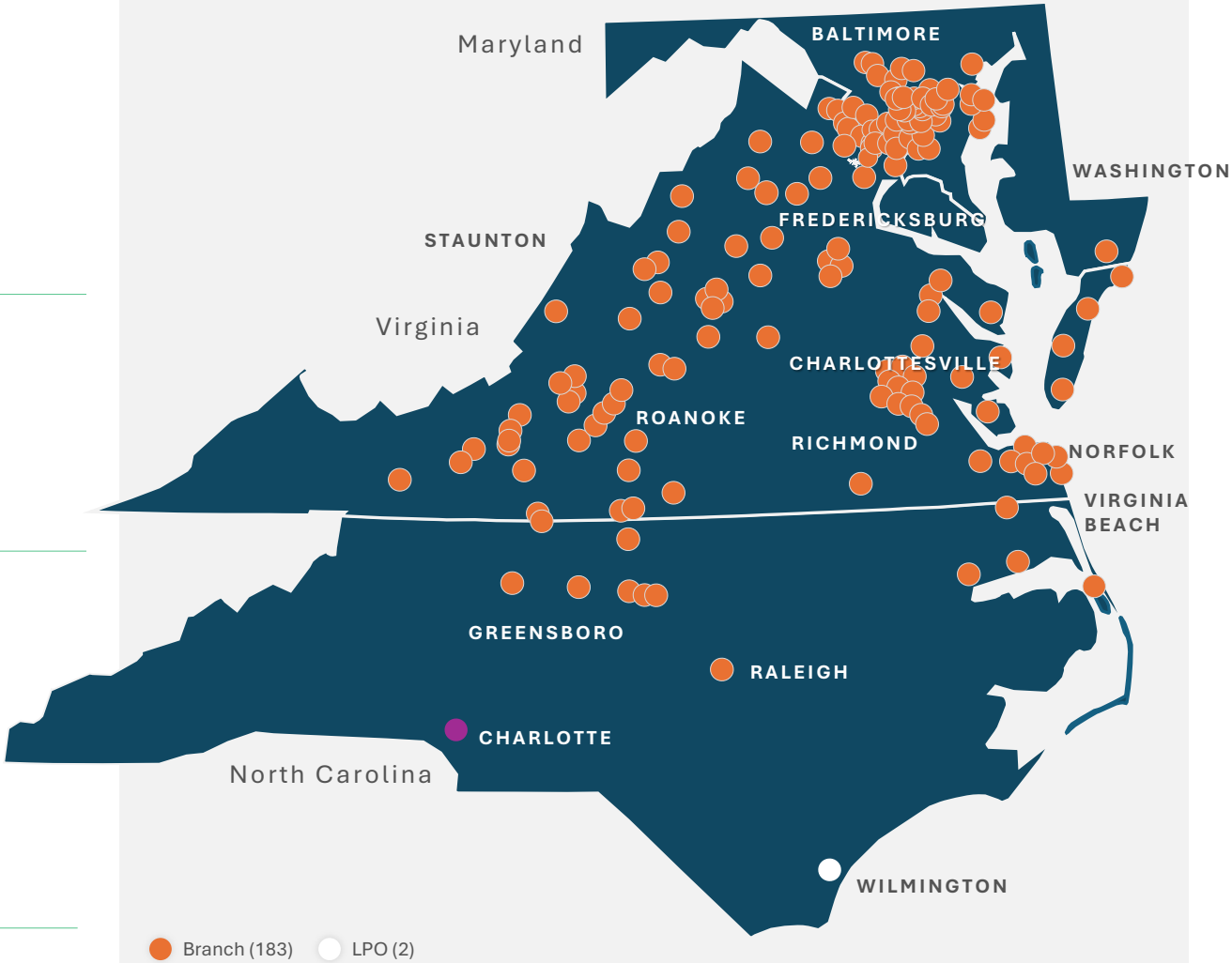
**\$32 Billion**  
Deposits

**183**  
branches across  
**Virginia, North Carolina** and  
**Maryland** footprint

**#1**  
largest regional  
bank in Mid-Atlantic, Maryland  
and Virginia<sup>2,3</sup>

**\$4.4 Billion**  
Market Capitalization

## MID-ATLANTIC PRESENCE



1. Assets, Loans, Deposits and Branch Count are proforma as if the acquisition of Sandy Spring closed on March 31, 2025 instead of April 1, 2025 and do not include any impacts from acquisition accounting or our expected sale of approximately \$2 billion of commercial real estate ("CRE") loans, Market Cap is as of May 12, 2025.

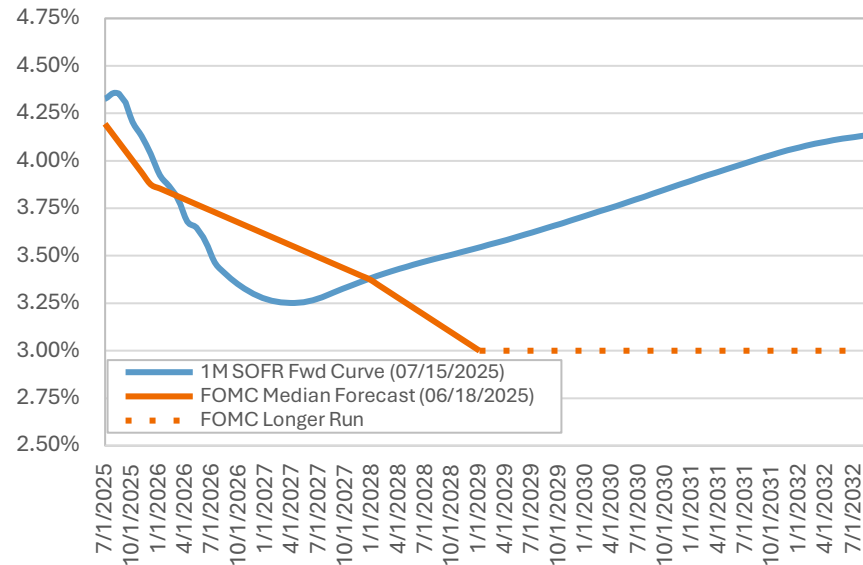
2. See the information set forth on "Pro Forma and Market and Industry Data" slide of this presentation.

3. Regional market: Delaware, Maryland, New Jersey, Pennsylvania, Virginia, Washington D.C., and West Virginia

4. Regional banks defined as U.S. Banks with <\$100 Billion in assets

# Short Term Interest Rates | Market and Fed Diverge on Longer-run Rate Expectations

## SOFR Forward Curves vs. Fed Dot Plot (June)



## Economist Forecasts: Fed Funds Target (Upper)



**Fed Projections:** The FOMC now projects 50 bps of cuts in 2025 and 25 bps in 2026, with a long-run neutral rate of 3.00%.

**Market Expectations:** Futures markets are more aggressive—pricing in 50 bps of cuts by end-2025 and 70 bps more in 2026, suggesting a rate bottom in Q1 2027.

**Long-Term Divergence:** Markets anticipate the Fed's 3.00% target by late 2026 but expect rates to rise again, with SOFR reaching 3.70% by 2030.

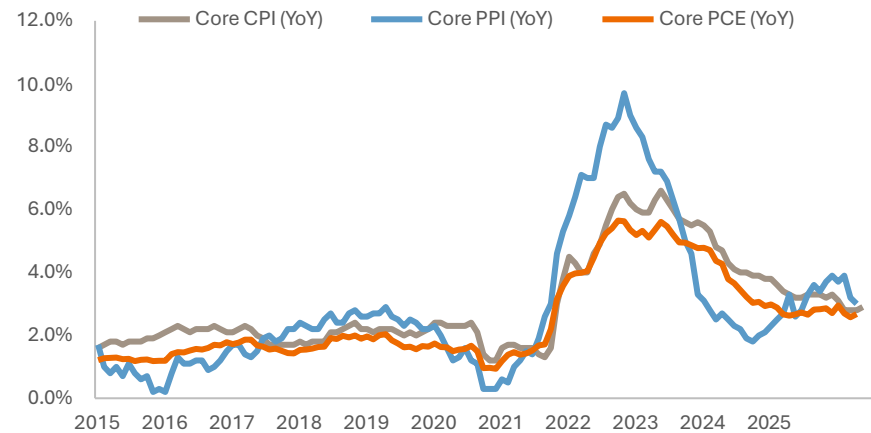
**Yield Curve Implication:** This reflects a view of economic resilience or persistent inflation, potentially supporting a return to a positively sloped yield curve—departing from the inversion seen since mid-2022.

# Short Term Interest Rates | Federal Open Market Committee (FOMC)

- Policy Hold:** In June, the FOMC held rates steady at 4.25%–4.50% for the fourth straight meeting.
- Dot Plot Shift:** Projections still show two cuts in 2025, but now only one cut is expected in 2026. Median inflation (core PCE) for 2025 rose to 3.1%.
- Hawkish Tone:** Chair Powell highlighted labor market strength and potential inflation from tariffs, signaling elevated uncertainty and a cautious stance.
- Skewed Risks:** More members (7 vs. 4 in March) now forecast no cuts in 2025. If tariff-driven inflation materializes, the Fed may remain on hold longer.

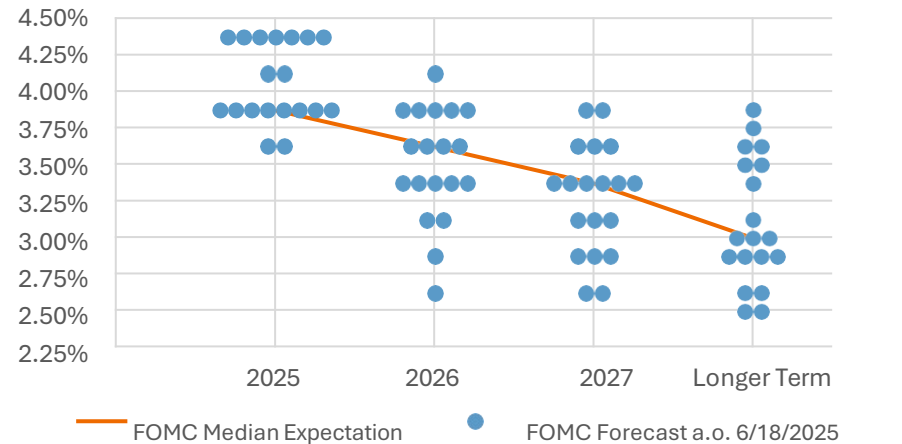
**Inflation expectation:** Shifted higher since “Liberation Day,” with economists projecting Core PCE to hit 3.2% by the end of the year. While the market is sure that inflation will continue to step up, it is unknown how long these effects will last for.

Prices Slowly Reflected Tariff Pass-Throughs



Fed Funds Upper Bound	2Q'25a	3Q'25f	4Q'25f	1Q'26f	2Q'26f	3Q'26f	4Q'26f	1Q'27f	2Q'27f	3Q'27f	4Q'27f
AUB Forecast	4.50	4.50	4.25	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Bloomberg Median Forecast	4.50	4.25	4.00	3.75	3.50	3.50	3.50	3.25	3.25	3.25	3.25

Fed Dot Plot: June 2025

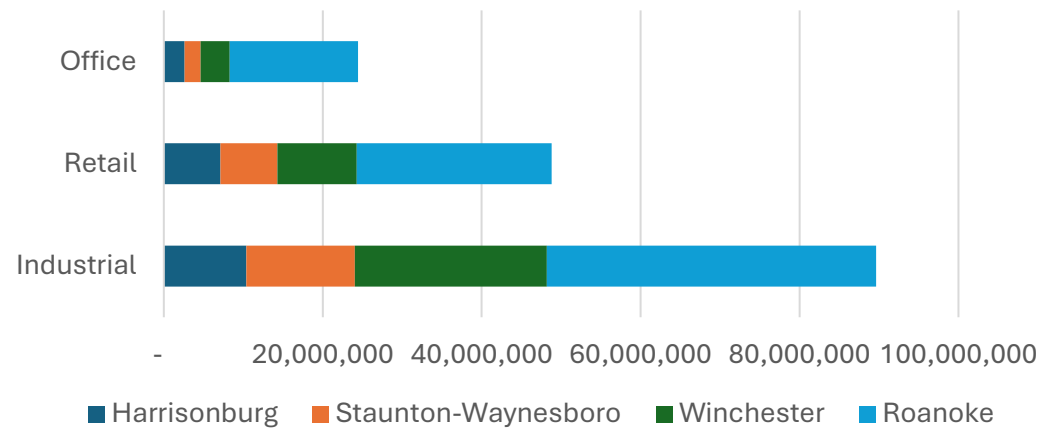


Short-Term Growth Outlook Revised Down

Median Projections for Fiscal Year:				
	2025	2026	2027	Long Run
Change in Real GDP	1.40%	1.60%	1.80%	1.80%
March Projection	1.70%	1.80%	1.80%	1.80%
Unemployment Rate	4.50%	4.50%	4.40%	4.20%
March Projection	4.40%	4.30%	4.30%	4.20%
Core PCE Inflation	3.10%	2.40%	2.10%	
March Projection	2.80%	2.20%	2.00%	
Fed Funds Target Rate	3.90%	3.60%	3.40%	3.00%
March Projection	3.90%	3.40%	3.10%	3.00%

# The Shenandoah Valley in Numbers: A Regional Snapshot

Total Inventory SF by Region & Product Type

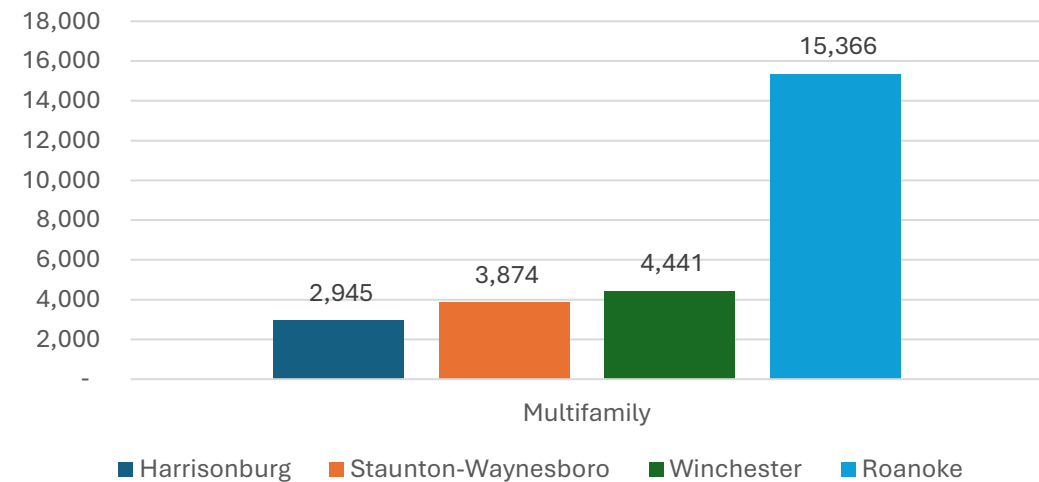


**Multifamily:** Rents range from \$1,226 (Roanoke) to \$1,544 (Harrisonburg), with all markets below state/national averages but experiencing robust rent growth.

**Retail & Industrial:** Retail rents range from \$14.78–\$16.16/SF, while industrial rents are even more affordable (\$6.58–\$9.45/SF), reflecting more compact and cost-effective space relative to state and national markets.

**Office:** Local markets offer smaller-scale office inventory with lower asking rents (\$17.30–\$22.61/SF) than the Virginia (\$28.77) and U.S. (\$35.97) averages, contributing to lower vacancy levels.

Multifamily Inventory Units in the Shenandoah Valley



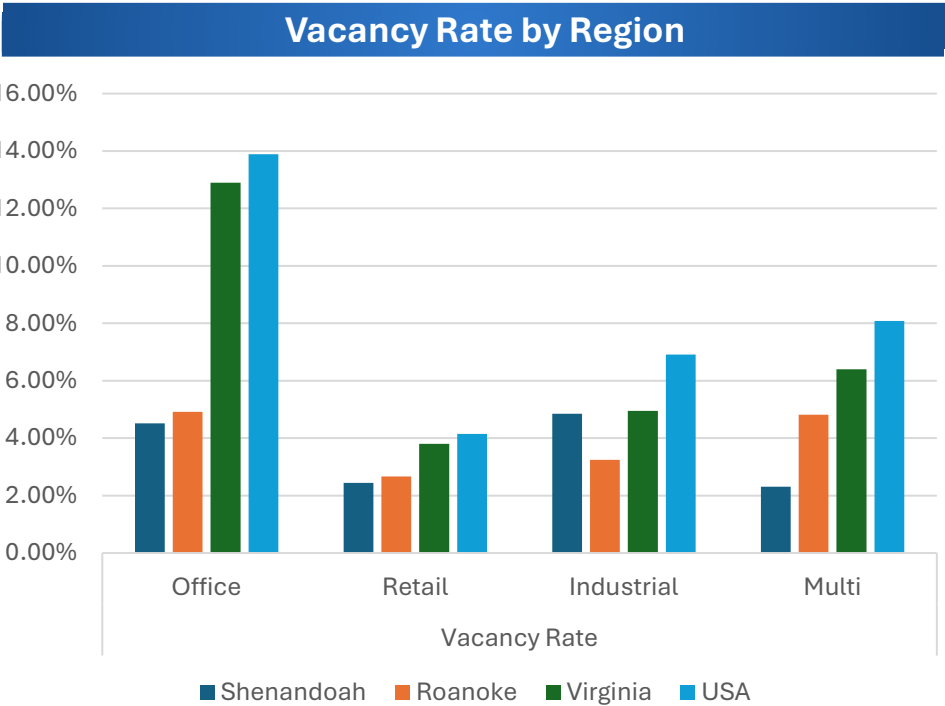
% of Inventory Under Construction

	Industrial	Retail	Office	Multifamily
Harrisonburg	0.4%	1.1%	0.0%	29.4%
Staunton-Waynesboro	2.6%	0.9%	0.0%	0.0%
Winchester	0.0%	0.3%	0.0%	4.3%
Roanoke	0.0%	0.0%	0.0%	3.4%
Virginia	3.3%	0.3%	0.4%	3.1%
USA	1.5%	0.4%	0.7%	3.2%

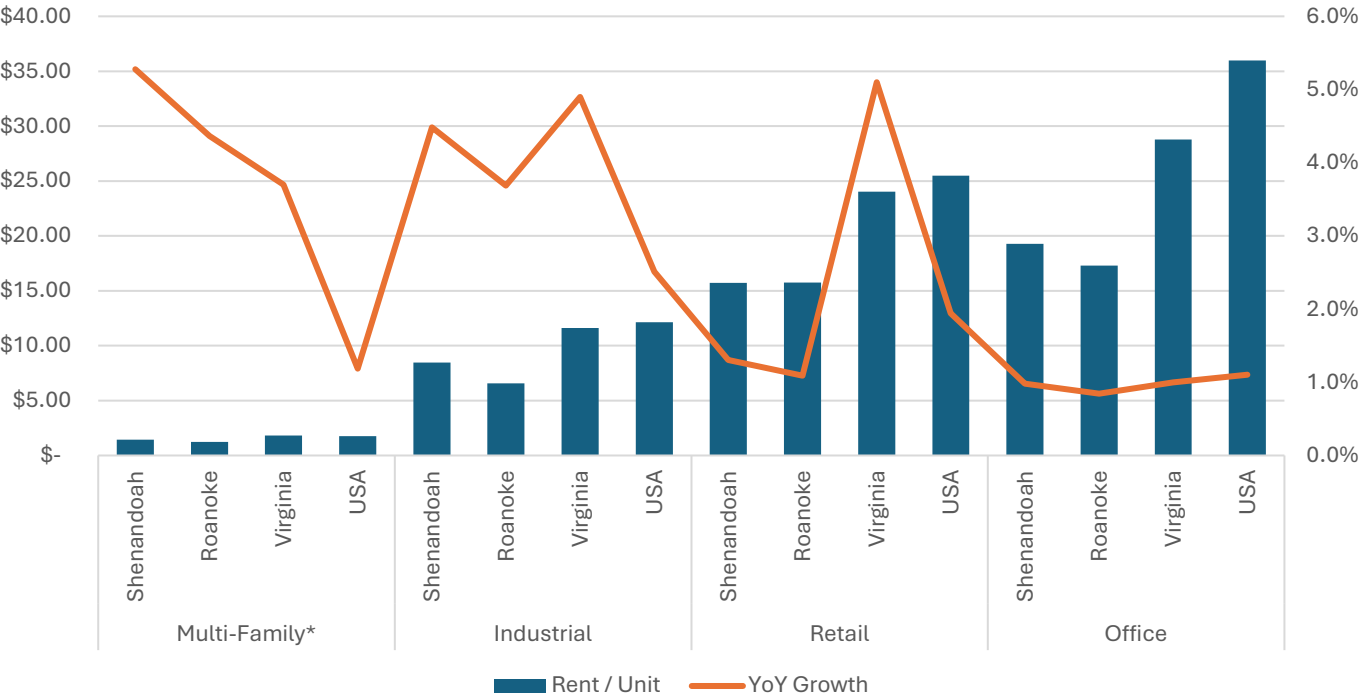
# The Shenandoah Valley in Numbers: A Regional Snapshot

**Rent Levels:** Multifamily market rents remain below statewide and national norms, reinforcing the area’s appeal to price-sensitive renters.

**Rent Growth:** Year-over-year rent growth outpaces state and national benchmarks, with Staunton-Waynesboro (7.4%) and Hagerstown (4.9%) leading the region.



Market Rent Per Unit & YoY Growth by Region and Product Type



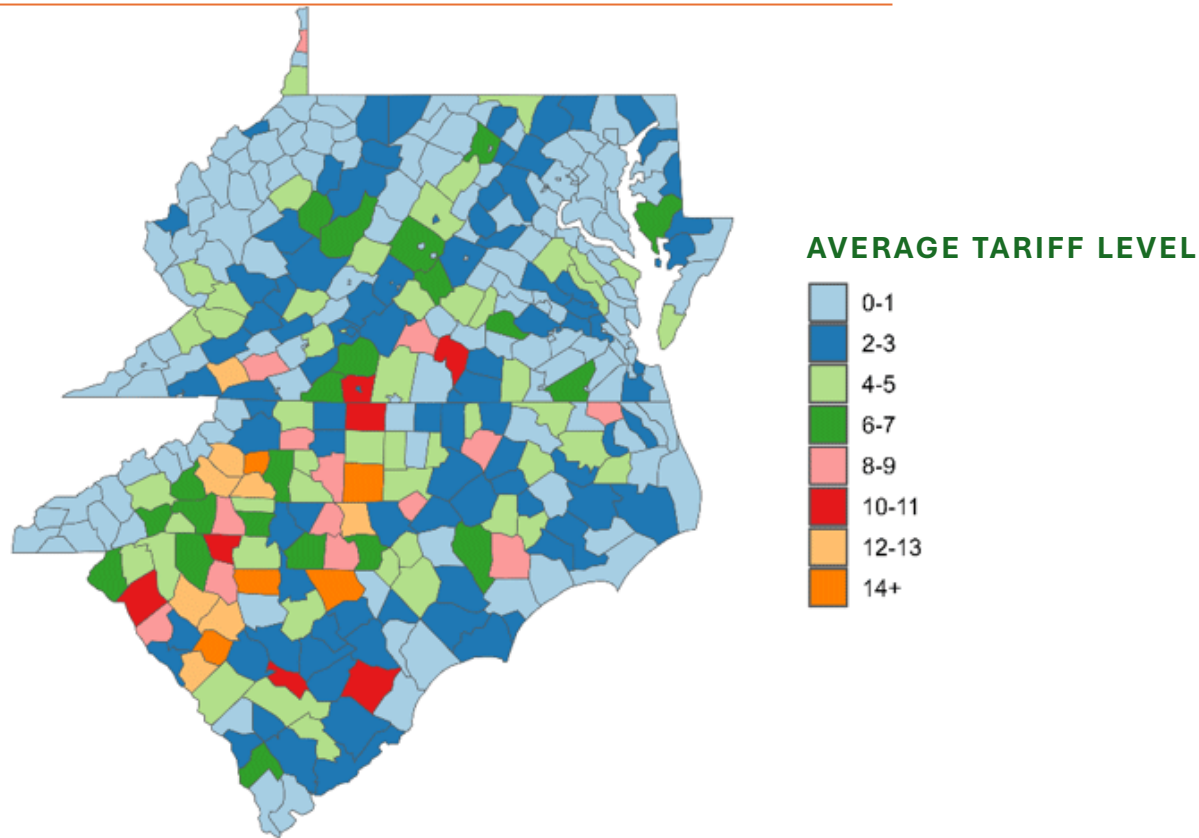
**Multifamily Tightness:** All five local markets report lower multifamily vacancy rates than state/national averages—Harrisonburg (1.9%) and Staunton-Waynesboro (1.7%) are especially tight.

**Office, Retail & Industrial Strength:** Across asset classes, local markets generally show lower vacancies than Virginia and national benchmarks, suggesting stronger relative demand and limited new supply.

# FEDERAL RESERVE BANK OF RICHMOND TARIFF ANALYSIS OF 5<sup>th</sup> DISTRICT

FIGURE 4C: AVERAGE EFFECTIVE TARIFF RATE BY COUNTY

SCENARIO 2, FIFTH FEDERAL RESERVE DISTRICT



• Sources: Census Bureau International Trade Data and authors' calculations.

- As of April 9, tariffs are not expected to have a disproportionate impact on AUB's markets.
- Industries directly impacted by higher tariffs include: textile manufacturing, furniture production, fabricated metals, wood products, miscellaneous manufacturing and agricultural support activities.
  - AUB has limited exposure to these industries and markets
- [https://www.richmondfed.org/publications/research/economic\\_brief/2025/](https://www.richmondfed.org/publications/research/economic_brief/2025/)

# Cyber Security – One major client concern

## **Invasion of the Inbox:** Email Takeovers & Business Email Compromise (BEC)

- Fraudsters gain access to legitimate email accounts, often mimicking employees or vendors to redirect payments or harvest sensitive information.
- Businesses should verify payment instructions by phone and adopt multi-factor authentication to reduce risk.



## **The Text Trap:** Smishing & Impersonation Scams

- Scammers are sending texts that appear to come from trusted sources, to trick recipients into clicking malicious links or sharing credentials.
- Businesses and consumers must be reminded to scrutinize unexpected texts and never click unknown links.



## **Stolen in Transit:** Mail Theft & Check Fraud

- Fraudsters intercept physical mail, including checks and account documents, often targeting business PO boxes and postal drop sites.
- Encourage clients to adopt secure mailing practices and consider moving toward electronic payment options when possible.





# Artificial Intelligence (AI) is gaining traction quickly

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## Advice from our experts

Select Business or “Enterprise Ready” AI Solutions

- Business-focused AI services often differ significantly from personal-use counterparts
- Enterprise solutions generally include enhanced security features

Always verify how data is managed by your AI provider

- Assess if your information remains private or may be used for model training.....

## Yes, Here’s more advice

- Take your time – implement AI incrementally
- Establish clear objectives
- Exercise caution when sharing sensitive information with AI platforms
- Initially, restrict AI access to essential personnel only
- Review AI-generated outputs prior to deployment, as system errors are possible

# Atlantic Union Bank: Enabling Growth In The Valley

## Capabilities



### Commercial Lending

- Flexible financing solutions to support business growth, real estate investment, equipment purchases, and working capital needs



### Treasury Management

- High-tech tools to manage cash flow, optimize liquidity, and streamline payments and collections



### SBA Lending

- Top producer of SBA 7(a) loans for lenders headquartered in Virginia (2024)
- Active SBA 504 lender supporting long-term real estate and equipment financing

## Other Areas of Focus

- Asset-based Lending
- Capital Markets – FX, Rates, Loan Syndications
- Government Contracting/Leasing
- Real Estate & Construction
- Not for Profit, HOA & Property Management
- Equipment Financing
- Medical, Vet and Dental

### Atlantic Union Bank Contacts:

- **Greg Godsey** Phone: (540) 820-1940
- [Greg.Godsey@AtlanticUnionBank.com](mailto:Greg.Godsey@AtlanticUnionBank.com)

- **Scott Arthur** Phone: (540) 533-9838
- [Scott.Arthur@AtlanticUnionBank.com](mailto:Scott.Arthur@AtlanticUnionBank.com)

