

UNION BANKSHARES INC

Form DEFA14A

April 10, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

Union Bankshares, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

APRIL 10, 2017

AT OR FOR THE YEARS
ENDED DECEMBER 31

		2016	2015	2014	2013
		(Dollars in thousands, except per share data)			
	Balance Sheet Data				
We are pleased to invite you to our 126th Annual meeting to be held at 116 Vermont Route 15 West, Morrisville Vermont in the Charlmont Restaurant meeting room on May 17, 2017 at 3:00pm. We hope you will join us for the meeting as well as a reception immediately following. We always enjoy meeting with our long time shareholders as well as meeting newer ones.	throughout 2017. Hopefully “The Fed” is acting timely to prevent high inflation without damping an economy still in recovery mode. Our balance sheet position is “asset sensitive” meaning it is structured to do well in a rising rate environment. Although, much is being said about rolling back regulations on financial firms, we do not hold much hope that this will	\$691,381	\$628,879	\$624,063	\$585,443
	Total assets				
	Investment securities	66,555	59,327	52,964	45,492
	Loans and loans held for sale	541,093	506,141	490,721	464,953
	Allowance for loan losses	(5,247)	(5,201)	(4,694)	(4,647)
	Deposits	597,660	560,408	552,064	518,354
	Borrowed funds	31,595	9,564	15,118	13,216
	Stockholders' equity ¹	56,279	53,568	51,434	49,820
Included with this “year in review” are the Proxy for the annual meeting as well as our Annual Report on Form 10-K for the year ended 2016. The Proxy and 10-K provide detailed financial information about your Company. For those so inclined we direct your attention to the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of the 10-K. Though pretty dense, this section really outlines our financial story and provides context to the absolute numbers we present.	of compliance for your Company. Despite this, we view compliance with regulations as a core competency and will respond to regulatory changes as efficiently as possible.				
	Income Statement Data				
	Total interest and dividend income	\$26,836	\$25,144	\$24,852	\$24,481
	Total interest expense	(2,061)	(2,025)	(2,155)	(2,459)
	Net interest and dividend income	24,775	23,119	22,697	22,022
	Provision for loan losses	(150)	(550)	(345)	(305)
	Noninterest income	10,140	9,792	8,909	8,509
	Noninterest expenses	(24,221)	(22,304)	(21,594)	(21,229)
	Income before provision for income taxes	10,544	10,057	9,667	8,997
	Provision for income taxes	(2,033)	(2,179)	(1,973)	(1,862)
	Net income	\$8,511	\$7,878	\$7,694	\$7,135
For those who may not dig deeply into our 10-K, allow us to provide a summary of our 2016 financial results:	2016 was the 125th anniversary of our founding. We held a community celebration at Oxbow Park in Morrisville on July 17th . We brought Rick and the Ramblers to the park with their brand of Western Swing, as well as excellent rock band The Eames Brothers to entertain the crowd. Local vendors provided food and refreshments, face painting, balloon art and all sorts of games for entertaining young and old. We had a great turnout from				
• Net income for 2016 was \$8.5 million, or \$1.91 per share, an 8% improvement over 2015.					

- Net interest income increased \$1.7 million, or 7.2% to \$24.8 million.
- Return on average common equity of 15.25%.
- Return on average assets of 1.30%.
- Book value per common share increased 4.9% to \$12.61 as of December 31, 2016.
- Total shareholders' equity increased 5.1% to \$56.3 million compared to December 31, 2015.
- The loan servicing portfolio increased \$29.6 million to \$452.0 million.
- Net loan charge-offs were \$104 thousand, or 0.02% of average loans, for the year ended December 31, 2016.
- Nonperforming loans were 0.81% of total loans.

Overall, the directors and management are pleased with our 2016 financial performance. Our challenge is to continue these positive trends over the next year.

It appears that the Federal Reserve is committed to finally tightening monetary policy and has increased the Federal Funds rate in December and March, with more increases to come

employee volunteers and community members. All told, it was a fitting way to celebrate our founding. We would like to remind you of two shareholder services you may want to take advantage of. The first is our relatively new Dividend Reinvestment Program. With this program you may elect to have some or all of your dividends reinvested to buy additional shares of Union Bankshares, Inc. You may also elect to buy additional shares through this program, avoiding brokerage fees. Also, you have the option of setting up a direct deposit of your dividend, avoiding having to wait for a check to arrive in the mail. Please contact Kristy Adam-Alfieri at 802-888-0982 or KAdamsAlfieri@unionbankvt.com if you would like additional information regarding these services, including a prospectus describing our Dividend Reinvestment Program.

Sincerely,

Kenneth D. Gibbons
Chairman
David S. Silverman
President
&
CEO

Per Common Share Data					
Net income ²	\$1.91	\$1.77	\$1.73	\$1.60	
Cash dividends paid	1.11	1.08	1.04	1.01	
Book value ¹	12.61	12.02	11.54	11.17	
Weighted average number of shares outstanding	4,459,001	4,458,037	4,458,393	4,457,261	

Number of shares outstanding					
shares	4,462,135	4,457,177	4,458,430	4,458,359	

¹Stockholders' equity includes unrealized gains or losses, net of applicable income taxes, on investment securities classified as "available-for-sale" and includes the unfunded liability for pension benefits, net of taxes for the defined benefit pension plan.

²Computed using the weighted average number of shares outstanding for the period.

Market for Union Bankshares Common Stock

On March 7, 2017, there were 4,462,019 shares of common stock outstanding held by 539 stockholders of record. The number of stockholders does not reflect the number of beneficial owners, including persons or entities who may hold the stock in nominee or "street name." Union Bankshares'

common stock is listed on the NASDAQ Global Market trading under the symbol UNB. For shareholder assistance please contact Kristy Adams Alfieri at 802.888.0982 or our Transfer Agent, Broadridge Corporate Issuer Solutions, Inc., at 866.321.8022.

Stock Performance Graph

The following graph illustrates the annual percentage change in the cumulative total shareholder return of the Company's common stock for the period of December 31, 2011 through December 31, 2016. For purposes of comparison, the graph illustrates comparable shareholder returns of

the SNL Bank \$500M-\$1B Index and the NASDAQ Composite Index. The graph assumes a \$100 investment on December 31, 2011 in each case and measures the amount by which the market value, assuming reinvestment of dividends, has changed during the five year period ended December 31, 2016.

UNION BANKSHARES COMMON STOCK

2016			2015		
HIGH	LOW	DIVIDENDS	HIGH	LOW	DIVIDENDS
First Quarter					
\$29.10	\$27.06	\$0.27	\$26.68	\$23.75	\$0.27
Second Quarter					
\$37.18	\$28.26	\$0.28	\$28.06	\$25.16	\$0.27
Third Quarter					

TOTAL RETURN PERFORMANCE

\$36.92	\$33.69	\$0.28	\$27.07	\$25.50	\$0.27
Fourth Quarter			Fourth Quarter		
\$48.80	\$32.75	\$0.28	\$28.05	\$26.06	\$0.27

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<p>125th Anniversary 1891-2016</p> <p>2016 marked a major milestone for Union Bank:</p> <p>our 125th anniversary. Much has changed since July 27, 1891—when Union Savings Bank and Trust Company opened for business with \$50 thousand in capital, one branch, and a few employees. For instance, the bank now has over \$56 million in capital, 17 branch locations, 3 loan production offices and 200 employees. Still, at its core, the business of community banking remains the same: keeping deposits safe, giving customers convenient financial choices and making loans to help people in our local communities buy homes, grow businesses and create jobs.</p> <p>Stay Local. Go Far.</p> <p>In celebration of our anniversary and to highlight our Stay Local. Go Far. branding message Union Bank</p>	<p>and municipal deposit originations and outstanding asset quality, the Commercial Lending Team continued to help drive the Bank’s financial results. With good asset quality, and strong capital and liquidity, we look forward to continuing to meet the needs of our customers and communities that we serve.</p> <p>Mortgage Lending</p> <p>2016 was another outstanding year for mortgage loan originations. In fact we had record performance in the ongoing revenue earned from servicing mortgage loans and in the volume of construction and mortgage loans originated. Repeat</p>	<p>DIRECTORS</p> <p>Kenneth D. Gibbons - Chairman</p> <p>Neil J. Van Dyke - Vice Chairman</p> <p>Steven J. Bourgeois</p> <p>Dawn D. Bugbee</p> <p>John M. Goodrich</p> <p>Timothy W. Sargent</p> <p>David S. Silverman</p> <p>John H. Steel</p> <p>Schuyler W. Sweet</p> <p>OFFICERS</p> <p>Kenneth D. Gibbons - Chairman</p> <p>David S. Silverman - President & CEO</p> <p>Karyn J. Hale - Chief Financial Officer</p> <p>John H. Steel - Secretary</p> <p>Kristy Adams Alfieri - Assistant Secretary</p> <p>Jeffrey G. Coslett - Vice President</p>	<p>OFFICERS</p> <p>Kristy Adams Alfieri - Administrative Officer</p> <p>Diana M. Ashley - Assistant Vice President</p> <p>Stacey M. Belanger - Asset Management Officer</p> <p>Rhonda L. Bennett - Vice President</p> <p>Karen L. Blanchard Smith - Assistant Vice President</p> <p>Sherrie A. Bull - Vice President</p> <p>Karen R. Carlson - Vice President</p> <p>Stacey L.B. Chase - Assistant Vice President</p> <p>Barbara J. Churchill - Assistant Vice President</p> <p>Everett C. Comstock - Collections Officer</p> <p>Jeffrey G. Coslett - Senior Vice President</p> <p>Michael C. Curtis - Vice President</p> <p>Jennifer M. Degree - Assistant Vice President</p> <p>Ronald C. Dion - Assistant Vice President</p> <p>Jessica M. Eastman - Vice President</p> <p>Charles W. Goldstein - Assistant Vice President</p> <p>Don D. Goodhue - Vice President</p> <p>Jonathan J. Gould - Senior Vice President</p> <p>Melissa A. Greene - Vice President</p> <p>Paul E. Grogan - Facilities Officer</p> <p>Karyn J. Hale - Senior Vice President & CFO</p>
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conducted a contest to customers,
 pit our Customer Care client referrals,
 Team against the Call strong
 Centers of other relationships
 banks. with builders

On location in our communities, we
 selected pairs of random people and
 asked one to call Union Bank and the
 other to call another local bank. Neither
 our staff nor the staff of the other bank
 knew that this was happening. With an
 average answering time of eight seconds,
 our Customer Care Team won each
 competition and reinforced the reality
 that in an era of impersonal mega-
 banks, Union Bank offers a more
 effective and less frustrating way to
 meet your banking needs. You can see
 the results for yourself on our
 YouTube Channel. Stay Local Go Far.

relationships with builders and realtors,
 attractive products and outstanding
 customer service helped drive this
 successful performance. The positive
 impact that Union Bank has
 made in the lives of first time home
 buyers has been consistently
 recognized by the US Department of
 Agriculture as its Rural Development
 (RD) Home Loan Lender of the Year for
 Vermont. In addition, Union Bank is
 consistently one of the top Vermont
 Housing Finance Agency (VHFA)
 mortgage originators.

DIRECTORS

Kenneth D. Gibbons - Chairman

Randy L. Hannett - Information
 Technology Officer
 Claire A. Hinds - Vice President
 Robert D. Hofmann - Senior Vice
 President
 Patricia N. Hogan - Senior Vice
 President
 Lura L. Jacques - Vice President

Deposit Accounts
 Union Bank offers a range of
 deposit options to serve our

Neil J. Van Dyke - Vice Chairman
 Steven J. Bourgeois
 Dawn D. Bugbee
 John M. Goodrich
 Nancy C. Putnam
 Timothy W. Sargent

Lynne P. Jewett - Vice President
 Therese H. Johansson - Vice President
 Stephen H. Kendall - Senior Vice
 President
 Susan F. Lassiter - Vice President
 Edward L. Levite - Senior Loan
 Originator
 Carrie R. Locklin - Vice President

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Commercial and Municipal Services	biggest and smallest customers. In collaboration with other banks, we enable businesses, municipalities, non-profits and individuals to conveniently access multi-million-dollar FDIC insurance coverage for CD's and Money Market Sweep accounts. Our school-based Save for Success Program helps student depositors develop sound financial habits at a young age. For those customers who bring larger deposit balances to the bank, we offer Advantage Banking. This package of services rewards and help retain these important depositors who contribute substantially to our ability to fund our extensive community lending activities.	David S. Silverman	Adam A. Lory - Assistant Vice President
		John H. Steel	John L. Malm - Vice President
		Schuyler W. Sweet	Grace E. Maniatty - Assistant Vice President
			Debra J. Marcoux - Loan Servicing Officer
		REGIONAL ADVISORY BOARD MEMBERS	Jessica L. Miller - Loan Servicing Officer
			Melynda J. Miller - Mortgage Loan Officer
		Michael R. Barrett - St. Johnsbury	Shane D. Mispel - Assistant Vice President
		Karel S. Bourassa - Northern New Hampshire	Samantha A. Norrie - Assistant Vice President
		Steven J. Bourgeois - St. Albans	Tina L. Norton - Assistant Vice President
		Stanley T. Fillion - Northern New Hampshire	Bradley S. Prior - Assistant Vice President
	Rosemary H. Gingue - St. Johnsbury	Craig S. Provost - Vice President	
	John M. Goodrich - St. Johnsbury	Timothy M. Ross - Vice President	
	Richard L. Isabelle - St. Johnsbury	Christine A. Sheley - Regional Vice President	
	Christopher M. Knapp - Northern New Hampshire	David S. Silverman - President & CEO	
	Coleen K. Kohaut - St. Albans	Abbie L. Small - Assistant Vice President	
	Justin P. Lavelly - St. Johnsbury	Judy R. Smith - Vice President	
	Daniel J. Luneau - St. Albans	Curtis C. Swan - Vice President	

For more
information,
please contact
our Customer
Care Team at
1.800.753.4343.

Mary K. Parent - St. Johnsbury

Samuel H. Ruggiano - St. Albans

David S. Silverman - All

Schuyler W. Sweet - Northern New
Hampshire

Carrie W. Tallman - Retail Loan
Processing Supervisor

Linda M. Watson - Retail Credit
Administrative Officer

Melyssa S. Whitcomb - Assistant Vice
President

Suzanne M. Whitney - Marketing
Officer

Lorraine MG Willett - Vice President

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VERMONT

Barre	Loan Center	
	14 North Main Street	802.476.0062
Danville	421 Route 2 East	802-684-2211
Fairfax	Jct. Routes 104 & 128	802-849-2600
Hardwick	103 VT Route 15 West	802-472-8100
Jeffersonville	5062 VT Route15	802-644-6600
Johnson	198 Lower Main Street	802-635-6600
Lyndonville	183 Depot Street	802-626-3100
Newport	Loan Center	
	325 East Main Street	802-334-0750
Morrisville	20 Lower Main Street	802-888-6600
	65 Northgate Plaza	802-888-6860
St. Albans	15 Mapleville Depot	802-524-9000
St. Johnsbury	364 Railroad Street	802-748-3131
	325 Portland Street	802-748-3121
S. Burlington	Loan Center	
	30 Kimball Avenue	802-865-1000
Stowe	47 Park Street	802-253-6600

NEW HAMPSHIRE

Groveton	3 State Street	603-636-1611
Lincoln	135 Main Street	603-745-4000
Littleton	263 Dells Road	603-444-7136
	76 Main Street	603-444-5321
N. Woodstock	155 Main Street	603-745-2488

UBLOCAL.com
1-800-753-4343 (toll free)