

UNION BANKSHARES INC

Form DEFA14A

April 09, 2018

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 9, 2018

AT OR FOR THE YEARS
ENDED DECEMBER 31

		2017	2016	2015	2014	
		(Dollars in thousands, except per share data)				
Balance Sheet Data						
<p>We are pleased to invite you to our 127th Annual meeting to be held at 116 Vermont Route 15 West, Morrisville Vermont in the Charlmont Restaurant meeting room on May 16, 2018 at 3:00pm. We hope you will join us for the meeting as well as a reception immediately following. We always enjoy visiting with our long time shareholders as well as meeting newer ones. 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 2017. 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. Highlights of the year ended December 31, 2017 compared to year ended December 31, 2016 include:</p> <ul style="list-style-type: none"> • Net income before taxes increased \$943 thousand, or 8.5%, to \$12.1 million. • Net interest income increased \$2.0 million, or 8.0% to \$26.8 million. 	<ul style="list-style-type: none"> • Net loan charge-offs were \$39 thousand for the year ended December 31, 2017. • Nonperforming loans were 0.28% of total loans. <p>Overall, the directors and management are pleased with our 2017 financial performance. We hope our shareholders are as well. We are working on several projects in 2018 that are intended to help your company continue to grow in a profitable manner, and to enhance our customer's experience accessing our services. An exciting example of this is our transition to a new digital and mobile banking platform. On March 13, 2018 we converted from our existing digital/mobile product to a new platform with many more features and functions, as well as better ease of use. As with any major conversion, there has been a significant amount of work on planning and preparing for this conversion. Our staff have been at it for over six months and have done a terrific job getting us to this point. Hopefully by the time you read this the conversion will be completed and most of the kinks worked out of the</p>	Total assets	\$745,831	\$691,381	\$628,879	\$624,063
	Investment securities	66,439	66,555	59,327	52,964	
	Loans and held for sale Allowance	594,562	541,093	506,141	490,721	
	for loan losses	(5,408)	(5,247)	(5,201)	(4,694)	
	Deposits	647,574	597,660	560,408	552,064	
	Borrowed funds	31,581	31,595	9,564	15,118	
	Stockholders' equity ¹	58,661	56,279	53,568	51,434	
	Income Statement Data					
	Total interest and dividend income	\$29,017	\$26,836	\$25,144	\$24,852	
	Total interest expense	(2,255)	(2,061)	(2,025)	(2,155)	
Net interest and dividend income	26,762	24,775	23,119	22,697		
Provision for loan losses	(200)	(150)	(550)	(345)		
Noninterest income	9,395	10,140	9,792	8,909		
Noninterest expenses	(23,905)	(23,656)	(21,820)	(20,794)		
Income before provision for income taxes	12,052	11,109	10,541	10,467		
Provision for income taxes	(3,603)	(2,598)	(2,663)	(2,773)		
Net income	\$8,449	\$8,511	\$7,878	\$7,694		

new product.

• Net income for 2017 was \$8.4 million, or \$1.89 per share, compared to Net Income for 2016 of \$8.5 million, or \$1.91 per share, a slight decrease. This slight decrease in net income was caused by an increase in Federal Income Taxes caused by the Tax Cuts and Jobs Act being signed into law on December 22, 2017.

• Return on average common equity of 14.53% and return on average assets of 1.21%.

• Book value per common share increased 4.4% to \$13.17 as of December 31, 2017.

• Total shareholders' equity increased 4.5% to \$58.8 million compared to December 31, 2016.

• Total Loans increased \$53.6 million, or 9.9% to \$595.4 million.

• Total Deposits increased \$49.9 million, or 8.4% to \$647.6 million.

We would like to remind you of two shareholder services you may want to take advantage of. The first is our 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. Second, 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 Adams Alfieri at 802.888.0982 or kadamsalfieri@unionbankvt.com if you would like additional information regarding these services.

		Per Common Share Data			
Net income ²	\$1.89	\$1.91	\$1.77	\$1.73	
Cash dividends paid	1.16	1.11	1.08	1.04	
Book value ¹	13.14	12.61	12.02	11.54	
Weighted average number of shares outstanding	4,462,192	4,459,001	4,458,037	4,458,393	
Number of shares outstanding	4,465,576	4,462,135	4,457,177	4,458,430	

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.

Kenneth D. Gibbons
Chairman

David S. Silverman
President & CEO

Market for Union Bankshares Common Stock

On March 12, 2018, there were 4,465,647 shares of common stock outstanding held by 527 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, 2012 through December 31, 2017. 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, 2012 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, 2017.

UNION BANKSHARES COMMON STOCK

2017			2016		
HIGH	LOW	DIVIDENDS	HIGH	LOW	DIVIDENDS
First Quarter					
\$45.55	\$40.25	\$0.29	\$29.10	\$27.06	\$0.27
Second Quarter					
\$48.70	\$39.75	\$0.29	\$37.18	\$28.26	\$0.28
Third Quarter					

TOTAL RETURN PERFORMANCE

\$49.95	\$41.00	\$0.29	\$36.92	\$33.69	\$0.28
Fourth Quarter			Fourth Quarter		
\$55.00	\$45.70	\$0.29	\$48.80	\$32.75	\$0.28

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New Digital Banking Service liquidity, we look forward to continuing to meet the needs of our customers and communities that we serve. Recently, Union Bank launched an exciting new online and mobile banking service to offer customers increased security, an enhanced interface and added functionality. In addition to traditional features such as viewing balances, transferring funds and depositing checks, customers can now:

- Pay others using our new Person-to-Person payments.
- Move money to or from accounts at other banks.
- Aggregate accounts to

DIRECTORS

Kenneth D. Gibbons - Chairman
 Neil J. Van Dyke - Vice Chairman
 Steven J. Bourgeois
 Dawn D. Bugbee
 John M. Goodrich
 Timothy W. Sargent
 David S. Silverman
 John H. Steel
 Schuyler W. Sweet

OFFICERS

Kenneth D. Gibbons - Chairman
 David S. Silverman - President & CEO
 Karyn J. Hale - Chief Financial Officer
 John H. Steel - Secretary
 Kristy Adams Alfieri - Assistant Secretary
 Jeffrey G. Coslett - Vice President

OFFICERS

Kristy Adams Alfieri - Administrative Officer
 Diana M. Ashley - Assistant Vice President
 Danika E. Barry - Credit Administrative Officer
 Stacey M. Belanger - Asset Management Officer
 Rhonda L. Bennett - Vice President
 Karen L. Blanchard Smith - Assistant Vice President
 Sherrie A. Bull - Vice President
 Karen R. Carlson - Vice President
 Stacey L.B. Chase - Vice President
 Barbara J. Churchill - Assistant Vice President
 Everett C. Comstock - Collections Officer
 Jeffrey G. Coslett - Senior Vice President
 Michael C. Curtis - Vice President
 Jennifer M. Degree - Assistant Vice President
 Ronald C. Dion - Vice President
 Jessica M. Eastman - Vice President
 Lisa R. Geraghty - Vice President
 Charles W. Goldstein - Assistant Vice President
 Don D. Goodhue - Vice President
 Jonathan J. Gould - Senior Vice President
 Melissa A. Greene - Vice President
 Paul E. Grogan - Facilities Officer
 Karyn J. Hale - Senior Vice President & CFO
 Randy L. Hannett - Information Technology Officer

view The positive
 balances and impact that
 transactions Union Bank
 for accounts has made in
 held at other the lives of
 financial first time
 institutions home buyers
 (e.g. credit has been
 cards, loans, regularly
 deposits and recognized by
 investments),the US

Department of

- Use our newAgriculture,
 Personal Rural
 Financial Development
 Management(RD). In
 tools. addition,

Union Bank is

- Move, consistently
 group and one of the top
 name Vermont
 accounts in Housing
 ways that Finance
 make sense Agency
 to them. (VHFA)
 mortgage

- Access a originators.
 full suite of
 bill pay
 options. Deposit
 Accounts

- Communicate
 with us via
 secure
 messages,
 which
 conveniently
 auto-fill key
 account or
 transaction
 information.

- Benefit
 from new
 advanced
 security
 features.

Commercial and Union Bank
 offers a range
 of deposit
 options to

DIRECTORS

Kenneth D. Gibbons - Chairman
 Neil J. Van Dyke - Vice Chairman

Steven J. Bourgeois
 Dawn D. Bugbee
 John M. Goodrich
 Nancy C. Putnam

Robert D. Hofmann - Senior Vice President
 Patricia N. Hogan - Senior Vice President
 Lura L. Jacques - Vice President
 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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Municipal Services	serve a wide variety of customers. In collaboration with other banks, we enable businesses, municipalities, non-profits and individuals to conveniently access multi-million-dollar FDIC insurance coverage for CDs, money market, and demand sweep accounts. Our school-based Save for Success Program helps student depositors develop sound financial habits at a young age. For those clients in the markets that we serve. This Team focuses on building long-term customer relationships to include deposits, loans, cash management and a variety of other services. The Commercial and	Timothy W. Sargent David S. Silverman John H. Steel Schuyler W. Sweet	John L. Malm - Vice President
2017 was another year for our Commercial and Municipal Services Department. Our commercial and municipal loan portfolio increased by \$38.4 million, or 11.9%, from 2016. We have an experienced Commercial Lending Team that actively seeks new commercial and municipal clients in the markets that we serve. This Team focuses on building long-term customer relationships to include deposits, loans, cash management and a variety of other services. The Commercial and	enable businesses, municipalities, non-profits and individuals to conveniently access multi-million-dollar FDIC insurance coverage for CDs, money market, and demand sweep accounts. Our school-based Save for Success Program helps student depositors develop sound financial habits at a young age. For those clients in the markets that we serve. This Team focuses on building long-term customer relationships to include deposits, loans, cash management and a variety of other services. The Commercial and	REGIONAL ADVISORY BOARD MEMBERS Michael R. Barrett - St. Johnsbury Joel S. Bourassa - Northern New Hampshire Steven J. Bourgeois - St. Albans Stanley T. Fillion - Northern New Hampshire Rosemary H. Gingue - St. Johnsbury John M. Goodrich - St. Johnsbury Richard L. Isabelle - St. Johnsbury Christopher M. Knapp - Northern New Hampshire Coleen K. Kohaut - St. Albans	Debra J. Marcoux - Loan Servicing Officer Robyn A. Masi - Vice President Jessica L. Miller - Assistant Vice President Melynda J. Miller - Assistant Vice President Shane D. Mispel - Assistant Vice President Samantha A. Norrie - Assistant Vice President Tina L. Norton - Assistant Vice President Lisa M. Patch - Commercial Loan Administrative Officer Chandra L. Pollard - Mortgage Loan Officer Bradley S. Prior - Assistant Vice President Craig S. Provost - Vice President Mira M. Rainville- Mortgage Underwriting Officer Timothy M. Ross - Vice President Christine A. Sheley - Regional Vice President David S. Silverman - President & CEO

Municipal community
Team lending
continues to activities. In
help drive 2017, our
the Bank's deposits grew
financial by
results. With approximately
good asset \$49.9 Million
quality, and or 8.4%, in
strong part due to our
capital and success
attracting,
expanding and
retaining
municipal
banking
relationships.
For more
information,
please contact
our Customer
Care Team at
1.800.753.4343.

Justin P. Lavelly - St. Johnsbury
Daniel J. Luneau - St. Albans
Mary K. Parent - St. Johnsbury
Samuel H. Ruggiano - St. Albans
David S. Silverman - All
Schuyler W. Sweet - Northern New
Hampshire

Abbie L. Small - Assistant Vice President
Judy R. Smith - Vice President
Carol V. Stone - Assistant Vice President
Curtis C. Swan - Vice President
Carrie W. Tallman - Assistant Vice President
Linda M. Watson - Retail Credit
Administrative Officer
Melyssa S. Whitcomb - Vice President
Suzanne M. Whitney - Marketing Officer

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VERMONT

Barre	Loan Center	
	14 North Main Street	802.476.0062
Danville	421 Route 2 East	802.684.2211
Fairfax	9 Ramsey Road	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)