

UNION BANKSHARES INC

Form DEFA14A

April 07, 2015

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:

VERMONT

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	44 Main Street	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)		

Y E A R I N R E V I E  
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APRIL 7, 2015

Market for Union Bankshares Common Stock

On March 2, 2015, there were 4,458,403 shares of common stock outstanding held by 575 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.

We are pleased to report the financial results for your company for the year ended December 31, 2014. Net income for the year ended December 31, 2014 was \$7.7 million, a 7.8% improvement over 2013 earnings. Total assets grew 6.6% to \$623.8 million as of December 31, 2014. Total loans increased 5.6% to \$491.1 million and total deposits increased 6.6% to \$552.1 million.

a service that was enabled on February 2, 2015. In addition, we strengthened our ATM network by decommissioning unprofitable locations while enhancing or replacing ATM units where these costs were justified. We continue to work on several additional technology based projects designed to either enhance our customer's experience or improve our already sound electronic security programs.

Management and the Board are pleased with our 2014 results. Our strategy to improve core operating income and control noninterest expense generated good improvement in 2014. In addition to meeting our financial objectives, we have embarked on several projects we expect will bear fruit in the future. In June we opened our newest branch in Lincoln, New Hampshire. We have high expectations for this location. In August we opened a Loan Production office in Newport, Vermont, an area that we believe will continue to grow at an above average rate. We also embarked on a major renovation of our Main Street, Littleton

In addition, we selected a new advertising agency which has been helpful in providing creative guidance to reach our goals of updating our outward image and communications with a more contemporary look and feel. Through this process, we are transitioning from old logo to new by changing our letterhead and business cards, and installing new signage at our banking locations. We are a few weeks away from introducing an entirely revamped website and advertising campaign using the new brand identity. We are very excited about this process.

UNION BANKSHARES  
COMMON STOCK

2014			2013		
HIGH	LOW	DIVIDENDS	HIGH	LOW	DIVIDENDS
First Quarter					
\$24.75	\$22.12	\$0.26	\$22.15	\$19.25	\$0.25
Second Quarter					
\$24.97	\$22.93	\$0.26	\$22.00	\$20.21	\$0.25
Third Quarter					

\$25.88	\$23.97	\$0.26	\$22.08	\$20.73	\$0.25
Fourth Quarter			Fourth Quarter		
\$24.77	\$23.00	\$0.26	\$23.00	\$21.03	\$0.26

offices, removing an escalator, installing an elevator, and entirely remodeling the bank branch and common areas of the building.

During 2014 we have been working on obtaining permits to build a new branch office to replace our aging Jeffersonville, Vermont facility. We hope to begin

construction in the early part of summer 2015. During 2014 we enhanced our mobile banking product by providing mobile remote deposit which allows users to deposit checks into their bank accounts using the camera on their smart phones. We also worked throughout 2014 to allow residential mortgage applications to be submitted to us using our website,

Overall, we are feeling positive about the future for your company and the improving economy. We will continue to strive to provide sound returns to our shareholders while continuing to be good corporate citizens and an employer of choice in our region.

Sincerely,

Kenneth D. Gibbons Chairman	David S. Silverman President & CEO
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## AT OR FOR THE YEARS ENDED DECEMBER 31

	2014	2013	2012	2011	
Balance Sheet Data		(Dollars in thousands, except per share data)			FINANCIAL HIGHLIGHTS
Total assets	\$624,063	\$585,443	\$577,256	\$552,751	
Investment securities	52,964	45,492	26,126	46,954	
Loans, net of unearned income	491,076	465,123	455,298	429,384	
Allowance for loan losses	(4,694)	(4,647)	(4,657)	(4,226)	)
Deposits	552,064	518,354	509,993	473,439	
Borrowed funds	15,118	13,216	15,747	29,015	
Stockholders' equity <sup>1</sup>	51,434	49,820	45,046	40,339	
Income Statement Data					
Total interest and dividend income	\$24,852	\$24,481	\$25,028	\$23,669	
Total interest expense	(2,155)	(2,459)	(3,351)	(3,908)	)
Net interest and dividend income	22,697	22,022	21,677	19,761	
Provision for loan losses	(345)	(305)	(660)	(775)	)
Noninterest income	8,909	8,509	10,525	7,125	
Noninterest expenses	(21,594)	(21,229)	(23,035)	(19,773)	)
Income before provision for income taxes	9,667	8,997	8,507	6,338	
Provision for income taxes	(1,973)	(1,862)	(1,663)	(1,119)	)
Net income	\$7,694	\$7,135	\$6,844	\$5,219	
Per Common Share Data					
Net income <sup>2</sup>	\$1.73	\$1.60	\$1.54	\$1.17	
Cash dividends paid	1.04	1.01	1.00	1.00	
Book value <sup>1</sup>	11.54	11.17	10.11	9.05	
Weighted average number of shares outstanding	4,458,393	4,457,261	4,457,029	4,456,842	

Number of shares  
outstanding 4,458,430 4,458,359 4,456,081 4,457,204

<sup>1</sup>Stockholders' equity reflects period-end adjustments, net of taxes, for the cumulative effect of changes in unrealized gains or losses on investment securities classified as "available-for-sale" and in the unfunded liability for pension benefits under the frozen defined benefit pension plan.

<sup>2</sup>Computed using the weighted average number of shares outstanding for the period.

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Commercial Services	<p>Repeat customers, client referrals, strong relationships with builders and realtors, attractive products and outstanding service characterize our residential lending business line.</p>	<p><b>DIRECTORS</b>                  Kenneth D. Gibbons - Chairman                  Cynthia D. Borck                  Steven J. Bourgeois                  John M. Goodrich                  Timothy W. Sargent                  David S. Silverman                  John H. Steel                  Schuyler W. Sweet                  Neil J. Van Dyke</p>	<p><b>OFFICERS</b>                  Kristy Adams Alfieri - Assistant Secretary                  Tracy Pierce Ash - Assistant Treasurer                  Diana M. Ashley - Assistant Treasurer                  Rhonda L. Bennett - Vice President                  Karen L. Blanchard Smith - Assistant Treasurer                  Sherrie A. Bull - Vice President                  Stacey L.B. Chase - Assistant Vice President                  Barbara J. Churchill - Assistant Treasurer                  Everett C. Comstock - Assistant Treasurer                  Jeffrey G. Coslett - Senior Vice President                  Michael C. Curtis - Vice President                  Jennifer M. Degree - Assistant Treasurer                  Ronald C. Dion - Assistant Treasurer                  Jessica Eastman - Assistant Vice President                  Kenneth D. Gibbons - Chairman                  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                  Randy L. Hannett - Assistant Treasurer</p>
<p>Over many decades, Union Bank has earned a reputation as a reliable, experienced and responsive commercial lender. With seasoned staff and in-market lending decisions, we are able to provide borrowers with a more rapid and personalized loan process than is customary from large banks.</p>	<p>Our lenders are knowledgeable and versatile enough to serve a range of customers from those needing customized jumbo mortgages or BUILD construction loans to those seeking to buy a first home with the assistance of an affordable housing program. The positive impact that Union Bank has made in the lives of such first time home buyers has been recognized by the FDIC with a rating of Outstanding for our Community Reinvestment activities. Additionally, in 2014 Union Bank was once again recognized by the US Department of Agriculture as its Rural Development (RD) Home Loan Lender of the Year for Vermont. Also, in 2014 Union Bank was recognized by the Vermont Housing Finance Agency (VHFA) as their highest volume lender.</p>	<p><b>OFFICERS</b>                  Kenneth D. Gibbons - Chairman                  David S. Silverman - President &amp; CEO                  Karyn J. Hale - Vice President/Treasurer/CFO                  John H. Steel - Secretary                  Kristy Adams Alfieri - Assistant Secretary                  Jeffrey G. Coslett - Vice President</p>	
<p>Union Bank provides prospective borrowers with an excellent blend of attractive services, knowledgeable lenders and lending capacity with a singular focus on serving clients in our local market areas. As a Preferred Lender with the US Small Business Administration, Union Bank offers a variety of loan options to prospective applicants.</p>			
<p>These positive attributes and referrals from existing commercial customers helped Union Bank achieve record levels in our commercial loan portfolio during 2014.</p>			
Municipal Services	<p>Union Bank is extremely proud of these distinctions and believes our varied business efforts have a direct benefit for our customers, our communities, our staff and</p>	<p><b>DIRECTORS</b></p>	

<p>our shareholders.</p> <p>Much the same can be said of our service to towns, villages, school districts and other municipal entities. Union Bank is extremely well positioned to serve local municipal and non-profit clients who value both the financial services which the bank offers and the readily-accessible personal service.</p>	<p>Consumer Deposit Accounts</p> <p>Our deposit gathering efforts directly fund our extensive community lending activities.</p>	<p>Kenneth D. Gibbons - Chairman</p> <p>Cynthia D. Borck</p> <p>Steven J. Bourgeois</p> <p>John M. Goodrich</p> <p>Timothy W. Sargent</p> <p>David S. Silverman</p>	<p>Claire A. Hindes - Vice President</p> <p>Robert D. Hofmann - Senior Vice President</p> <p>Patricia N. Hogan - Senior Vice President</p> <p>Joseph J. Ilacqua - Assistant Vice President</p> <p>Lura L. Jacques - Vice President</p> <p>Lynne P. Jewett - Vice President</p> <p>Stephen H. Kendall - Senior Vice President</p>
<p>Our staff regularly advises customers in determining the optimal deposit, lending and electronic banking products to meet their particular needs. For example, our newly-introduced remote check deposit service allows municipal, non-profit and commercial organizations the convenience of electronically transmitting check images for deposit.</p>	<p>In 2014 we took steps to increase the value of our banking services and to price those services accordingly. We expanded our mobile banking product to enable account holders to remotely deposit checks from a smart phone. We also reestablished moderate deposit balance requirements and set pricing that encourages customers to select electronic statements. Most recently, we have enhanced our arrangement with the Allpoint ATM network so that customers now have totally fee-free access to over 55,000 ATM's.</p>	<p>John H. Steel</p> <p>Schuyler W. Sweet</p> <p>Neil J. Van Dyke</p> <p>REGIONAL ADVISORY BOARD MEMBERS</p> <p>Michael R. Barrett - St. Johnsbury</p> <p>Joel S. Bourassa - Northern New Hampshire</p> <p>Steven J. Bourgeois - St. Albans</p> <p>Stanley T. Fillion - Northern New Hampshire</p>	<p>Susan F. Lassiter - Vice President</p> <p>Edward L. Levite - Senior Loan Originator</p> <p>Carrie R. Locklin - Vice President</p> <p>Bonnie J. Losty - Vice President</p> <p>Jessica L. Machia - Assistant Treasurer</p> <p>John L. Malm - Vice President</p> <p>Timothy P. Maney - Regional Vice President</p> <p>Grace E. Maniatty - Assistant Treasurer</p> <p>Jason McArthur - Assistant Treasurer</p>
<p>The Bank is proud to serve the towns, school districts, hospitals, nursing homes, medical practices, social service agencies and other non-profits that are such an important part of the fabric of our communities.</p>	<p>For those customers who bring larger deposit balances to the Bank, we offer Advantage Banking, a package of services which reward and retain these important depositors who contribute substantially to our overall success.</p>	<p>Rosemary H. Gingue - St. Johnsbury</p> <p>John M. Goodrich - St. Johnsbury</p> <p>Christopher M. Knapp - Northern New Hampshire</p> <p>Coleen K. Kohaut - St. Albans</p> <p>Justin P. Lavaley - St. Johnsbury</p>	<p>Samantha A. Norrie - Assistant Treasurer</p> <p>Tina L. Norton - Assistant Vice President</p> <p>Karen Carlson Noyes - Vice President</p> <p>Bradley S. Prior - Assistant Vice President</p> <p>Craig S. Provost - Vice President</p>
<p>Mortgage Lending</p> <p>2014 marked another excellent year for Union Bank's vibrant residential lending business despite an industry-wide decline in refinance transactions.</p>	<p>Participating customers earn special popular banking services such as complementary checks, ATM surcharge refunds, and higher CD rates.</p>	<p>Daniel J. Luneau - St. Albans</p> <p>Mary K. Parent - St. Johnsbury</p>	<p>Robert J. Richardson - Vice President</p> <p>Christine A. Sheley - Regional Vice President</p> <p>David S. Silverman - President &amp; CEO</p>



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While we did see a decline in transactions, we had less than half the drop experienced by the industry nationwide due to our particularly strong performance originating loans for home purchases.

Samuel H. Ruggiano - St. Albans

David S. Silverman - All

Schuyler W. Sweet - Northern New Hampshire

Abbie L. Small - Assistant Treasurer

Judy R. Smith - Vice President

John H. Steel - Secretary

Curtis C. Swan - Vice President

Linda M. Watson - Assistant Treasurer

Melyssa S. Whitcomb - Assistant Treasurer

Lorraine G. Willett - Assistant Vice President

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