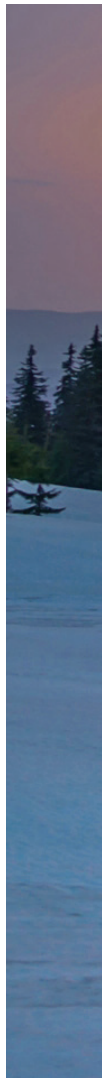


Shareholder Assistance  
and Investor Information

FOURTH QUARTER REPORT  
DECEMBER 2022



If you need assistance with a change in registration of certificates, combining your certificates into one, reporting lost certificates, non-receipt or loss of dividend checks, assistance regarding direct deposit of dividends, information about the Company, or to receive copies of financial reports, please contact Kristy Adams Alfieri, Assistant Secretary at 802.888.0982 or contact our Transfer Agent at the address and phone number listed below:

**TRANSFER AGENT:**  
Broadridge Corporate Issuer Solutions, Inc.  
P.O. Box 1342  
Brentwood, NY 11717  
866.321.8022 or  
720.378.5956  
Email: [shareholder@broadridge.com](mailto:shareholder@broadridge.com)

**NASDAQ STOCK MARKET**  
Ticker Symbol: UNB  
Corporate Name: Union Bankshares, Inc.  
Corporate Address:  
20 Lower Main Street  
P.O. Box 667  
Morrisville, VT 05661-0667  
Investor Relations: [UBLocal.com](mailto:UBLocal.com)



February 2, 2023

dear fellow SHAREHOLDER

We are pleased to report financial results for the three months and year ended December 31, 2022. Consolidated net income was \$12.6 million, or \$2.81 per share, compared to \$13.2 million, or \$2.94 per share, for the year ended December 31, 2022, and 2021, respectively. The decrease in earnings was due to a decrease of \$4.0 million in noninterest income, a \$309 thousand increase in noninterest expenses, partially offset by an increase in net interest income of \$3.7 million.

Total assets at year-end 2022 were \$1.3 billion compared to total assets at year-end 2021 of \$1.2 billion, a 10.9% increase year over year. Total loans outstanding as of December 31, 2022, were \$960.7 million compared to \$801.6 million as of December 31, 2021, an increase of \$159.1 million, or 19.8%. Loan growth in 2022 was due to retaining more residential loans on the balance sheet and increases in residential construction and commercial real estate loans. These increases were partially offset by a reduction of \$13.4 million of PPP loans forgiven during 2022.

Funding of asset growth continues to be primarily from customer deposits which increased to \$1.2 billion as of December 31, 2022, compared to \$1.1 billion as of December 31, 2021, an increase of \$106.8 million, or 9.8%. Brokered deposits of \$33.0 million were included in total deposits as of December 31, 2022, and none were outstanding as of December 31, 2021. Also, \$50.0 million of Federal Home Loan Bank advances were outstanding as of December 31, 2022, to bridge funding gaps.

Our net income results for 2022 were close to budgeted expectations for the year, however the economic environment changed compared to 2021. Inflation soared in late 2021, prompting the Federal Reserve to embark on a monetary tightening cycle beginning in early 2022 and continuing to this day. This caused interest rates to climb, dampening real estate markets and convincing many that a recession

is likely in 2023. The real estate market has cooled as loan rates have risen, reducing the purchasing power of consumers and businesses in our region. This has been a test of our long-term balance sheet strategy, staying asset sensitive throughout economic cycles, and counting on net interest income to increase in rising rate environments and allowing gains on real estate loans from our mortgage loan business line to bolster net income during declining rate cycles. This strategy has worked well for us over the past decade, despite the volatility during those years.

We believe we are going into 2023 on solid footing. Loan demand remains sound, and asset quality is showing no signs of deterioration. Funding asset growth will be both a challenge and an area of focus during 2023.

Travel and tourism remain strong despite the lack of snow. This speaks to the quality experience our tourism community offers, as well as the general strength of the traveling consumer. Primary economic challenges in our region include the lack of affordable workforce housing, high construction costs, and a dismal labor market. We are closely monitoring economic conditions and asset quality but are guardedly optimistic about 2023.

At our recent Board of Directors meeting, we decided to return to an in person Annual Meeting in 2023, which is scheduled for May 17th. In addition, the Board declared a cash dividend of \$0.36 per share for the quarter, an increase of 2.9% from the cash dividend of \$0.35 paid in recent prior quarters, payable February 2, 2023 to shareholders of record as of January 28, 2023.

*Neil J. Van Dyke*  
Neil J. Van Dyke  
Chair

*David S. Silverman*  
David S. Silverman  
President & Chief Executive Officer

About Union Bankshares

Union Bankshares, Inc. operates as the holding company for Union Bank, which provides commercial, retail and municipal banking services and asset management services throughout northern Vermont and New Hampshire. Union Bank was founded in 1891 in Morrisville, Vermont, where the Bank's and its holding company's headquarters are located. Union Bank operates 18 banking offices, three loan centers and several ATMs throughout its geographical footprint.

Union Bank has been helping people buy homes and local businesses create jobs in area communities since opening its doors over 130 years ago. Union Bank has earned an exceptional reputation for residential lending programs and has been recognized by the US Department of Agriculture, Rural Development for the positive impact made in the lives of first time home buyers. Union Bank is consistently one of the top Vermont Housing Finance Agency mortgage originators. Additionally, Union Bank has also been designated as an SBA Preferred lender for its participation in small business lending. Union Bank has received an "Outstanding" rating for its compliance with the Community Reinvestment Act (CRA). An institution in this group has an excellent record of helping to meet the credit needs of its assessment area, particularly in low-and moderate income neighborhoods, in a manner consistent with its resources and capabilities.



Consolidated **Balance Sheets**

(unaudited, in thousands)

ASSETS	DEC 31, 2022	DEC 31, 2021
Cash and Due from Banks	\$4,504	\$4,659
Federal Funds Sold & Overnight Deposits	33,381	61,263
Interest Bearing Deposits in Banks	16,428	13,196
Investment Securities	251,531	268,951
Loans Held for Sale	1,178	13,829
Loans, net	959,493	787,755
Reserve for Loan Losses	(8,339)	(8,336)
Premises and Equipment, net	20,479	21,615
Accrued Interest & other Assets	57,740	42,441
<b>Total Assets</b>	<b>\$1,336,395</b>	<b>\$1,205,373</b>

LIABILITIES & SHAREHOLDERS' EQUITY	DEC 31, 2022	DEC 31, 2021
Noninterest Bearing Deposits	\$286,145	\$264,888
Interest Bearing Deposits	762,722	723,479
Time Deposits	153,045	106,715
Borrowed Funds	50,000	—
Subordinated Notes	16,205	16,171
Accrued Interest & Other Liabilities	13,058	9,779
Common Stock	9,965	9,934
Additional Paid-in Capital	2,225	1,769
Retained Earnings	84,669	78,350
Accumulated Other Comprehensive (loss) Income	(37,419)	(1,552)
Treasury Stock at Cost	(4,220)	(4,160)
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$1,336,395</b>	<b>\$1,205,373</b>

Standby letters of credit were \$1,762,000 and \$2,158,000 at December 31, 2022 and 2021, respectively.

Consolidated **Statements of Income**

(unaudited, in thousands)

	DEC 31, 2022	DEC 31, 2021	DEC 31, 2022	DEC 31, 2021
	(3 months ended)		(12 months ended)	
Interest Income	\$12,355	\$10,023	\$43,948	\$39,273
Interest Expense	2,005	779	4,524	3,565
Net Interest Income	10,350	9,244	39,424	35,708
Credit for Loan Losses	—	(225)	—	—
Net Interest Income After Credit for Loan Losses	10,350	9,469	39,424	35,708
Trust Income	209	209	838	808
Noninterest Income	2,091	2,793	8,149	12,155
Noninterest Expenses:				
Salaries & Wages	3,578	3,894	14,083	14,448
Employee Benefits	1,269	1,029	5,023	4,593
Occupancy Expense, net	476	461	1,913	1,890
Equipment Expense	894	905	3,692	3,447
Other Expenses	2,172	2,176	8,453	8,477
Total	8,389	8,465	33,164	32,855
Income Before Taxes	4,261	4,006	15,247	15,816
Income Tax Expense	817	628	2,632	2,646
<b>Net income</b>	<b>\$3,444</b>	<b>\$3,378</b>	<b>\$12,615</b>	<b>\$13,170</b>

<b>Earnings Per Share</b>	<b>\$0.77</b>	<b>\$0.76</b>	<b>\$2.81</b>	<b>\$2.94</b>
<b>Book Value Per Share</b>			<b>\$12.25</b>	<b>\$18.77</b>

**UnionBankshares, Inc.**

**DIRECTORS**

Neil J. Van Dyke - *Chair*  
Timothy W. Sargent - *Vice Chair*  
Joel S. Bourassa  
Dawn D. Bugbee  
Nancy C. Putnam  
Gregory D. Sargent  
David S. Silverman  
Janet P. Spitler

**OFFICERS**

Neil J. Van Dyke - *Chair*  
David S. Silverman - *President & CEO*  
Karyn J. Hale - *Chief Financial Officer*  
Timothy W. Sargent - *Secretary*  
Kristy Adams Alfieri - *Assistant Secretary*

**UnionBank**

**DIRECTORS**

Neil J. Van Dyke - *Chair*  
Timothy W. Sargent - *Vice Chair*  
Joel S. Bourassa  
Dawn D. Bugbee  
Mary K. Parent  
Nancy C. Putnam  
Gregory D. Sargent  
David S. Silverman  
Janet P. Spitler

**REGIONAL  
ADVISORY BOARD  
MEMBERS**

Michael R. Barrett - *St. Johnsbury*  
Steven J. Bourgeois - *St. Albans*  
Andrew A. Dean - *Northern NH*  
Stanley T. Fillion - *Northern NH*  
Rosemary H. Gingue - *St. Johnsbury*  
John M. Goodrich - *St. Johnsbury*  
Christopher M. Knapp - *Northern NH*  
Coleen K. Kohaut - *St. Albans*  
Justin P. Lavelly - *St. Johnsbury*  
Daniel J. Luneau - *St. Albans*  
Samuel H. Ruggiano - *St. Albans*  
Christine A. Sheley - *Northern NH*  
David S. Silverman - *All*

**Union Bank Offices**

(ATMs at all Branch Locations)

**VERMONT**

Berlin	1028 US Route 302	802.476.0061
Fairfax	Jct. Routes 104 & 128	802.849.2600
Hardwick	103 VT Route 15 West	802.472.8100
Jeffersonville	5062 VT Route 15	802.644.6600
Jericho	368 VT Route 15	802.899.7500
Johnson	198 Lower Main Street	802.635.6600
Lyndonville	183 Depot Street	802.626.3100
Morrisville	20 Lower Main Street	802.888.6600
	65 Northgate Plaza	802.888.6860
Shelburne	5068 Shelburne Road	802.985.0227
St. Albans	15 Mapleville Depot	802.524.9000
St. Johnsbury	Operations and Loan Center	
	364 Railroad Street	802.748.3131
	Branch	
	325 Portland Street	802.748.3121
Stowe	47 Park Street	802.253.6600
Williston	Branch	
	31 Market Street	802.878.7900
	Loan Center	
	31 Market Street	802.865.1000

**NEW HAMPSHIRE**

Groveton	3 State Street	603.636.1611
Littleton	263 Dells Road	603.444.7136
	76 Main Street	603.444.5321
Lincoln	135 Main Street	603.745.4000
North Conway	Commercial Loan Center	
	2541 White Mountain Hwy	603.662.9408

