



November 3, 2022



Shareholder Assistance and Investor Information

THIRD QUARTER REPORT SEPTEMBER 2022

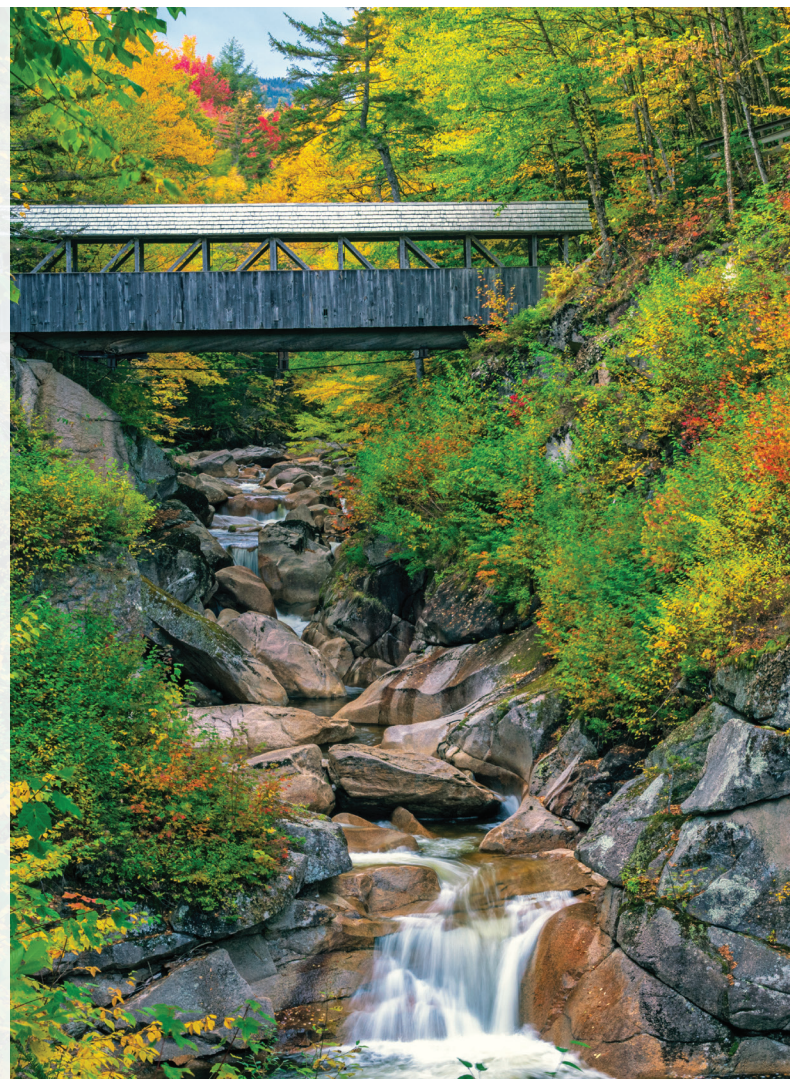
If you need assistance with a change in registration of certificates, combining your certificates into one, reporting lost certificates, non-receipt or loss of dividend checks, assistance regarding direct deposit of dividends, information about the Company, or to receive copies of financial reports, 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

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



dear fellow SHAREHOLDER

We are pleased to report the financial results for Union Bankshares, Inc. as of September 30th, 2022. Consolidated net income for the three months ended September 30, 2022 was \$3.8 million, compared to \$3.9 million, for the same period in 2021, and \$9.2 million, for the nine months ended September 30, 2022, compared to \$9.8 million, for the same period in 2021. Total assets were \$1.3 billion as of September 30, 2022, compared to \$1.2 billion as of September 30, 2021, an increase of \$142.0 million, or 12.3%. Given the changes in the operating environment in 2022 compared to 2021, Management and the Board are generally pleased with these results.

When we developed our business plan for 2022, we expected moderately increasing interest rates, a slowing real estate market, and lower balance sheet growth. While we were directionally correct, we did not anticipate the magnitude of interest rate increases and the rapid slowing of the real estate market. We also did not forecast the sharp increase in inflation, particularly in the energy sector. As a result, the Federal Reserve began to fight inflation with substantial interest rate hikes that continue to this day. Sharp increases in short term rates and prospects for continued inflation caused long term residential loan rates to more than double, slowing the real estate market already constrained by a lack of available-for-sale inventory.

The slowing housing market and rapidly increasing interest rate environment resulted in a significant decrease in fee income from selling residential loans. Loan sales for the first nine months of 2022 generated fee income of \$748 thousand, compared to \$4.0 million for the first nine months of 2021. At the same time, our asset sensitive balance sheet, as well as strong loan origination volume, increased our net interest income to \$29.1 million for the first nine months of 2022 compared to 26.5 million for the first nine months of 2021, an increase of \$2.6 million.

Total loans outstanding as of September 30, 2022 were \$942.5 million compared to \$790.0 million as of September 30, 2021, an increase of \$152.5 million, or 19.3%. Although less than prior years, loan demand for commercial and residential real estate remained strong during the first nine months of 2022. Construction loans remain strong with significant committed, but unadvanced funds available to be drawn in the coming months, which will continue to increase balances outstanding.

Investment securities were \$255.7 million as of September 30, 2022. Most of these securities, primarily US government agency debt securities, were purchased prior to the recent increases in interest rates. The increase in interest rates, specifically the 10-year treasury rate, has decreased the current market value of the portfolio by \$51.8 million as of September 30, 2022. Management assesses the credit quality of the investment portfolio as satisfactory and does not expect to realize losses from the portfolio.

We have just enjoyed another spectacular fall foliage season, with temperate weather and glorious leaf viewing shared with the many people who visit and enjoy our region. We feel blessed to live where others aspire to visit and hope for a more peaceful world stage than we have experienced this year.

We are pleased to report that the Board of Directors declared a cash dividend of \$0.35 per share for the quarter payable November 3, 2022, to shareholders of record as of October 29, 2022.


Neil J. Van Dyke
Chair


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.

UnionBankshares,Inc.

UnionBankshares,Inc.

Consolidated **Balance Sheets**

(unaudited, in thousands)

ASSETS	SEPT 30, 2022	SEPT 30, 2021
Cash and Due from Banks	\$4,061	\$5,029
Federal Funds Sold & Overnight Deposits	28,080	115,052
Interest Bearing Deposits in Banks	14,441	12,201
Investment Securities	241,255	185,387
Loans Held for Sale	3,143	17,821
Loans, net	939,352	772,222
Reserve for Loan Losses	(8,340)	(8,561)
Premises and Equipment, net	20,718	21,808
Accrued Interest & other Assets	57,580	37,327
Total Assets	\$1,300,290	\$1,158,286

LIABILITIES & SHAREHOLDERS' EQUITY	SEPT 30, 2022	SEPT 30, 2021
Noninterest Bearing Deposits	\$337,513	\$252,940
Interest Bearing Deposits	722,208	680,438
Time Deposits	136,691	107,266
Borrowed Funds	25,000	7,000
Subordinated Notes	16,196	16,164
Accrued Interest & Other Liabilities	12,954	10,730
Common Stock	9,941	9,918
Additional Paid-in Capital	2,150	1,728
Retained Earnings	82,801	76,452
Accumulated Other Comprehensive (loss) Income	(40,938)	(188)
Treasury Stock at Cost	(4,226)	(4,162)
Total Liabilities & Shareholders' Equity	\$1,300,290	\$1,158,286

Standby letters of credit were \$1,729,000 and \$2,364,000 at September 30, 2022 and 2021, respectively.

Consolidated **Statements of Income**

(unaudited, in thousands)

	SEPT 30, 2022	SEPT 30, 2021	SEPT 30, 2022	SEPT 30, 2021
	(3 months ended)		(9 months ended)	
Interest Income	\$11,463	\$9,852	\$31,593	\$29,250
Interest Expense	1,023	706	2,519	2,786
Net Interest Income	10,440	9,146	29,074	26,464
Provision for Loan Losses	—	—	—	225
Net Interest Income After Provision for Loan Losses	10,440	9,146	29,074	26,239
Trust Income	203	216	629	599
Noninterest Income	2,264	3,985	6,058	9,362
Noninterest Expenses:				
Salaries & Wages	3,575	3,918	10,505	10,554
Employee Benefits	1,151	1,192	3,751	3,564
Occupancy Expense, net	448	425	1,437	1,429
Equipment Expense	948	872	2,798	2,542
Other Expenses	2,244	2,141	6,284	6,301
Total	8,366	8,548	24,775	24,390
Income Before Taxes	4,541	4,799	10,986	11,810
Income Tax Expense	783	874	1,815	2,018
Net income	\$3,758	\$3,925	\$9,171	\$9,792

Earnings Per Share	\$0.84	\$0.87	\$2.04	\$2.18
Book Value Per Share			\$11.06	18.67

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

