

2020

## Investor Presentation

NASDAQ: SAL

invested in our customers,  
our employees & our  
communities

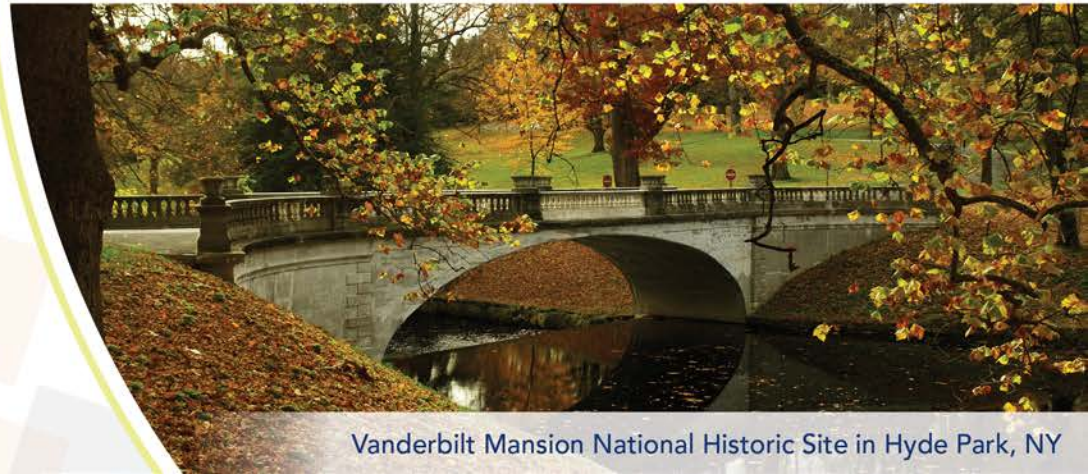
*enriching!*



The Hotchkiss School in Lakeville, CT



Main Street in Great Barrington, MA



Vanderbilt Mansion National Historic Site in Hyde Park, NY

## Investor Information

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## Forward Looking Statements

This presentation contains certain statements that may be considered “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results, performance or achievements of Salisbury may differ materially from those discussed in these forward-looking statements. We refer you to the documents Salisbury files from time to time with the Securities and Exchange Commission, especially the Company’s last filed Form 10-K. These documents contain and identify important factors that could cause actual results to differ materially from those contained in our projections or forward- looking statements. You should carefully review all of these factors, and you should be aware that there may be other factors that could cause these differences. These forward-looking statements were based on information, plans and estimates at the date of this presentation, and Salisbury assumes no obligation to update forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

## Unaudited data

All of the financial data presented herein is unaudited.

Annualized, pro forma, projected and estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results.

## Corporate Overview

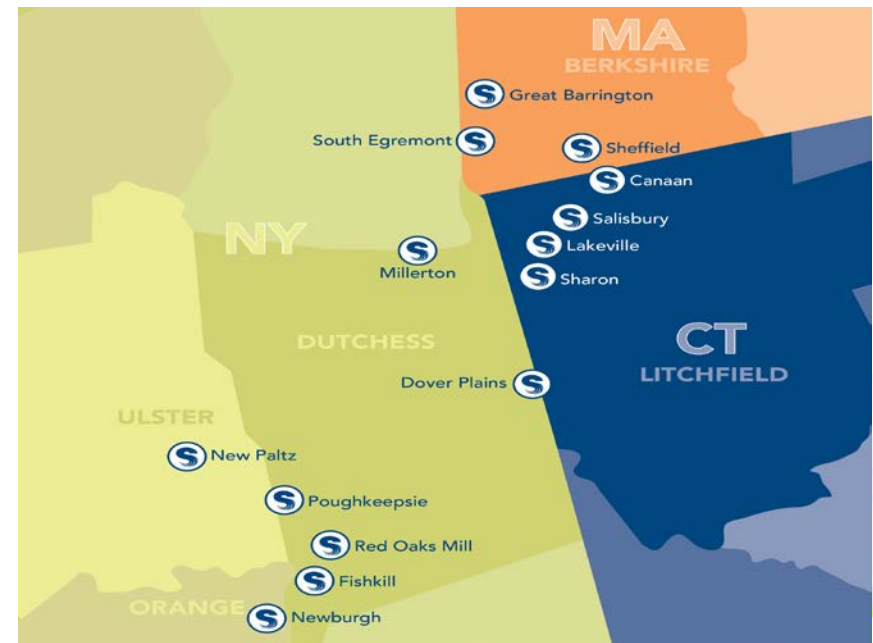
- Full service community banking institution offering consumer and business banking products and services as well as trust and wealth advisory services with roots dating back to 1848
- Operating footprint includes 14 banking locations in Litchfield County, CT, Berkshire County, MA, and Dutchess County, Orange County, and Ulster County, NY (“Operating Counties”)
- Franchise extends to within 50 miles of New York City
- 20 plus year history of dividend payments
- Seasoned and experienced management team

## Key Statistics

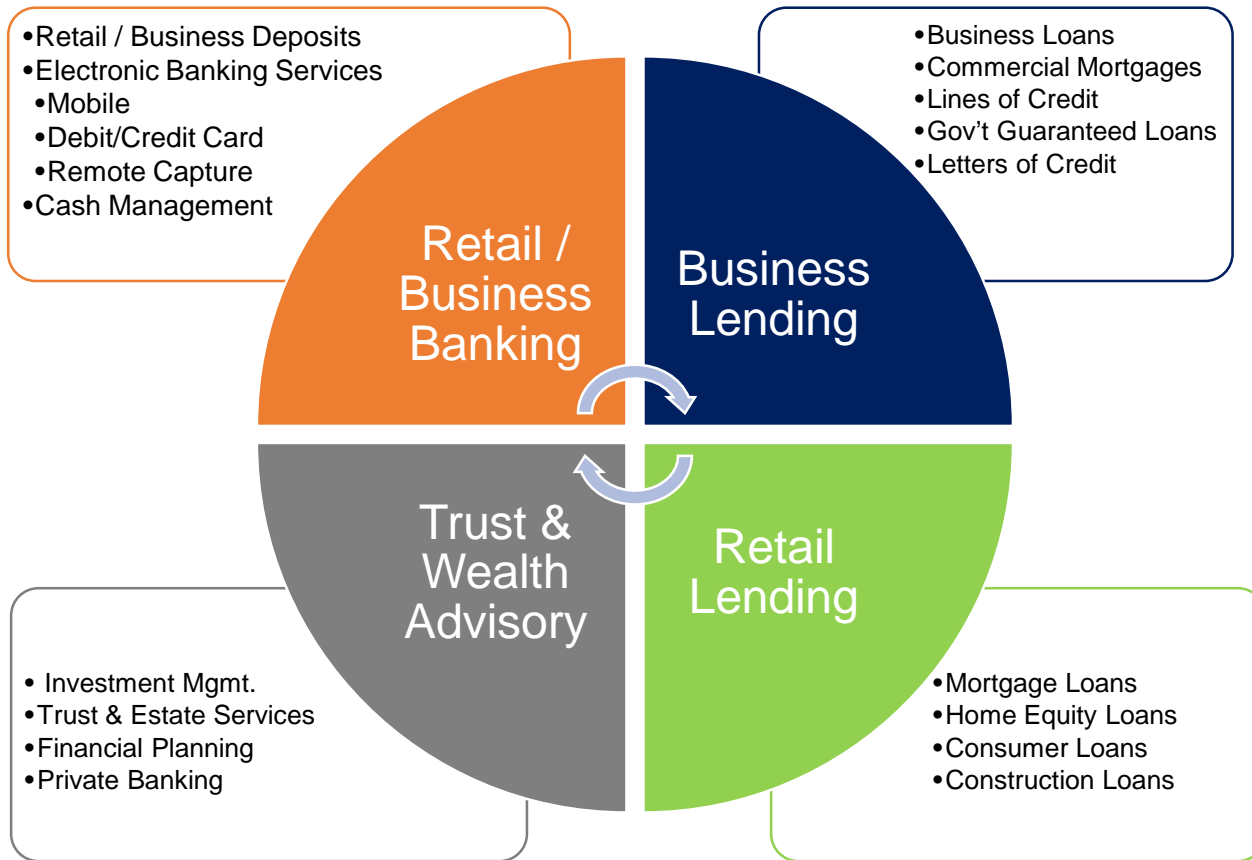
(as of March 31, 2020)

Total Assets (\$000)	1,145,751
Net Loans (\$000)	949,142
Total Deposits (\$000)	965,620
Total Shareholder’s Equity (\$000)	116,143
Tangible Book Value per Common Share (\$)	35.85
Wealth Assets Under Administration (\$000)	639,457
Net Income – Year to date (\$000)	2,047
FTEs	170
Common Stock Price (\$)	31.00
Market Capitalization (\$MM)	87.7
Price / Tangible Book Value (%)	86.5

## Branch Footprint



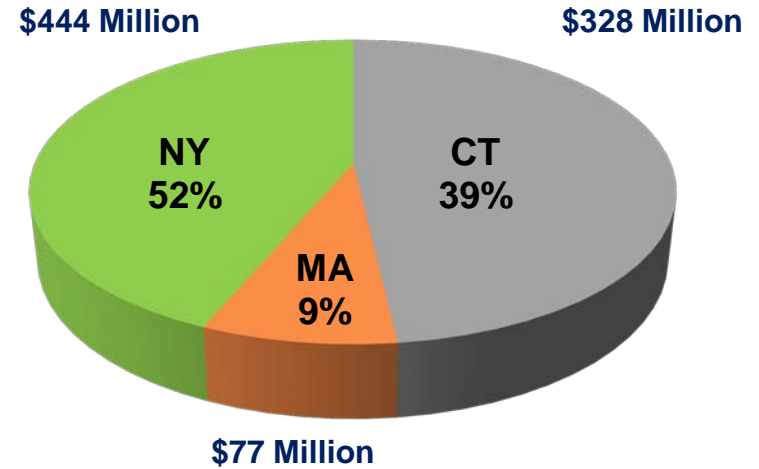
## SAL's Core Businesses



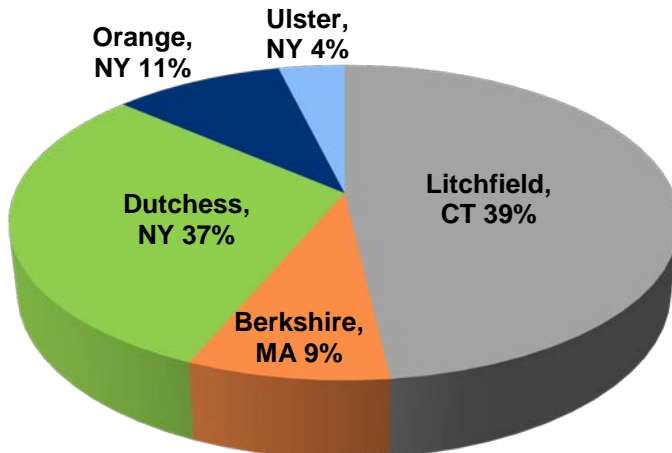
**Market Demographics**

- Litchfield County’s prestigious private and public school systems and Berkshire County’s cultural offerings attract affluent individuals
- Dutchess County’s median household income is 18% higher than the NY state median
- Orange County’s median household income is 13% higher than the NY state median
- New Paltz, NY branch provides new opportunities in Ulster County

**Deposits by State<sup>1</sup>**



**Deposits by County<sup>1</sup>**



**County Market Share<sup>1</sup>**

County	Number of Branches	Market Share
Litchfield, CT	4	9%
Berkshire, MA	3	2%
Dutchess, NY	5	4%
Orange, NY	1	1%
Ulster, NY	1	1%

Source: S&P Global and Company data. <sup>1</sup> Excludes Broker deposits, CDARS one-ways buys and balances held in Branch Administration.

## COVID - 19 Financial Impact:

### Loan Payment Deferrals

- As of April 23, 2020, 135 residential and consumer borrowers (\$33 million of loan balances) and 216 commercial borrowers (\$123 million of loan balances) have requested payment deferrals up to three months.

### Fees and Allowance for Loan Losses

- Approximately \$30 thousand in overdraft, ATM and other deposit fees were waived in March 2020.<sup>1</sup>
- The allowance for loan losses increased by \$1.7 million in 1Q 2020 primarily due to COVID-19.

### Liquidity & Capital

- Salisbury has not experienced significant deposit outflows or draw downs on credit lines.
- The Bank remains well-capitalized with a Tier 1 Capital ratio of 11.79% as of March 31, 2020.

### Paycheck Protection Program

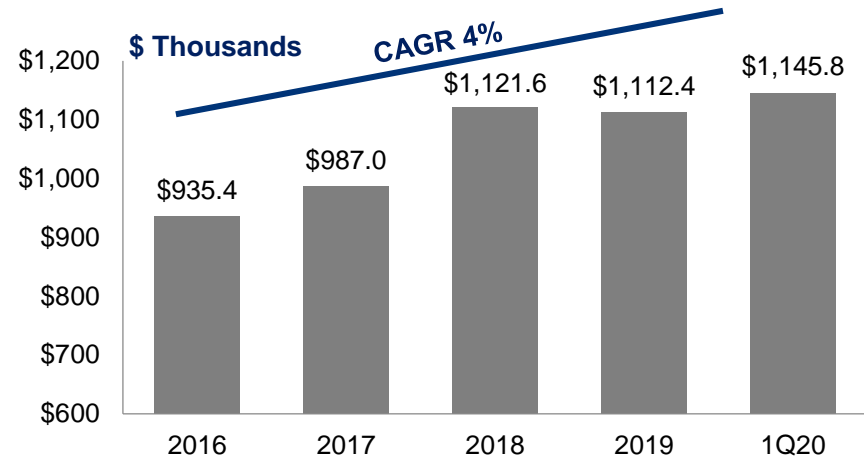
- As of April 16th, Salisbury processed 477 customer loan applications for nearly \$86 million.
- Essentially all of these loans have funded.

<sup>1</sup> Salisbury will continue to waive these fees, which approximate \$350 thousand per quarter, for 2Q 2020.

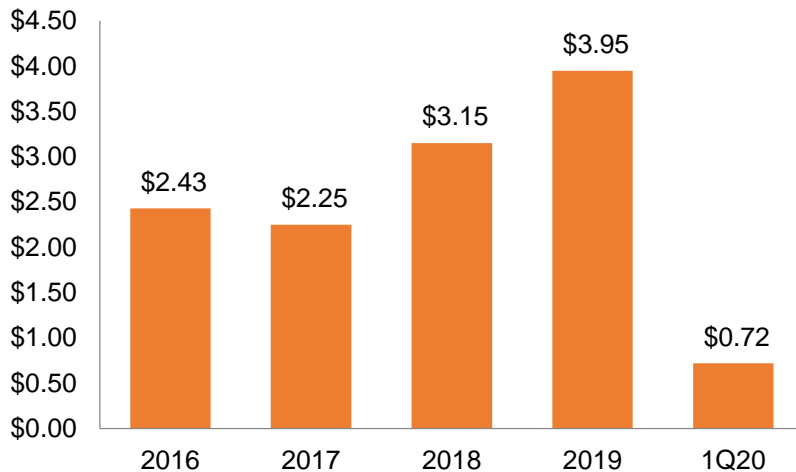
### Financial Overview

- Disciplined asset growth driven organically and through strategic acquisitions
- Trust & Wealth Advisory business diversifies bank revenue streams
- 1Q 2020 earnings impacted by COVID-19
- Strong historical financial performance enabled capital build up; regulatory capital ratios exceed well-capitalized minimums

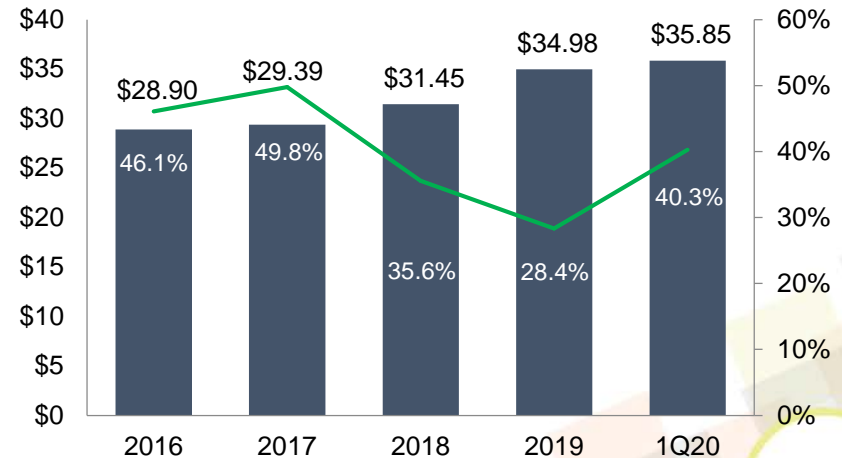
### Assets



### Earnings Per Share (Basic)



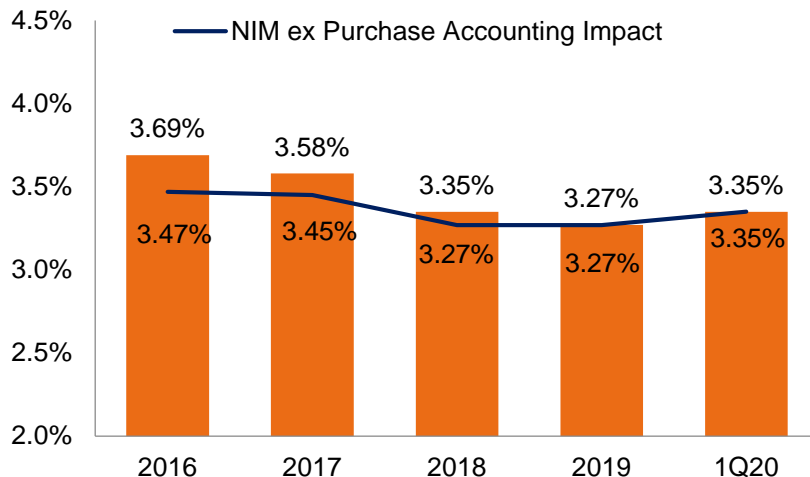
### TBVPS and Dividend Payout Ratio



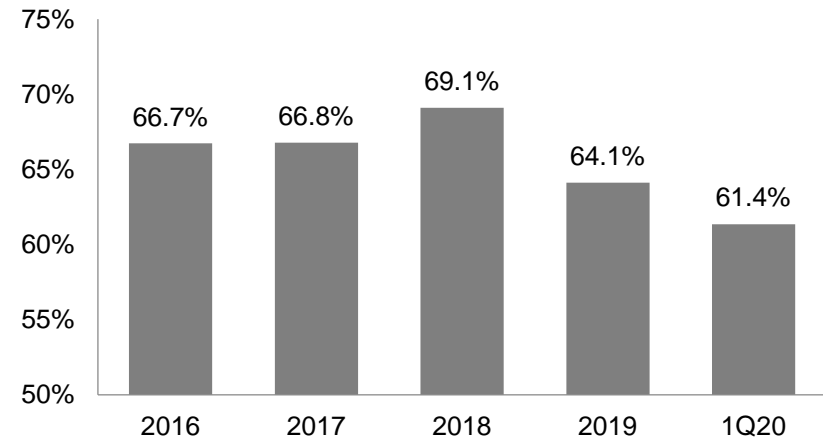
### Profitability Indicators

- NIM has stabilized as lower loan yields have been offset by lower deposit rates and cost of funds
- Depositors have become less interest rate sensitive and more focused on preservation of capital
- 1Q 2020 ROAA reflected \$1.7 million provision for loan losses primarily due to COVID-19
- Fees from Paycheck Protection Program will partially offset a higher loan loss provision

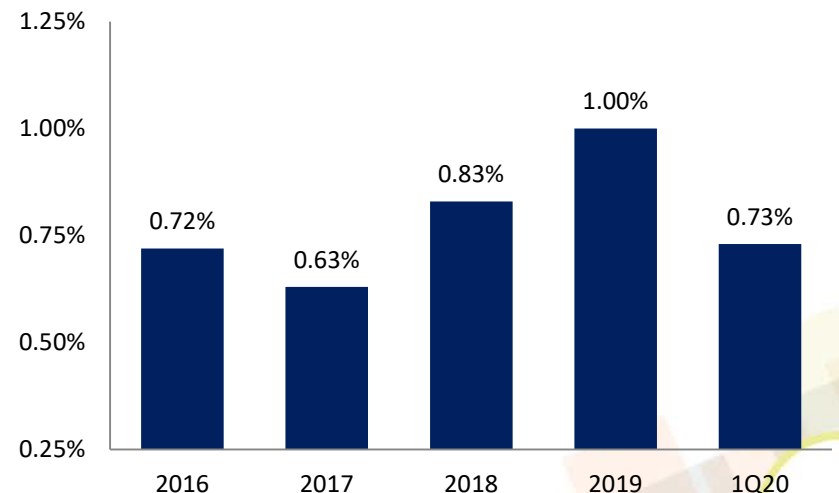
### Net Interest Margin<sup>1</sup>



### Efficiency Ratio<sup>2</sup>

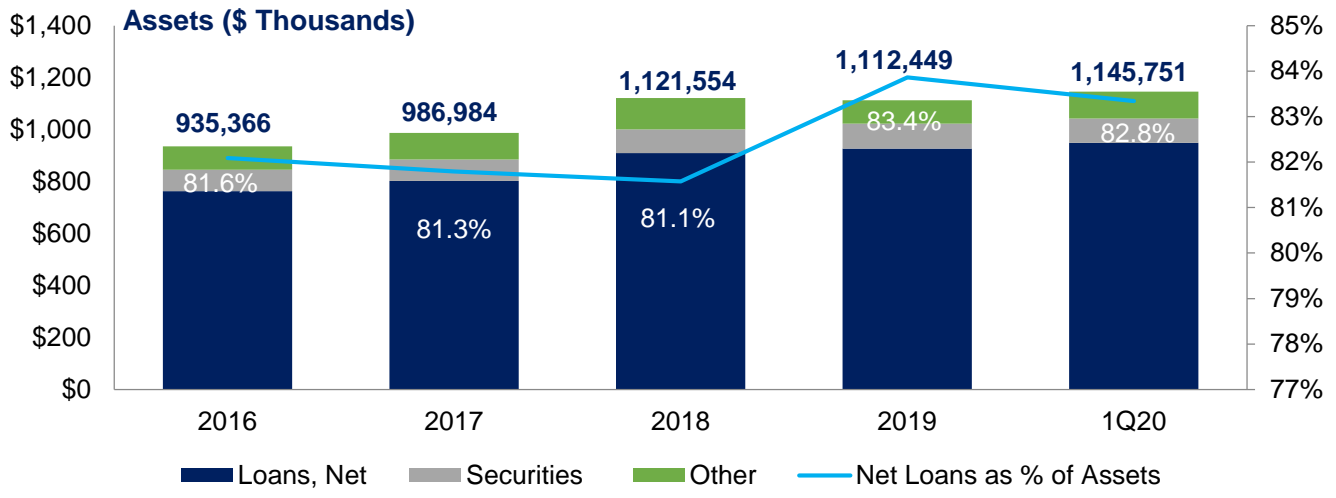


### Return on Average Assets

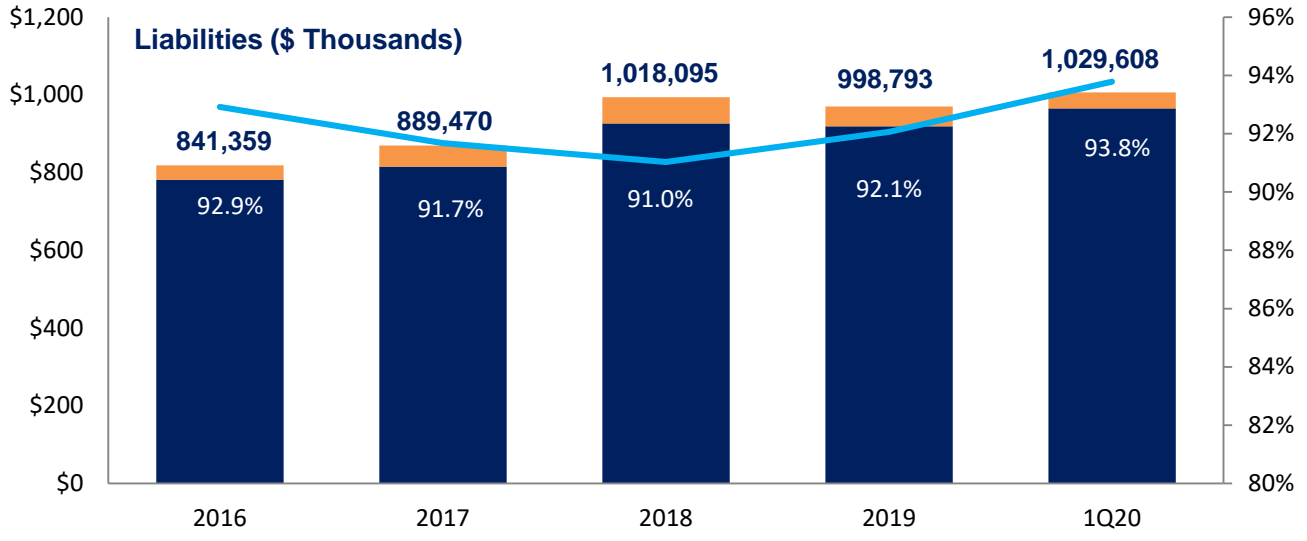




### Balance Sheet Composition



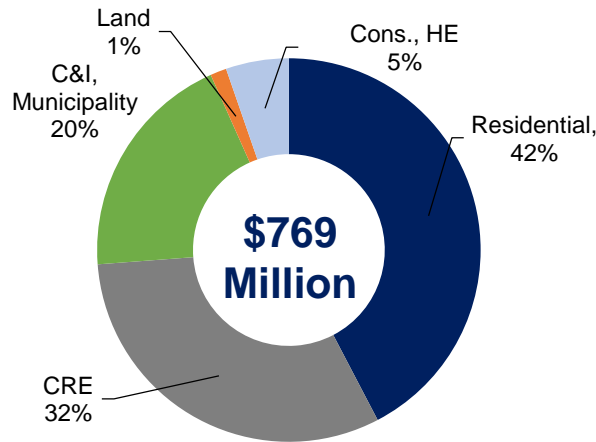
Gross Loans / Deposits	
<b>2016</b>	98.4%
<b>2017</b>	99.1%
<b>2018</b>	99.0%
<b>2019</b>	101.8%
<b>2020</b>	99.4%



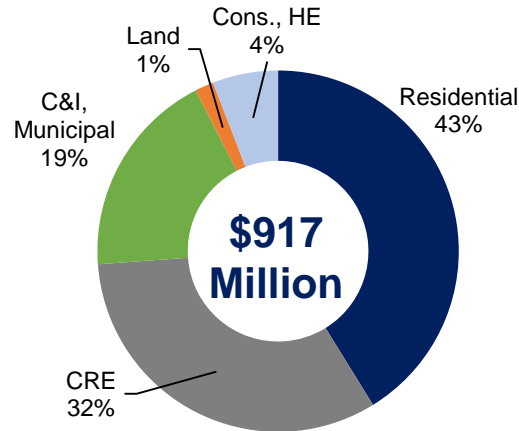
Source: Company SEC filings. ■ Deposits ■ FHLB Advances — Deposits as % of Liabilities

## Loan Composition

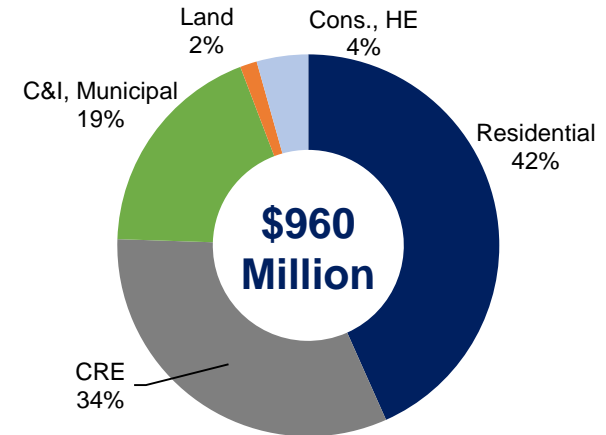
**2016**



**2018**



**2020**



Loans (\$ millions)	2016	
Residential	\$325.7	42.3%
CRE	242.1	31.5%
C&I, Municipality	150.1	19.5%
Land	10.5	1.4%
Cons., HE	40.9	5.3%
Gross Loans	\$769.3	100.0%

**Loan Portfolio Yield: 4.39%<sup>1</sup>**  
**CRE Loans / RBC<sup>2</sup>: 111%**

Loans (\$ millions)	2018	
Residential	\$394.4	43.0%
CRE	294.0	32.1%
C&I, Municipality	177.2	19.3%
Land	12.5	1.4%
Cons., HE	38.9	4.2%
Gross Loans	\$917.1	100.0%

**Loan Portfolio Yield: 4.30%<sup>1</sup>**  
**CRE Loans / RBC<sup>2</sup>: 170%**

Loans (\$ millions)	2020	
Residential	\$400.1	41.7%
CRE	322.9	33.6%
C&I, Municipality	178.5	18.6%
Land	18.1	1.9%
Cons., HE	40.1	4.2%
Gross Loans	\$959.8	100%

**Loan Portfolio Yield: 4.26%<sup>1</sup>**  
**CRE Loans / RBC<sup>2</sup>: 177%**

**2016 – 2020 Loan CAGR: 6%**

## Salisbury's CRE and C&I Loan Portfolio – 1Q 2020

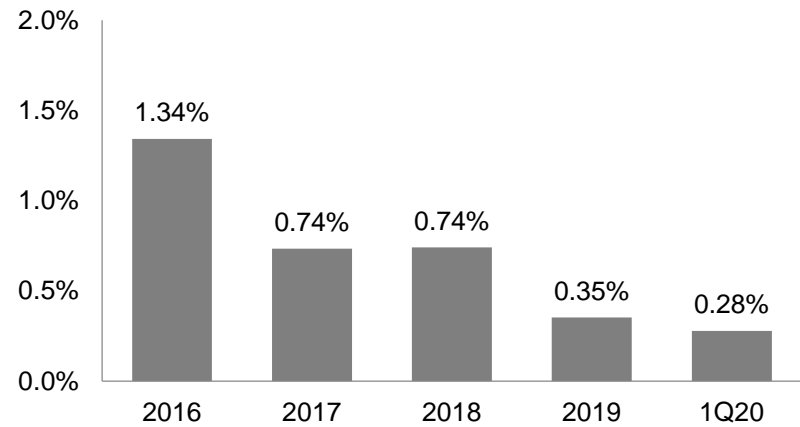
Industry	Gross Loans Receivable <sup>1</sup>	% of Total	Gross Exposure <sup>1</sup>	% of Total
Commodities	\$4,481	1%	\$5,030	1%
Distribution	29,506	6%	42,893	7%
Education	38,830	8%	42,719	7%
Engineering & Construction	22,862	5%	46,823	8%
Entertainment & Recreation	29,159	6%	30,903	5%
Financial Services	4,934	1%	9,128	2%
Government	2,247	0%	3,103	1%
Guaranteed Purchased Loans	13,900	3%	13,900	2%
Health Care	29,847	6%	33,227	6%
Hospitality	71,966	15%	72,205	13%
Manufacturing	20,669	4%	26,361	5%
Other Services	32,056	7%	48,113	8%
Professional & Technical Services	11,227	2%	15,393	3%
Rental Property	163,452	34%	177,502	31%
Transportation	3,795	1%	5,473	1%
<b>Total</b>	<b>\$478,931</b>	<b>100%</b>	<b>\$572,773</b>	<b>100%</b>

<sup>1</sup> In thousands. Gross exposure includes unfunded commitments. Salisbury's gross exposure is mitigated by several factors which include but are not limited to the personal liquidity of the borrower, real estate and non-real estate collateral, U.S. Department of Agriculture or Small Business Administration guarantees, loan payment deferrals and economic stimulus loans from the U.S. government, as a result of COVID-19.

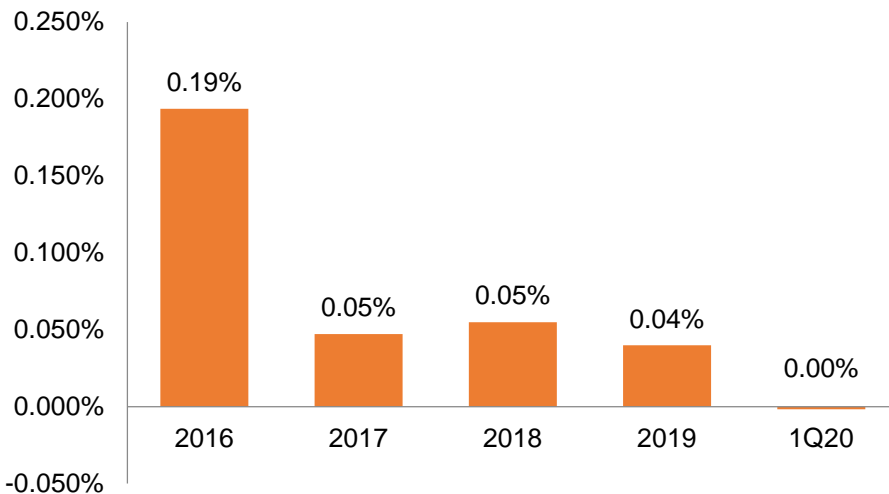
**Credit Quality**

- Credit quality trends will likely deteriorate due to COVID-19
- Salisbury proactively helping borrowers who apply for loan payment deferrals and SBA Paycheck Protection Program loans
- Salisbury prudently extending credit to qualified borrowers
- Salisbury has excess borrowing capacity of \$243 million at FHLB as of 1Q 2020

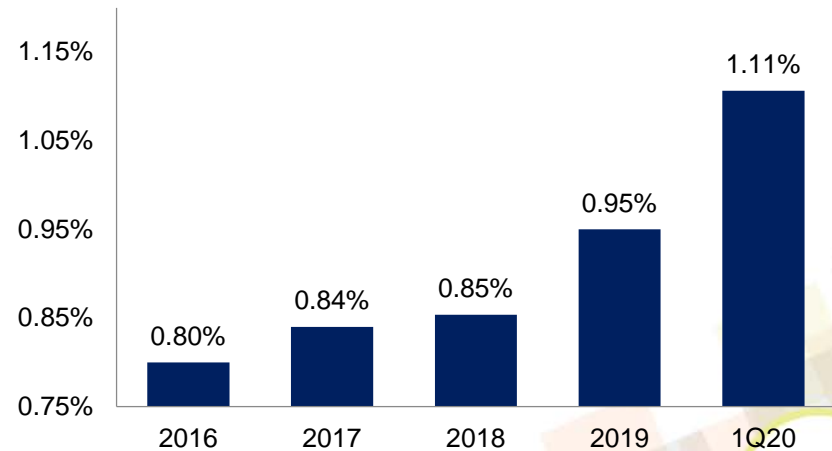
**NPAs / Assets**



**NCOs / Average Loans**



**Loan Loss Reserves / Gross Loans**



## As of April 16<sup>th</sup>, Salisbury Processed 477 Loans for Nearly \$86 Million Under the Paycheck Protection Program

Industry	# of Loans	Loan Amount (\$ 000's)	% of Total
Commodities	9	\$678.9	0.8%
Distribution	72	13,108.3	15.3%
Education	7	3,161.7	3.7%
Engineering & Construction	76	17,966.9	20.9%
Entertainment & Recreation	25	2,575.4	3.0%
Financial Services	11	1,695.7	2.0%
Health Care	33	12,366.4	14.4%
Hospitality	47	6,300.3	7.3%
Manufacturing	37	7,874.4	9.2%
Other Services	66	6,432.0	7.5%
Professional & Technical Services	69	9,443.9	11.0%
Rental Property	17	1,870.3	2.2%
Transportation	8	2,309.4	2.7%
<b>Total</b>	<b>477</b>	<b>\$85,783.6</b>	<b>100.0%</b>

Salisbury will earn fees of approximately \$2.9 million on the PPP loans. Such fees will be amortized into income, net of loan origination costs, over the life of the loan.

## As of April 23<sup>rd</sup>, Salisbury Received 351 Requests from Customers to Defer Monthly Loan Payments

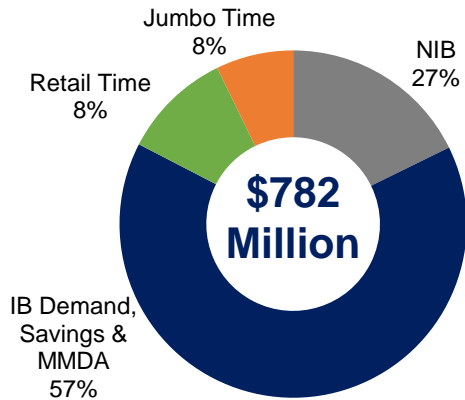
Portfolio	# of Loans	Loan Balance (\$ 000's)	% of Portfolio as of 1Q 2020
Residential & Consumer	135	\$32,737	7.4%
Commercial <sup>1</sup>	216	123,354	23.8%
<b>Total</b>	<b>351</b>	<b>\$156,091</b>	<b>16.3%</b>

<sup>1</sup> 57 requests (loan balance of \$62.4 million) are from entities in the Hospitality industry, 49 requests (loan balance of \$29.6 million) are from entities in the Rental Property industry and 13 requests (loan balance of \$10.1 million) are from entities in the Entertainment & Recreation industry.

- Salisbury anticipates that the number of COVID-19 related payment deferral requests will increase in second quarter 2020.

## Deposit Composition

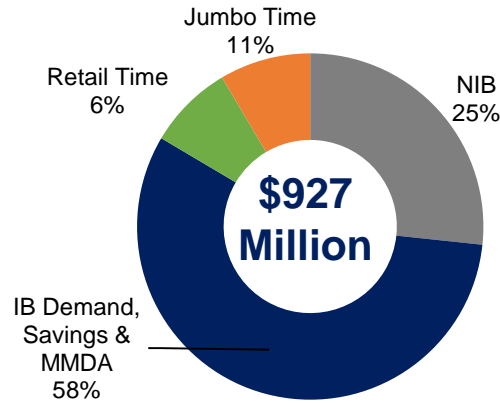
**2016**



Deposits (\$ millions)	2016	
NIB	\$218.4	27.9%
IB Demand, Savings & MMDA	445.8	57.0%
Retail Time (< \$100k)	54.6	7.0%
Jumbo Time (> \$ 100k)	63.0	8.1%
<b>Total</b>	<b>\$781.8</b>	<b>100%</b>

**Core Deposits: 85.0%**  
**Cost of Deposits: 0.38%**

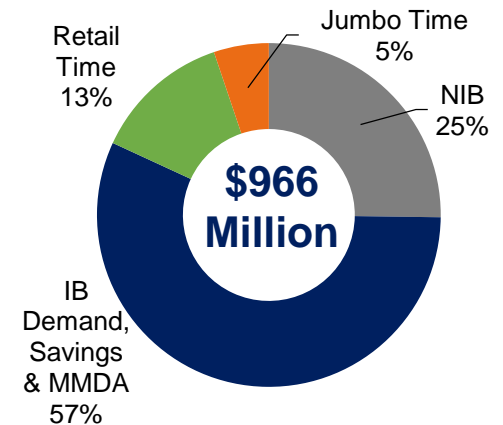
**2018**



Deposits (\$ millions)	2018	
NIB	\$228.4	24.7%
IB Demand, Savings & MMDA	536.6	57.9%
Retail Time (< \$100k)	57.8	6.2%
Jumbo Time (> \$ 100k)	103.7	11.2%
<b>Total</b>	<b>\$926.7</b>	<b>100%</b>

**Core Deposits: 82.6%**  
**Cost of Deposits: 0.72%**

**2020**

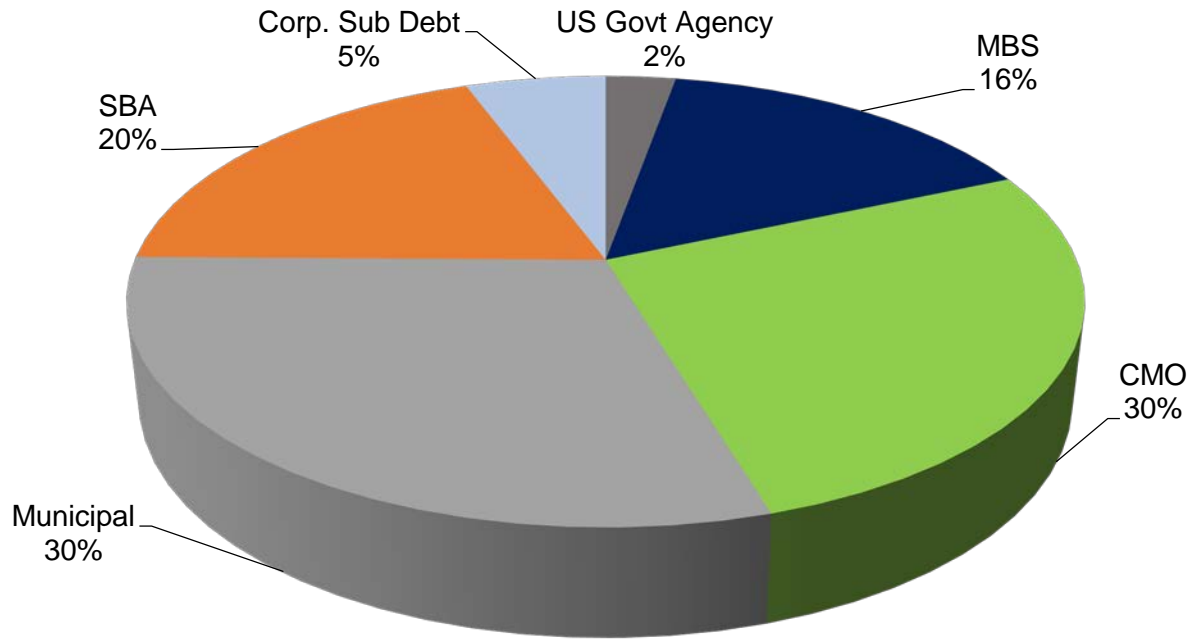


Deposits (\$ millions)	2020	
NIB	\$243.5	25.2%
IB Demand, Savings & MMDA	547.2	56.7%
Retail Time (< \$100k)	125.0	12.9%
Jumbo Time (> \$ 100k)	50.0	5.2%
<b>Total</b>	<b>\$965.6</b>	<b>100.0%</b>

**Core Deposits: 81.9%**  
**Cost of Deposits: 0.84%**

**2016 – 2020 Deposit CAGR: 5%**

## AFS Securities Portfolio (2020)

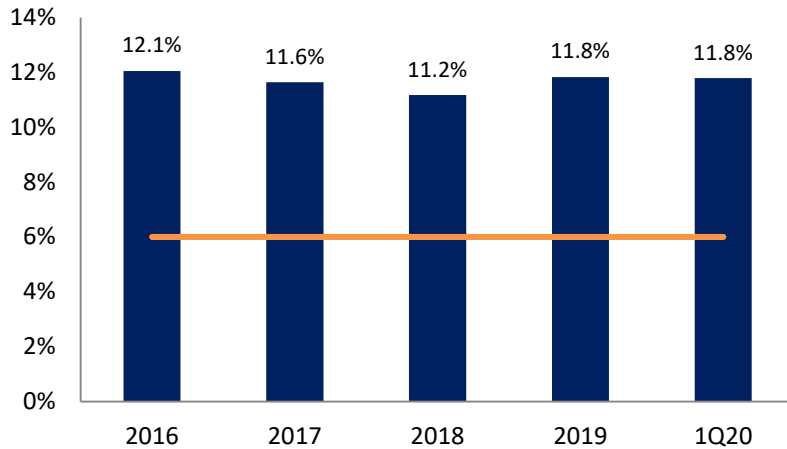


### Highlights

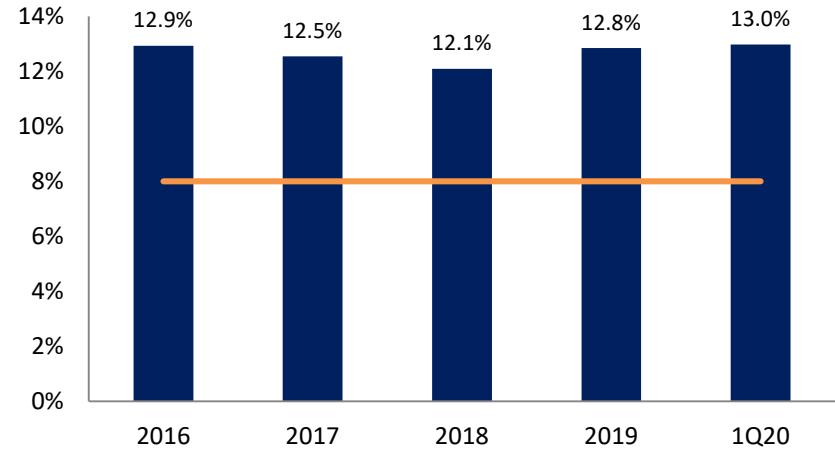
- Book value of \$88.3 million or 7.7% of total assets
- Primarily collateralizes deposits and provides liquidity
- Average Yield: 2.98%
- Duration: 2.6 years



**Tier 1 Capital Ratio <sup>1</sup>**

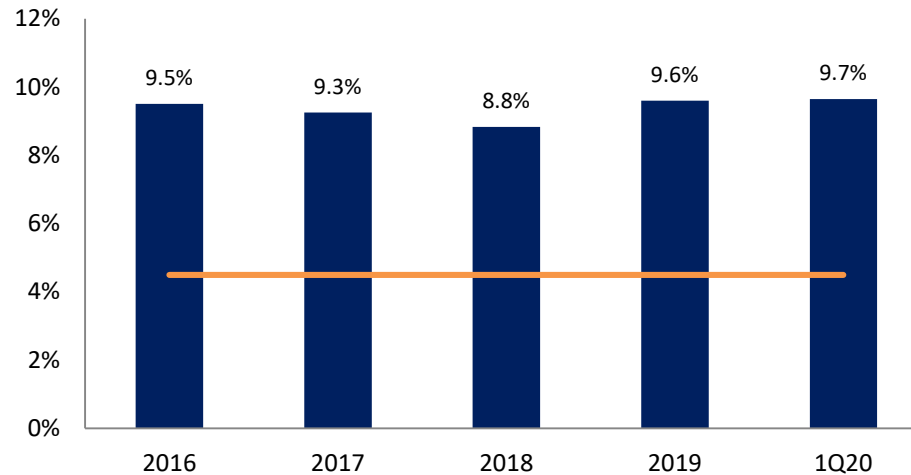


**Total Capital Ratio <sup>2</sup>**



Bank Well Capitalized

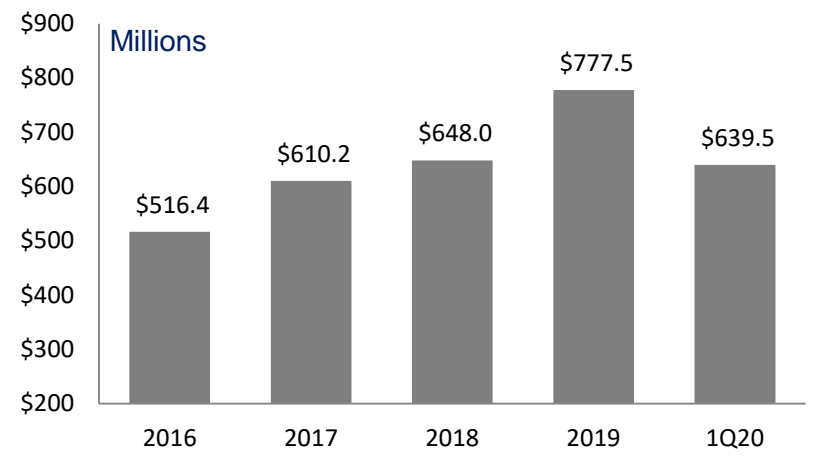
**Leverage Ratio <sup>3</sup>**



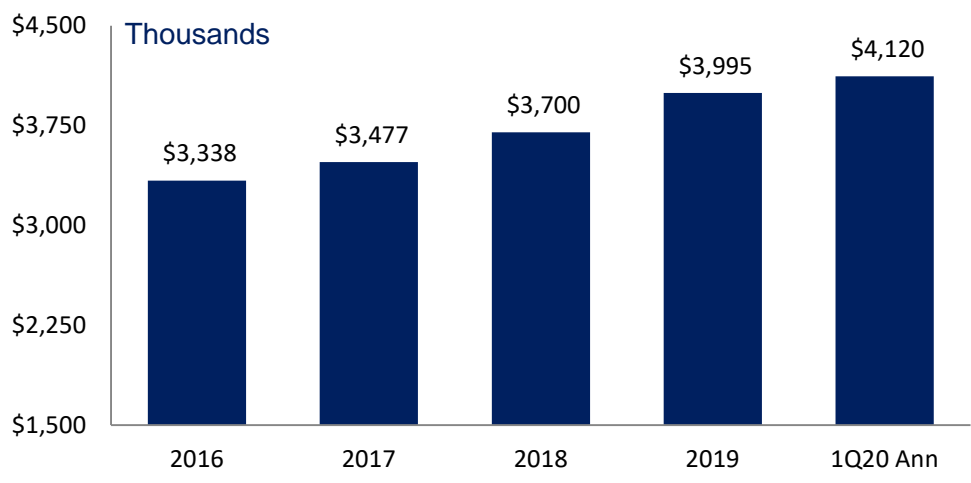
**Trust & Wealth Advisory**

- Trust & Wealth Advisory provides a source of diversified revenues (~ 9% of Bank revenue)
- This business differentiates us from our community banking peers
- Services include Trust and Estate Administration, Asset Management, 401k Advisory and Financial Planning
- 1Q 2020 AuA decline reflected lower equity market valuations and a lower value for certain non-discretionary assets

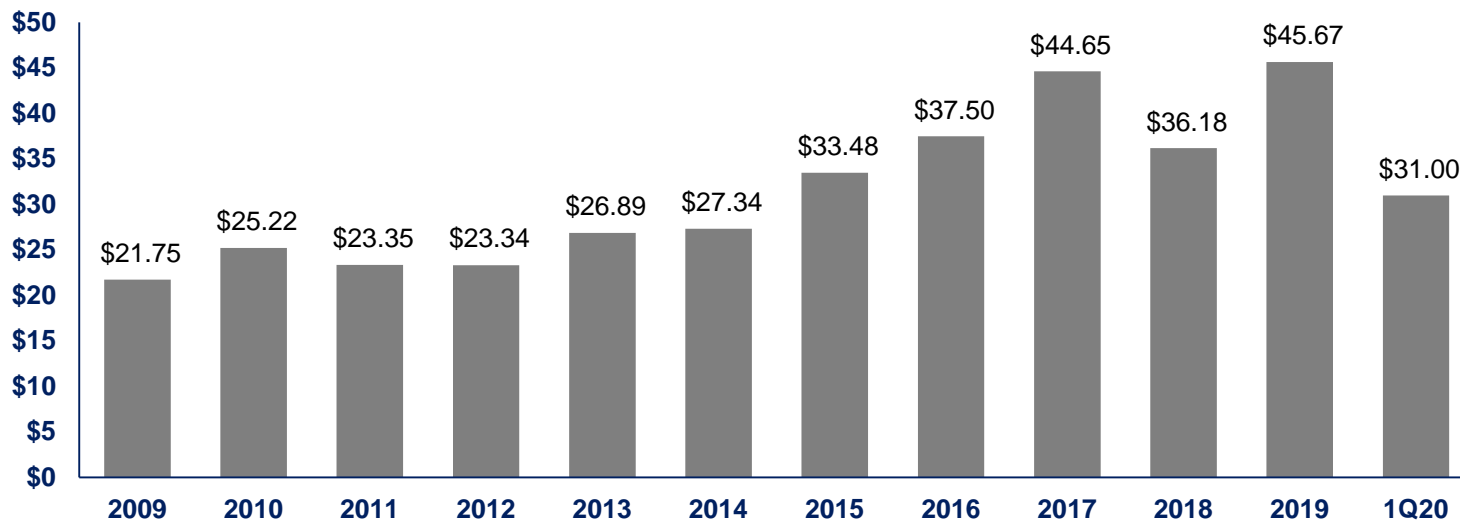
**Assets Under Administration**



**Gross Revenues**

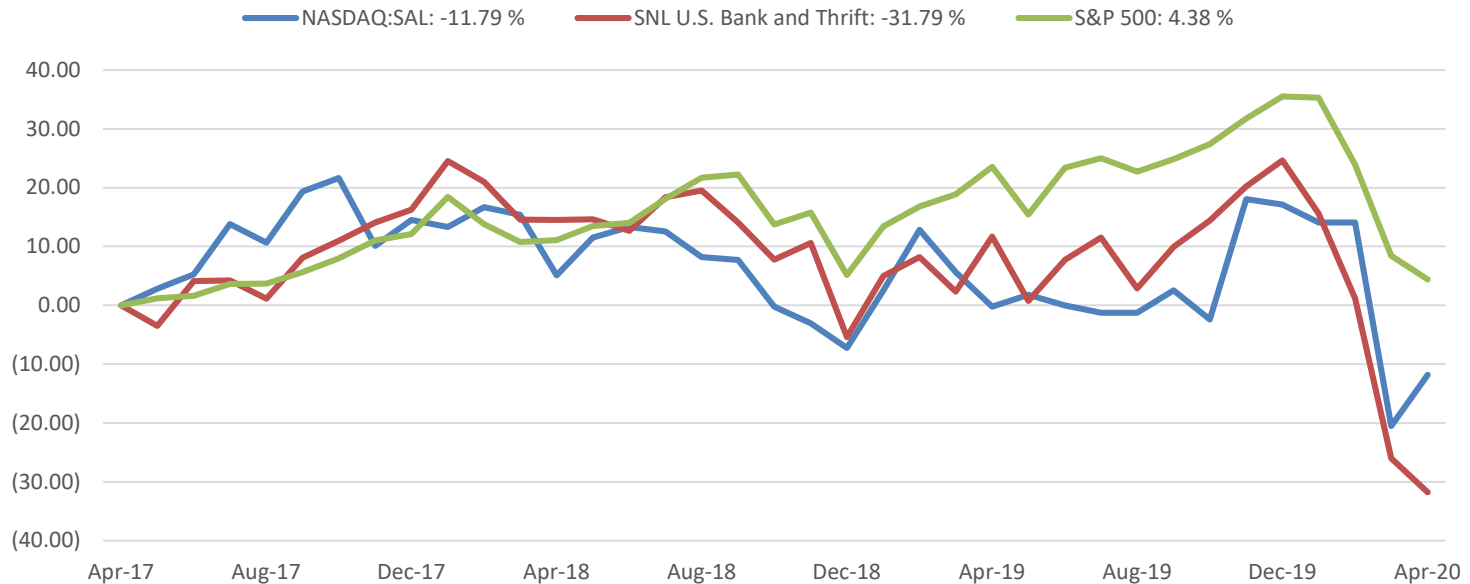


### Common Stock Price: NASDAQ: SAL



<b>Period Ending</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Tangible BV per common share (\$)	28.90	29.39	31.45	34.98	35.85
Price/Book (%)	110.0	127.5	98.2	113.6	75.5
Market capitalization (\$ in millions)	103.4	124.4	101.0	129.1	87.7
Common shares outstanding (000s)	2,758	2,785	2,807	2,826	2,829
Insider Ownership (%)	19.1	12.08 <sup>1</sup>	12.12	10.17	10.23
Institutional Ownership (%)	8.68	11.33	10.62	11.09	12.80
Annual Highs / Lows (\$)	38.15 / 29.51	48.35 / 37.30	49.85 / 38.25	47.05 / 35.25	45.25 / 25.13

## Relative Stock Price Performance



### Highlights:

- 20 + years of dividend payments
- Dividend yield of 3.74% at 3/31/20
- Quarterly dividend increased to \$0.29 per common share in January 2020

## **Strategic Priorities:**

- Continue to protect employees and customers
- Develop a plan to re-open branches, when appropriate
- Prudently navigate through economic slowdown and COVID-19
- Enhance efficiency to reduce costs
- Deepen penetration of existing markets
- Establish new client relationships

## Why invest in Salisbury Bank.....

1

### ***Steady Performance***

Salisbury has delivered stable earnings, consistently paid a dividend and is well-capitalized.

2

### ***Experienced Management***

Salisbury's management team has extensive banking and financial services experience as well as in-depth local market knowledge.

3

### ***Growth Potential***

Salisbury has a proven track record for growing organically and through strategic acquisitions. Salisbury also has consolidated new and existing branches to realize efficiencies and savings.

4

### ***Strong Governance***

Salisbury's Board of Directors is actively engaged, experienced and holds management accountable.

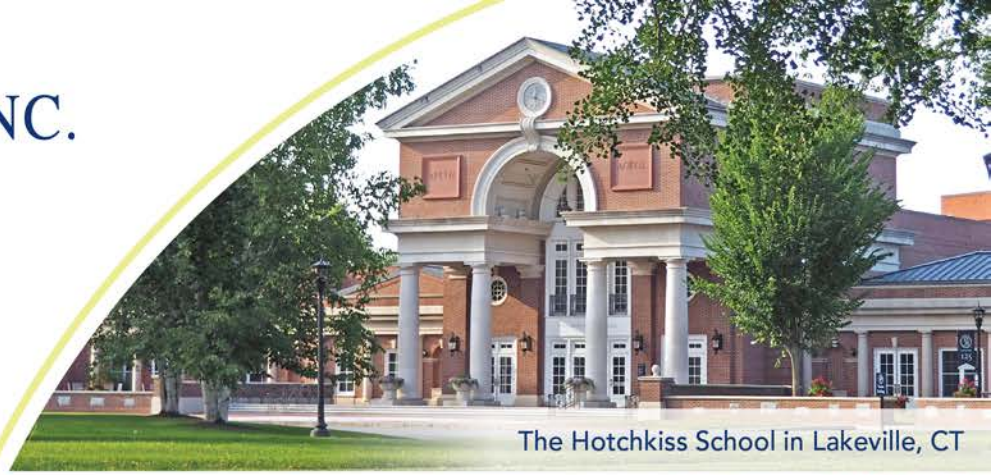
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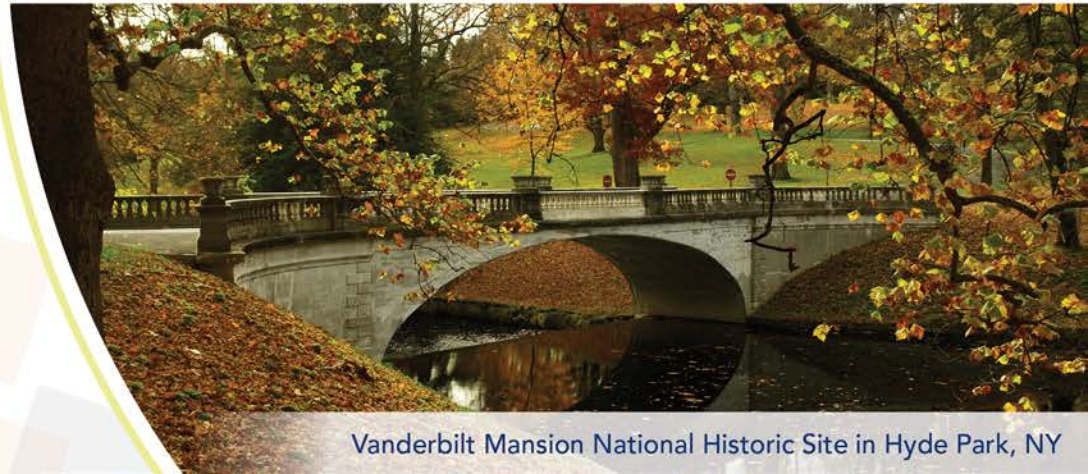
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