



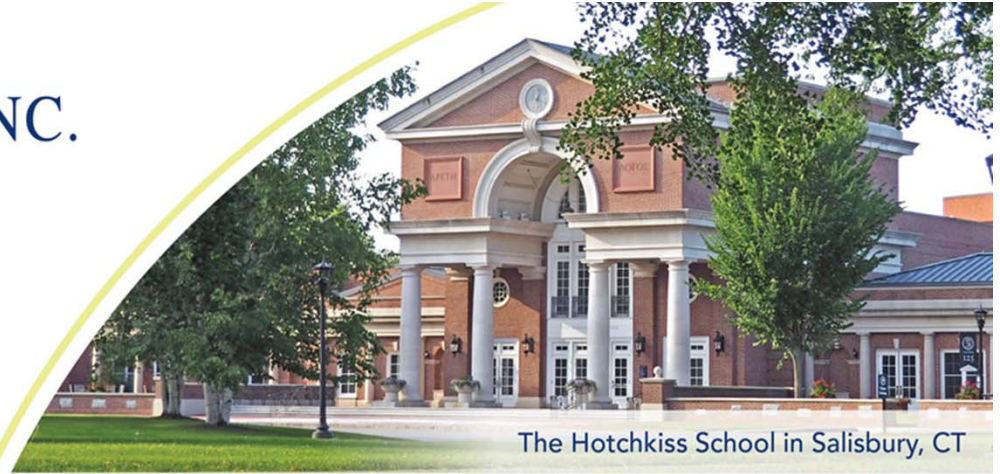
2019

Investor Presentation

NASDAQ: SAL

invested in our customers
& our communities

enriching!



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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

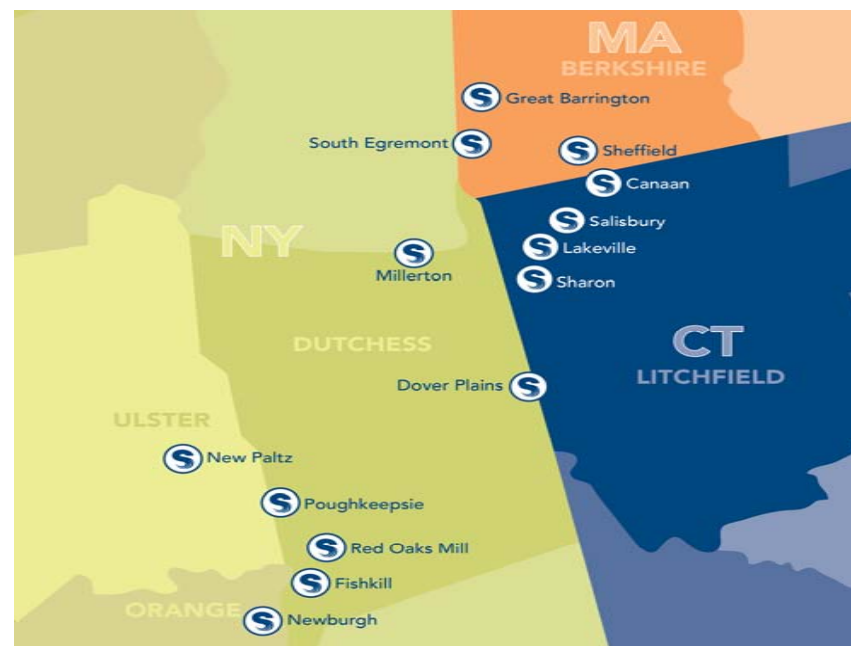
- Full service community banking institution offering consumer and business banking products and services as well as trust and wealth advisory services with roots dating back to 1848
- Operating footprint includes 14 banking locations in Litchfield County, CT, Berkshire County, MA, and Dutchess County, 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, 2019)

Total Assets (\$000)	1,118,925
Net Loans (\$000)	911,188
Total Deposits (\$000)	941,969
Total Shareholder’s Equity (\$000)	106,109
Tangible Book Value per Common Share (\$)	32.43
Wealth Assets Under Administration (\$000)	691,731
Net Income – Year to date (\$000)	2,408
FTEs	174
Common Stock Price (\$)	41.20
Market Capitalization (\$MM)	116
Price / Tangible Book Value (%)	127.0

Branch Footprint



Core Businesses Serving Individuals, Families & Businesses

Retail / Business Banking

- Retail / Business Deposits
- Electronic Banking Services
 - Mobile
 - Debit/Credit Card
 - Remote Capture
- Cash Management

Business Lending

- Business Loans
- Commercial Mortgages
- Lines of Credit
- Government Guaranteed Loans
- Letters of Credit

- Investment Management
- Trust & Estate Services
- Financial Planning
- Retirement Plan Advisory
- Private Banking

Trust & Wealth Advisory

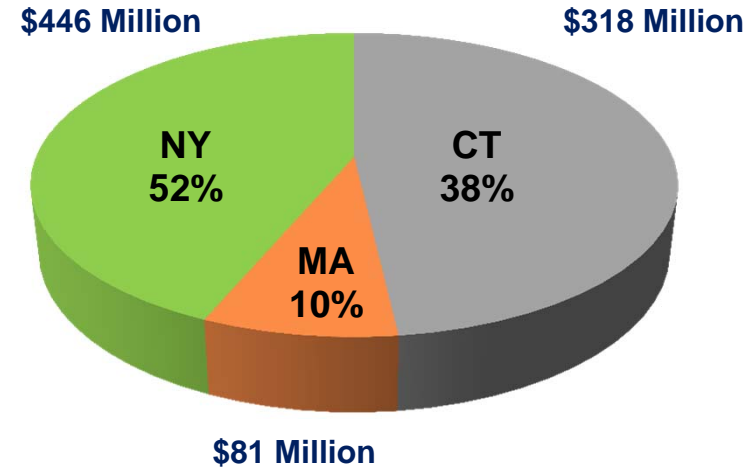
- Mortgage Loans
- Home Equity Loans
- Consumer Loans
- Construction Loans

Retail Lending

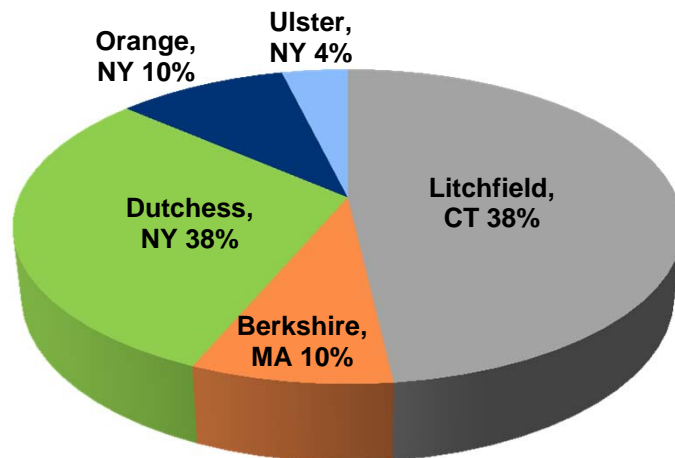
Market Demographics

- 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 average
- Orange County’s median household income is 13% higher than the NY average
- New Paltz, NY branch provides new opportunities in Ulster County

Deposits by State¹



Deposits by County¹



County Market Share¹

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%

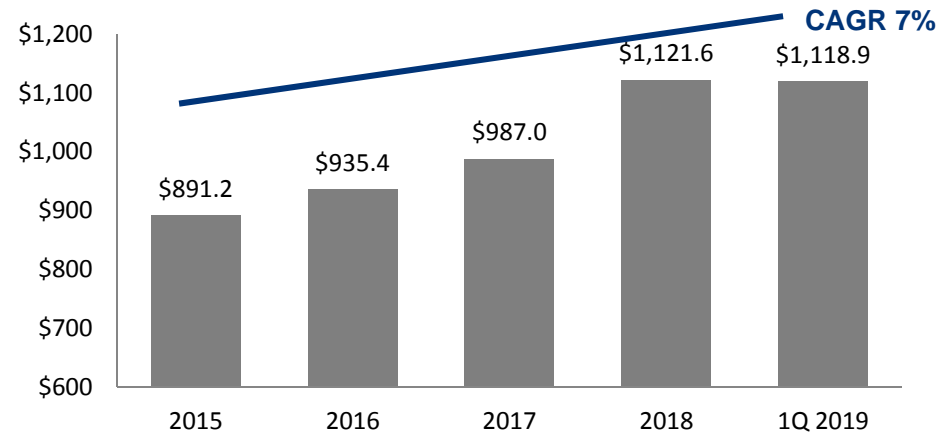
Source: S&P Global and Company data. ¹ Excludes Broker deposits, CDARS one-ways buys and balances held in Branch Administration.



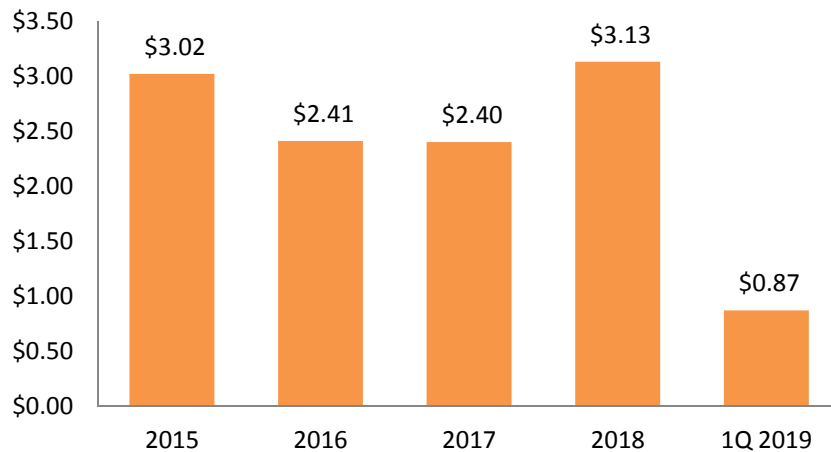
Financial Overview

- Asset growth driven organically and through strategic acquisitions
- Acquired Riverside Bank (assets \$239 million) in 2014 to expand footprint and diversify loan portfolio
- Acquired branches in New Paltz and Fishkill, NY and relocated existing branches in Fishkill and Newburgh, NY
- Trust & Wealth Advisory business diversifies bank revenue streams

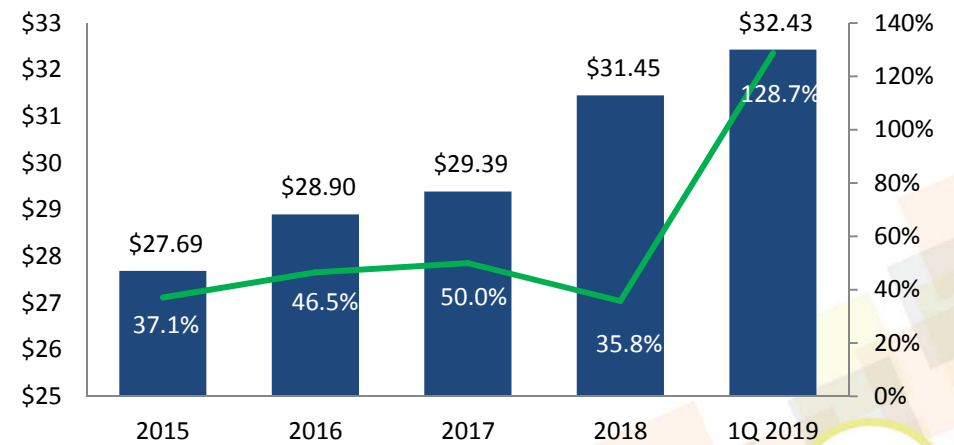
Assets



Diluted EPS¹



TBVPS and Dividend Payout Ratio



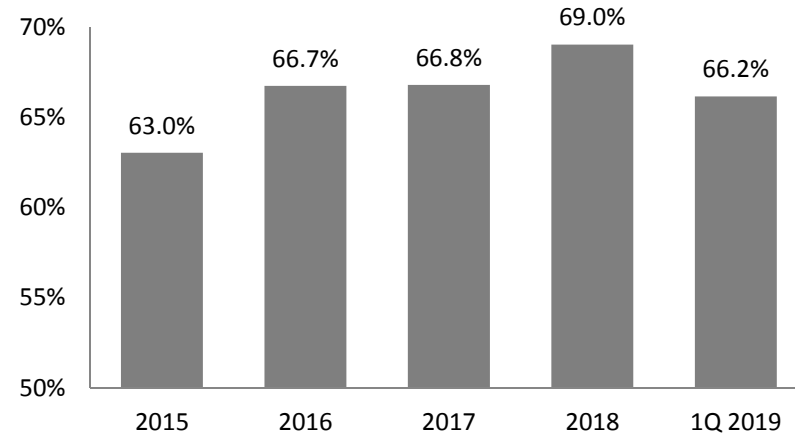
Source: Company SEC filings. ¹ 2017 excludes DTA re-measurement charge of \$0.16 per share. Dividend payout ratio based on reported basic EPS.



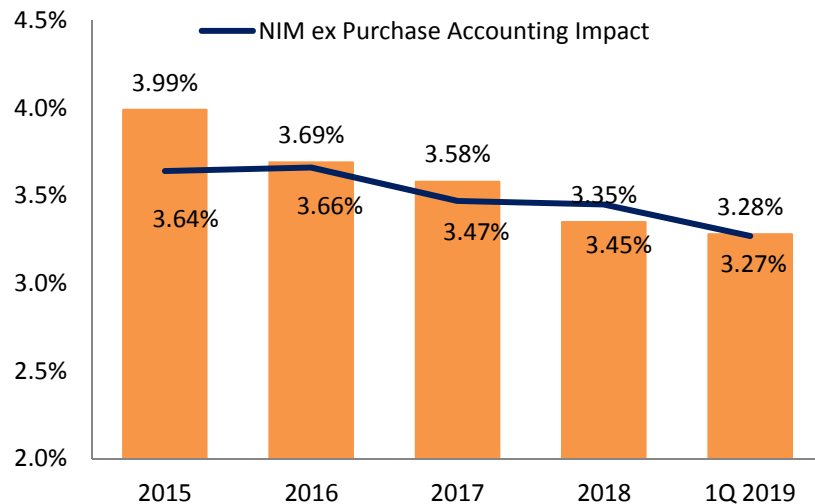
Profitability Indicators

- Competition for deposits and loans continue to exert pressure on NIM
- Depositors are increasingly interest rate sensitive and we compete against mutuals and savings banks for loans
- Efficiency ratio for 2018 included non-recurring expenses of \$266k for lease / software write-offs
- Improving efficiency and profitability are key strategic initiatives for 2019

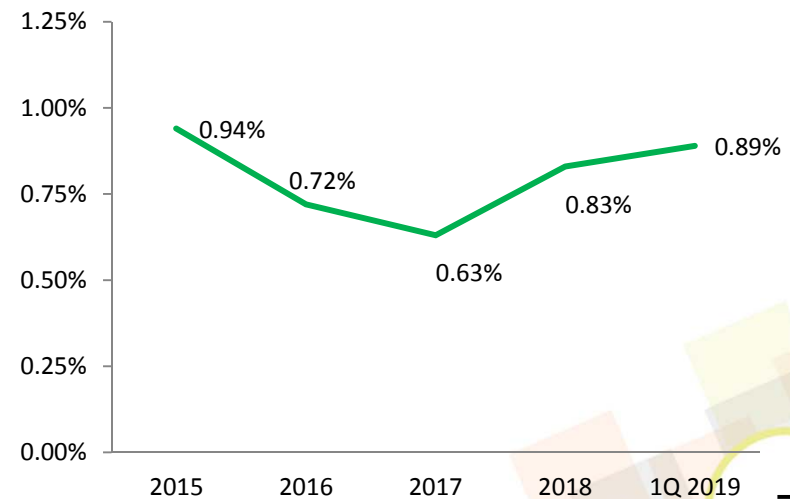
Efficiency Ratio



Net Interest Margin¹



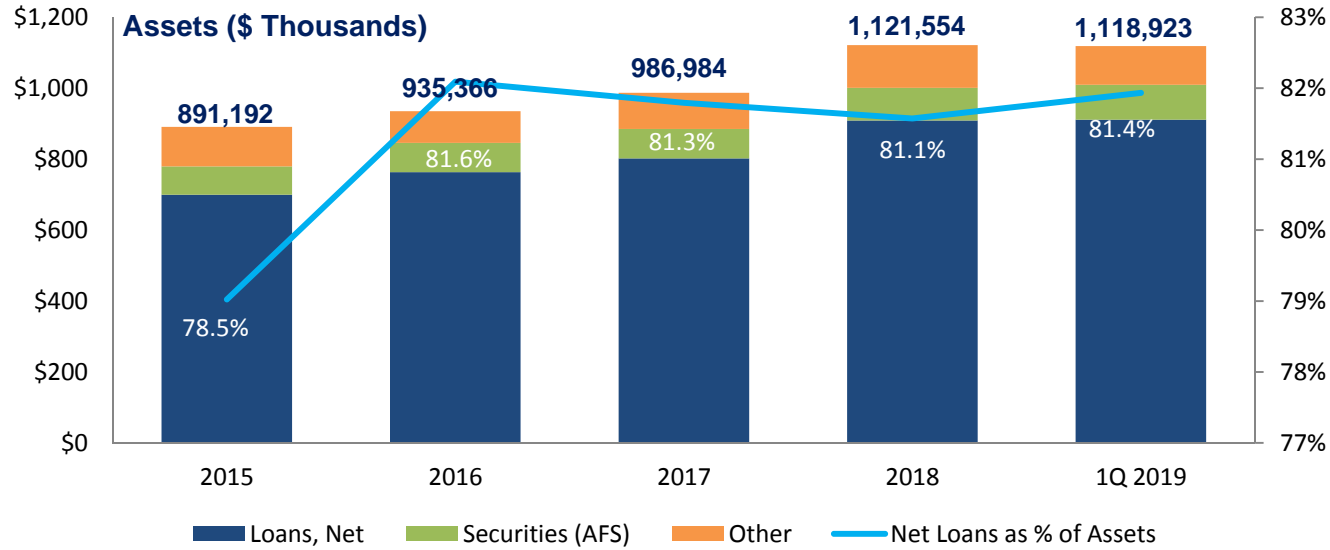
Return on Average Assets



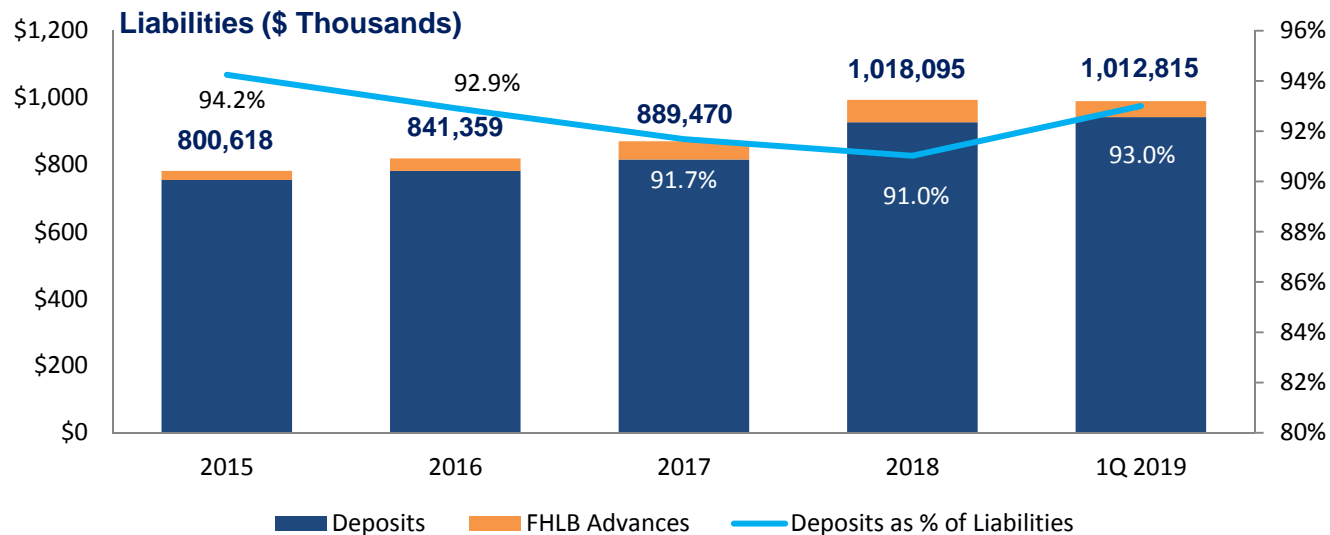
Source: Company SEC filings. ¹ Tax equivalent basis.



Balance Sheet Composition



Gross Loans / Deposits	
2015	93.4%
2016	98.4%
2017	97.2%
2018	99.0%
2019	97.7%

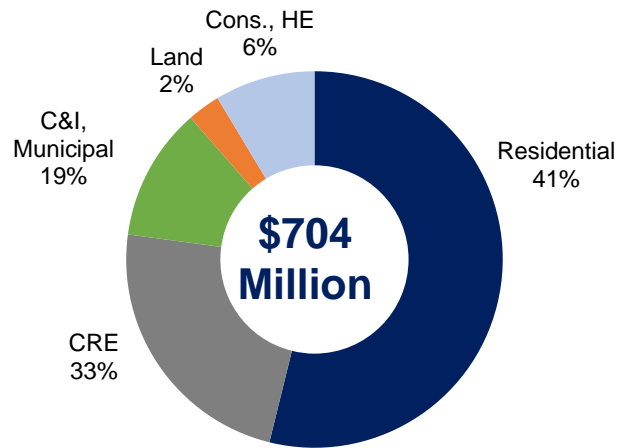


Source: Company SEC filings.



Loan Composition

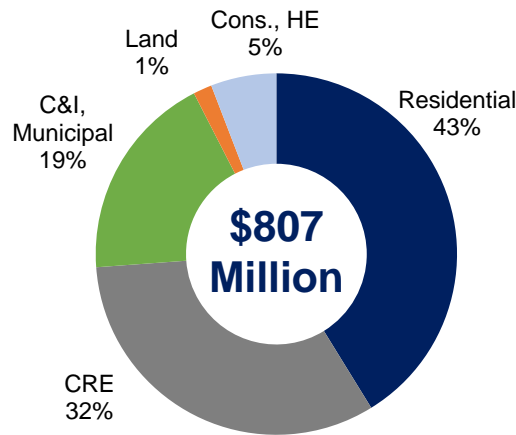
2015



Loans (\$ millions)	2015	
Residential	\$289.8	41.2%
CRE	\$229.7	32.6%
C&I, Municipality	\$131.0	18.6%
Land	\$11.8	1.7%
Cons., HE	\$41.3	5.9%
Gross Loans	\$703.5	100.0%

Loan Portfolio Yield: 4.68%¹
 CRE Loans / RBC²: 117%

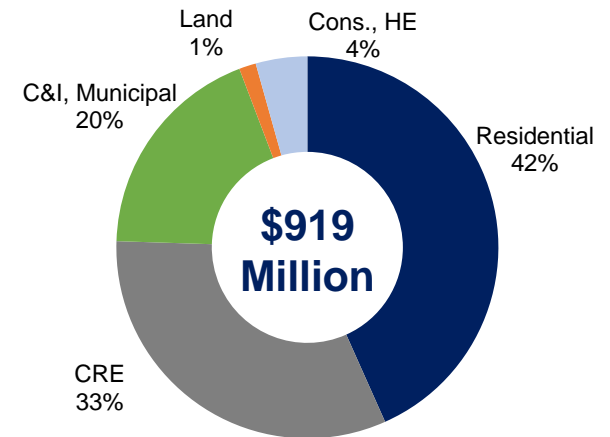
2017



Loans (\$ millions)	2017	
Residential	\$346.9	43.0%
CRE	\$259.3	32.1%
C&I, Municipality	\$150.2	18.6%
Land	\$12.2	1.5%
Cons., HE	\$38.6	4.8%
Gross Loans	\$807.2	100.0%

Loan Portfolio Yield: 4.33%¹
 CRE Loans / RBC²: 136%

2019



Loans (\$ millions)	2019	
Residential	\$ 383.1	41.8%
CRE	\$ 300.6	32.8%
C&I, Municipality	\$ 183.2	20.0%
Land	\$ 12.3	1.3%
Cons., HE	\$ 39.4	4.3%
Gross Loans	\$ 918.6	100%

Loan Portfolio Yield: 4.40%
 CRE Loans / RBC²: 170%

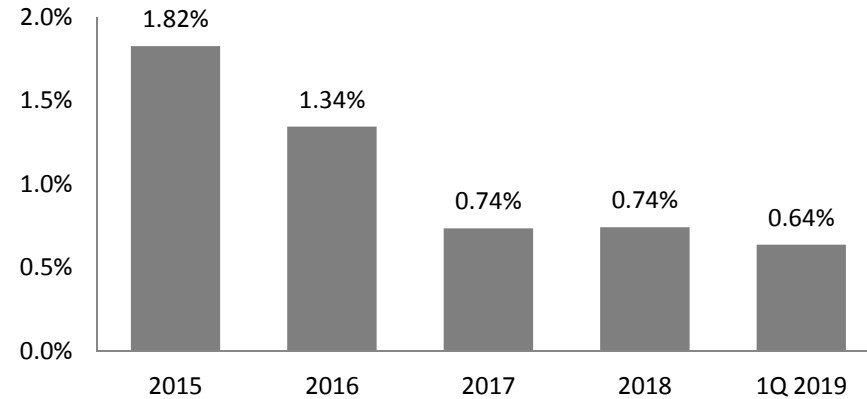
2015 – 2018 Loan CAGR: 7%



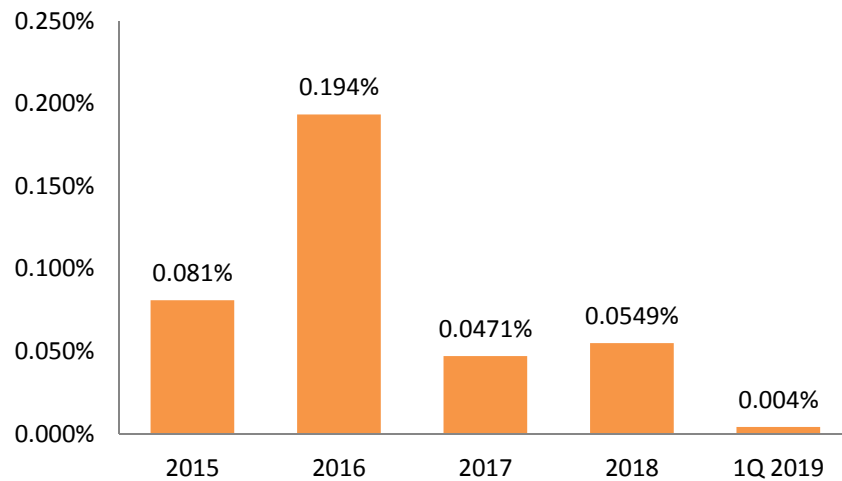
Credit Quality

- Continued improvements in credit quality with significant reduction in NPAs since 2015
- NCOs continue to trend lower, while coverage ratio has increased since 2016
- Loans past due 30 days or more 0.78% of gross loans at 3/31/19, down from 1.13% at 12/31/17

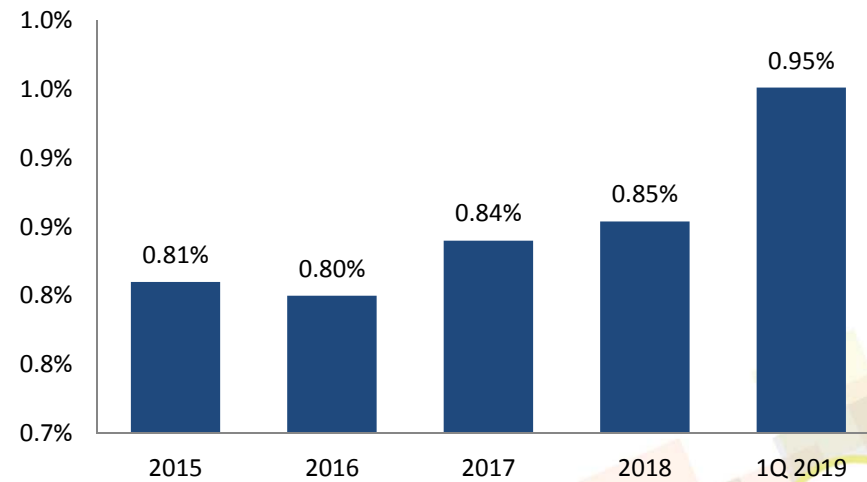
NPAs / Assets



NCOs / Average Loans



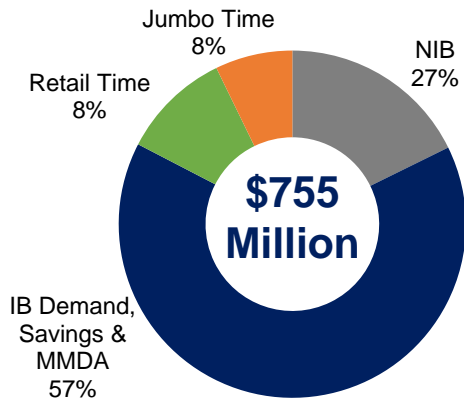
Loan Loss Reserves / Gross Loans





Deposit Composition

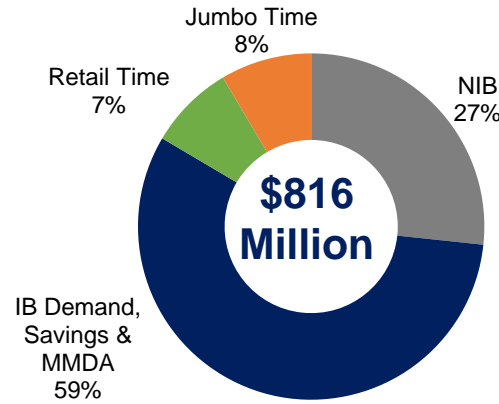
2015



Deposits (\$ millions)	2015	
NIB	\$ 201.3	26.7%
IB Demand, Savings & MMDA	\$ 428.9	56.8%
Retail Time (< \$100k)	\$ 60.2	8.0%
Jumbo Time (> \$ 100k)	\$ 64.2	8.5%
Total	\$ 754.5	100%

Core Deposits: 83.5%
Cost of Deposits: 0.33%

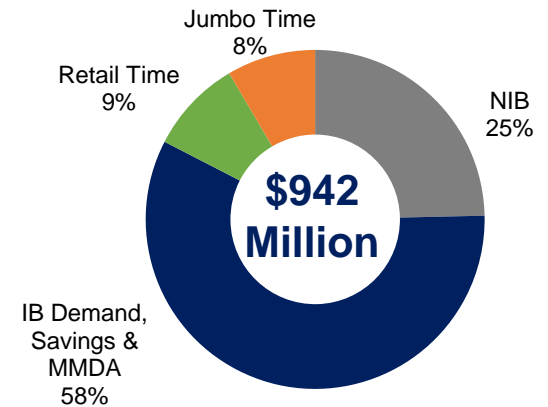
2017



Deposits (\$ millions)	2017	
NIB	\$ 220.5	27.0%
IB Demand, Savings & MMDA	\$ 478.1	58.6%
Retail Time (< \$100k)	\$ 53.2	6.5%
Jumbo Time (> \$ 100k)	\$ 63.6	7.8%
Total	\$ 815.5	100%

Core Deposits: 85.7%
Cost of Deposits: 0.42%

2019

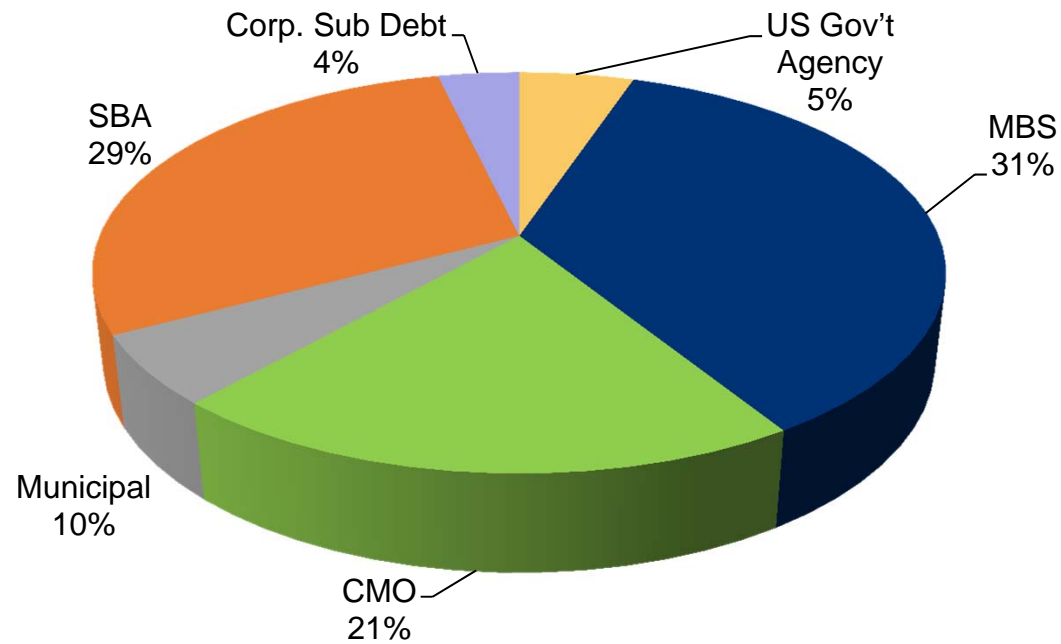


Deposits (\$ millions)	2019	
NIB	\$ 219.2	23.4%
IB Demand, Savings & MMDA	\$ 550.4	58.4%
Retail Time (< \$100k)	\$ 57.8	6.1%
Jumbo Time (> \$ 100k)	\$ 114.0	12.1%
Total	\$ 942.0	100.0%

Core Deposits: 81.8%
Cost of Deposits: 1.04%

2015 – 2019 Deposit CAGR: 6%

Securities AFS Portfolio (2018)

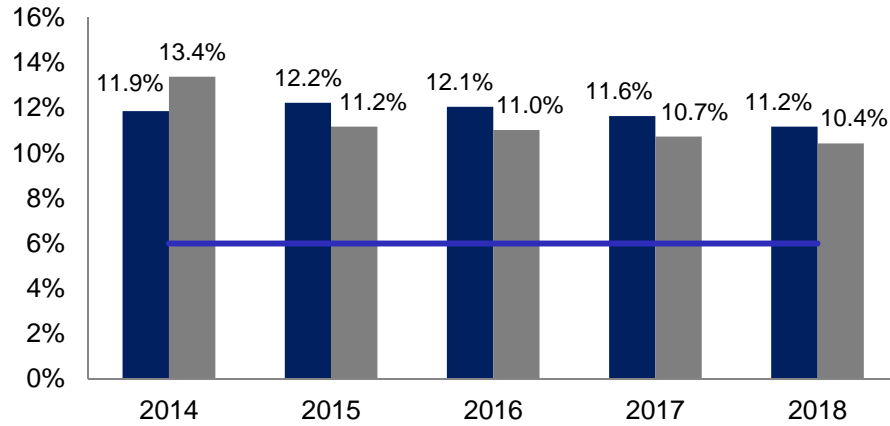


Highlights

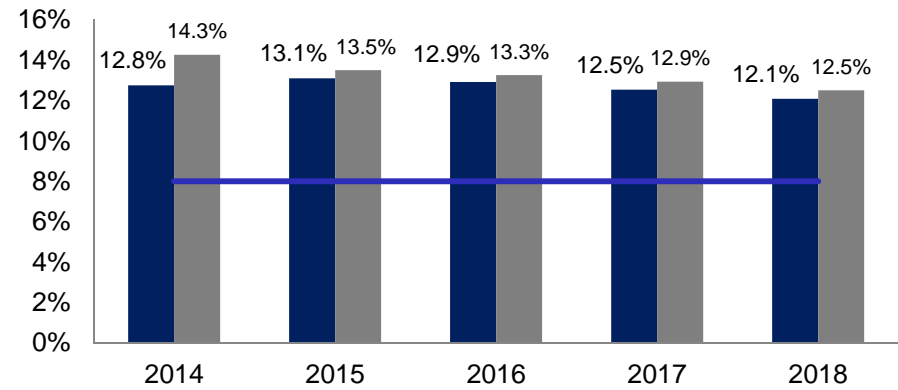
- \$98 million or 9% of total assets
- Primarily collateralizes deposits and provides liquidity
- Average Yield: 2.95%
- Duration: 3.3 years



Tier 1 Capital Ratio ¹

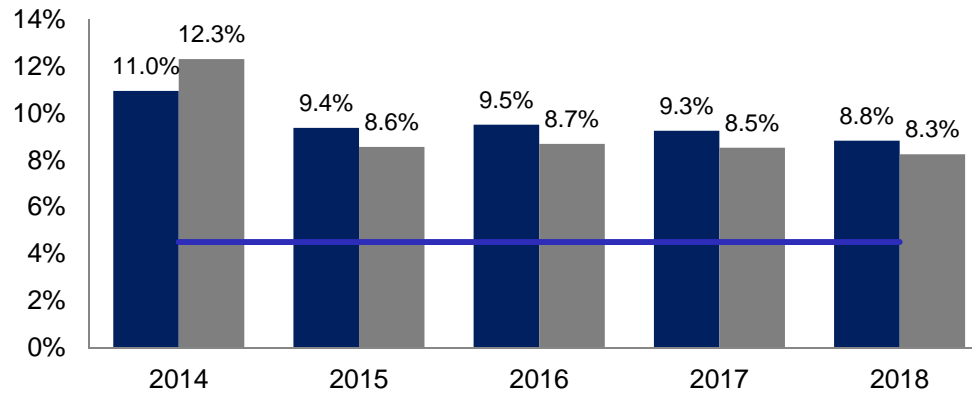


Total Capital Ratio ²



Bank Bancorp Well Capitalized

Leverage Ratio ³



Source: Company SEC filings.

¹ Tier 1 Capital / Risk Weighted Assets

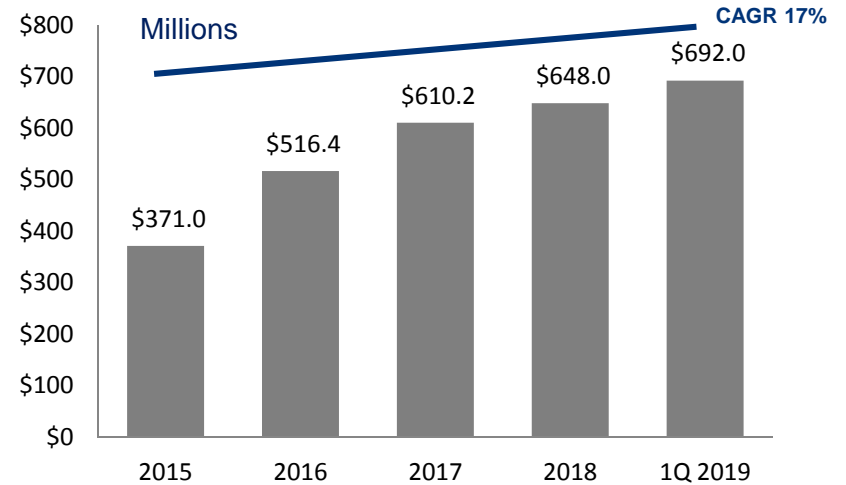
² Total Capital / Risk Weighted Assets

³ Tier 1 Capital / Average Assets

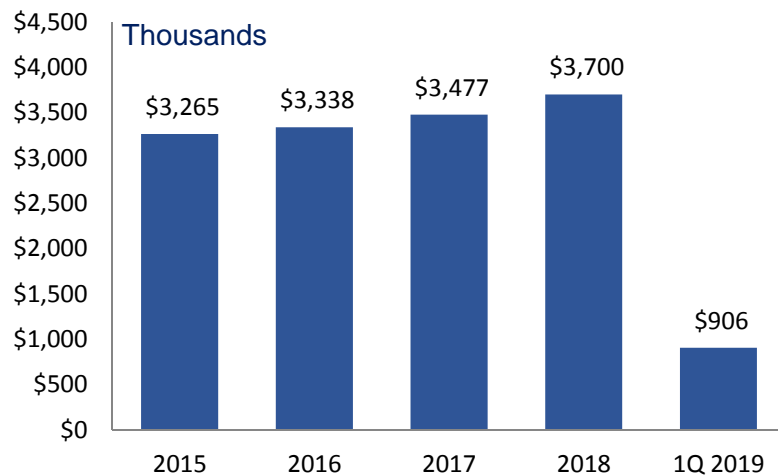
Trust & Wealth Advisory

- 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
- Expansion into Hudson Valley continued with Trust office opening in Newburgh, NY

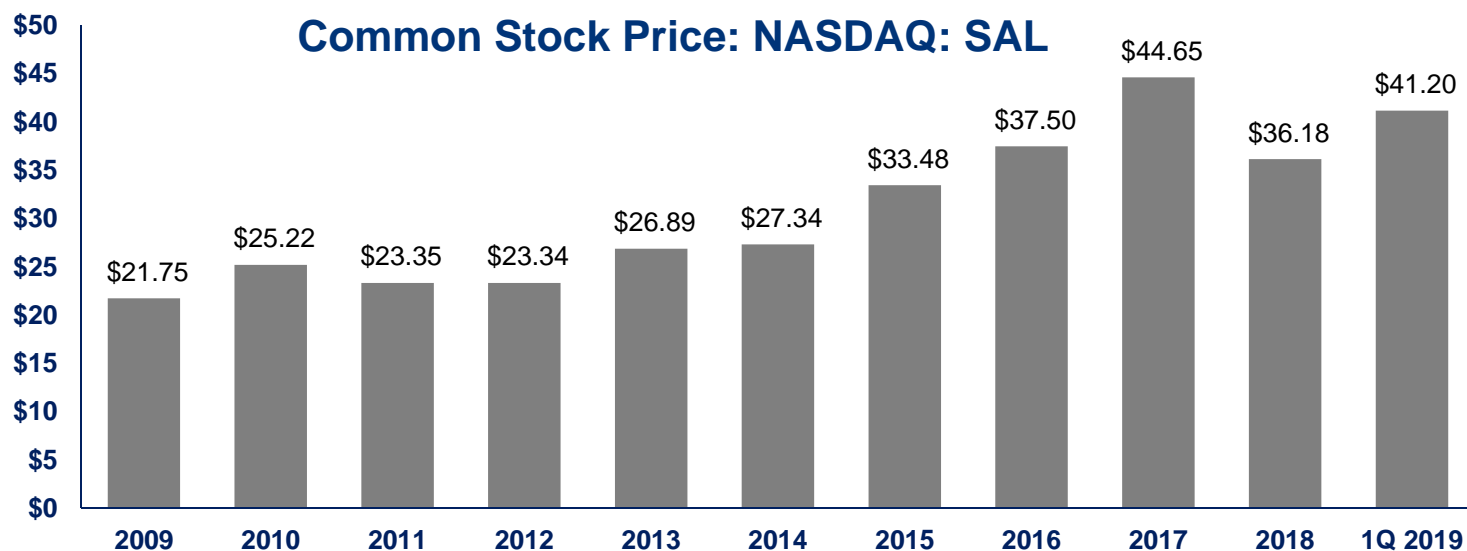
Assets Under Administration



Gross Revenues



Source: Company SEC filings.

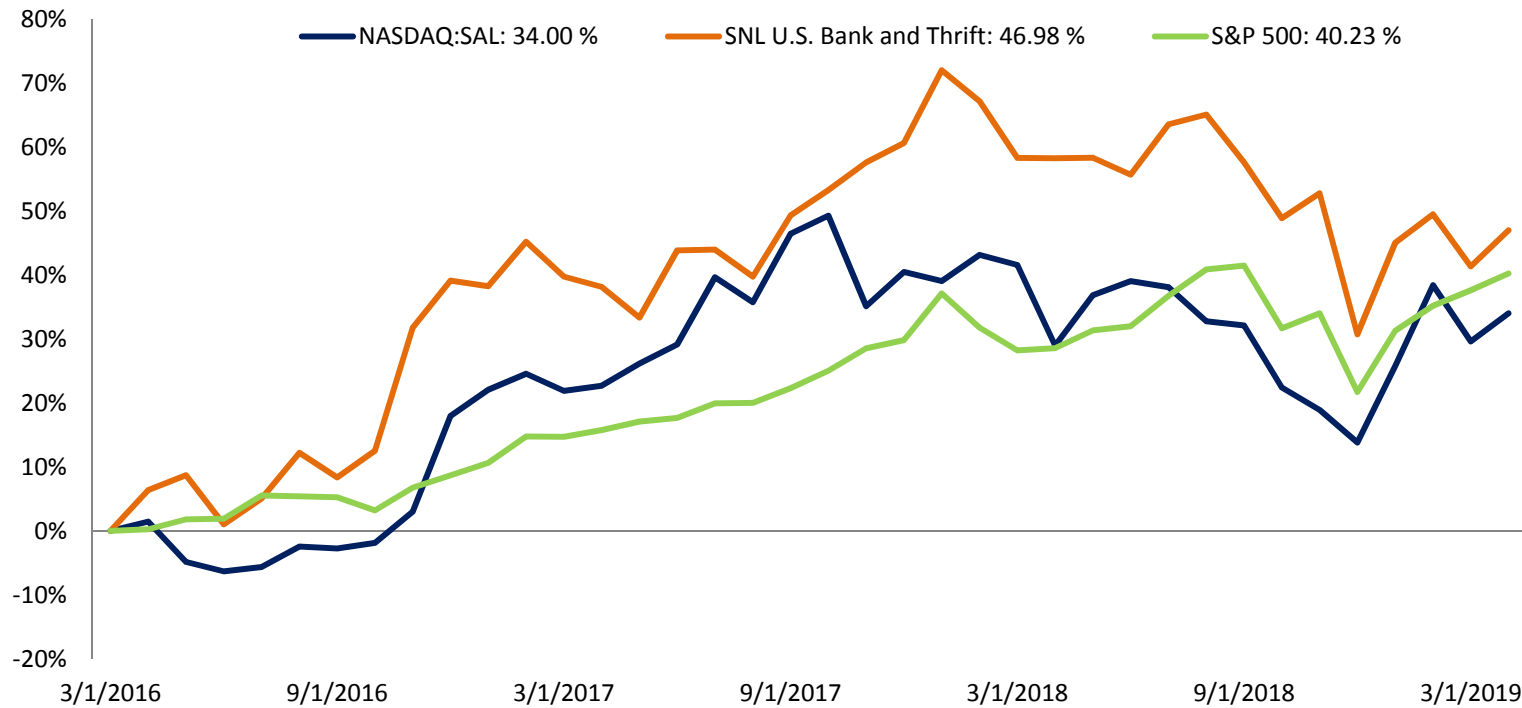


Period Ending	2015	2016	2017	2018	1Q 2018
Tangible BV per common share (\$)	27.69	28.90	29.39	31.45	37.81
Price/Book (%)	101.0	110.0	127.5	98.2	109.0
Market capitalization (\$ in millions)	91.5	103.4	124.4	101.0	115.6
Common shares outstanding (000s)	2,734	2,758	2,785	2,807	2,807
Insider Ownership (%)	18.7	19.1	12.08 ¹	12.12	11.93
Institutional Ownership (%)	9.12	8.68	11.33	10.62	10.42
Highs / Lows (\$)	33.70 / 26.60	38.15 / 29.51	48.35 / 37.30	49.85 / 38.25	44.20 / 35.25

Source: S&P Global and Company SEC filings. ¹ In April 2017, Salisbury Director Rudolph P. Russo passed away. Mr. Russo held approximately 6% of Salisbury's shares.



Relative Stock Price Performance



Highlights:

- 20 + years of dividend payments
- Dividend yield of 2.72% at 3/31/19



Strategic Priorities:

- Organic growth and strategic acquisitions
 - ✓ Wealth advisory
 - ✓ Branches
 - ✓ Whole bank
- Enhance efficiency and profitability
- 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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