



SALISBURY BANCORP, INC.

Salisbury Bancorp, Inc. is the holding company for Salisbury Bank and Trust Company

2017

Shareholder Report

March 31, 2017

Board of Directors:

Michael A. Varet (Chairman),
Louis E. Allyn II, Charles M. Andola,
George E. Banta, Arthur J. Bassin,
Louise F. Brown, Richard J. Cantele,
Jr., David B. Farrell, Michael D. Gordon,
Polly Diane Hoe, Nancy F. Humphreys,
Holly J. Nelson, John F. Perotti,
Rudolph P. Russo

Stock Symbol: SAL

Transfer Agent

Broadridge Corporate
Issuer Solutions, Inc.
P.O. Box 1342
Brentwood, NY 11717
888.520.5817
investor.broadridge.com

Common Share Data (unaudited)

At 3/31/17

Closing Price	\$38.75
Market Capitalization	\$107 M
Dividend Yield	2.89%
Common Shares Outstanding	2,770,036

2017 Dividend Calendar*

Quarter	Declaration Date	Record Date	Payable Date
First	4/28/17	5/12/17	5/26/17
Second	7/28/17	8/11/17	8/25/17
Third	10/27/17	11/10/17	11/24/17
Fourth	1/26/18	2/9/18	2/23/18

*Salisbury Bancorp, Inc. is not obligated to pay common stock dividends on these dates or at any other time.

Dear Fellow Shareholders,

Salisbury Bank posted improved metrics during the first quarter as earnings per share, asset quality, and assets under administration in our Wealth Advisory area each saw positive movement. Both book value and tangible book value grew, further enhancing shareholder value.

On January 12th we announced our plans to acquire the New Paltz, New York branch of Empire State Bank, and assume approximately \$31 million in deposits and purchase approximately \$6.8 million in branch related loans. The purchase of this branch is a strategic opportunity which will enable our Riverside Division to reach new customers and better serve our existing customers in Ulster County, NY. This branch will be our second office west of the Hudson River and our seventh full service banking office in New York State.

In addition to the branch acquisition, we are pleased to announce a few additions to our staff during the first quarter.

Justin Markovits, Esq. joined the Bank as Vice President and Trust Officer in the Wealth Advisory Services division. Justin brings solid legal, trust administration, and planning experience to Salisbury Trust. With an office in Poughkeepsie and eventually in Newburgh, NY, he will be a valued resource to the clients of our Riverside Division. Justin currently resides in Newburgh, NY, where he and his family have deep ties to the region.

Eric Haffa joined the Riverside Division of the Bank as Assistant Vice President, Branch Manager and Cash Management Specialist at our Newburgh, NY branch. Eric brings significant industry knowledge and management experience to the Bank which will enable him to successfully direct every aspect of customer service. Eric currently resides in Central Valley, NY, with his family.

It is with regret but warm wishes that we announce the retirement of long-time employee, Lana Morrison, who most recently was the Branch Manager of our Millerton, NY office. We are indebted to Lana for her 33 years of service to the Bank, our customers, and the community. She will be missed by all who have had the pleasure of working with her.

We are pleased to announce that Bianca Martin has accepted the Assistant Vice President, Branch Manager position at the Millerton branch. Bianca has been a dedicated and committed member of our team since 2013 and most recently worked in the Assistant Branch Manager role. With her knowledge of the Millerton market and the experience she has gained working in that branch over the past few years, we are confident she will be successful in her new role.

Sincerely,

Richard J. Cantele, Jr.
President and Chief Executive Officer



Shareholder Relations For more information visit salisburybank.com and click on Shareholder Relations or contact: Shelly L. Humeston, Secretary at shumeston@salisburybank.com or 860.453.3432

Forward-Looking Statements Statements contained in this report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and expectations of management as well as the assumptions and estimates made by management using information currently available to management. Since these statements reflect the views of management concerning future events, these statements involve risks, uncertainties and assumptions, including among others: changes in market interest rates and general and regional economic conditions; changes in government regulations; changes in accounting principles; and the quality or composition of the loan and investment portfolios and other factors that may be described in Salisbury's quarterly reports on Form 10-Q and its annual report on Form 10-K, each filed with the Securities and Exchange Commission, which are available at the Securities and Exchange Commission's internet website (www.sec.gov) and to which reference is hereby made. Therefore, actual future results may differ materially from results discussed in the forward-looking statements.

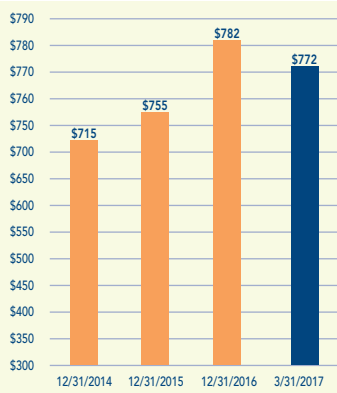


Shareholder Report

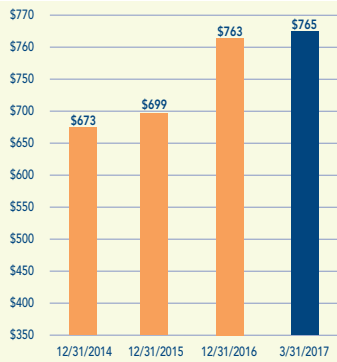
March 31, 2017

Selected Quarterly Highlights

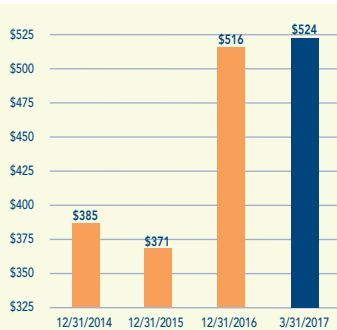
Deposits (in millions)



Loans Receivable, Net (in millions)



Wealth Advisory Assets (in millions)



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Salisbury Bancorp, Inc. and Subsidiary Selected Consolidated Financial Data

(in thousands except ratios and per share amounts) (unaudited)

At or for the three month periods ended	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16
Total assets	\$939,549	\$935,366	\$928,445	\$913,494	\$891,804
Loans receivable, net	764,665	763,184	753,623	749,523	728,845
Total securities	80,359	82,834	79,738	83,874	82,151
Deposits	772,416	781,770	786,730	754,471	755,658
FHLBB advances	52,745	37,188	27,134	47,083	27,031
Shareholders' equity	95,221	94,007	93,554	92,584	91,402
Wealth assets under administration	524,459	516,350	509,557	424,702	422,918
Discretionary wealth assets under administration	365,086	366,167	361,326	355,560	354,202
Non-Discretionary wealth assets under administration	159,373	150,183	148,230	69,142	68,715
Non-performing loans	7,057	8,792	11,673	14,579	16,829
Non-performing assets	10,890	12,565	14,496	14,579	16,829
Accruing loans past due 30-89 days	11,689	4,537	5,889	3,569	7,995
Net interest and dividend income	7,953	7,687	7,687	7,567	7,664
Net interest and dividend income, tax equivalent	8,214	7,966	7,981	7,882	7,991
Provision for loan losses	352	503	344	525	463
Non-interest income	2,023	2,327	1,888	2,001	1,675
Non-interest expense	7,427	7,411	6,500	6,640	6,837
Income before income taxes	2,197	2,100	2,731	2,403	2,039
Income tax provision	593	580	812	669	528
Net income	1,604	1,520	1,919	1,734	1,512
Net income applicable to common shareholders	1,594	1,509	1,904	1,721	1,499
Per share data					
Basic earnings per common share	\$0.58	\$0.55	\$0.70	\$0.63	\$0.55
Diluted earnings per common share	0.58	0.55	0.69	0.63	0.55
Dividends per common share	0.28	0.28	0.28	0.28	0.28
Book value per common share	34.38	34.07	33.92	33.57	33.20
Tangible book value per common share - Non-GAAP	29.26	28.90	28.63	28.28	27.84
Common shares outstanding at end of period					
Weighted average common shares outstanding, to calculate basic earnings per share	2,749	2,737	2,737	2,735	2,723
Weighted average common shares outstanding, to calculate diluted earnings per share	2,768	2,755	2,751	2,749	2,741
Profitability ratios					
Net interest margin (tax equivalent)	3.74%	3.63%	3.57%	3.71%	3.79%
Efficiency ratio ¹	69.06	67.08	64.13	66.51	69.28
Non-interest income to operating revenue	20.28	19.81	19.22	20.63	18.01
Effective income tax rate	27.00	27.62	29.71	27.79	25.86
Return on average assets	0.70	0.65	0.81	0.77	0.68
Return on average common shareholders' equity	6.83	6.43	8.20	7.58	6.68
Credit quality ratios					
Net charge-offs to average loans receivable, gross	0.03%	0.04%	0.02%	0.37%	0.17%
Non-performing loans to loans receivable, gross	0.92	1.16	1.54	1.93	2.29
Accruing loans past due 30-89 days to loans receivable, gross	1.53	0.60	0.78	0.47	1.09
Allowance for loan losses to loans receivable, gross	0.82	0.79	0.78	0.76	0.80
Allowance for loan losses to non-performing loans	89.05	69.43	50.47	39.22	34.92
Non-performing assets to total assets	1.16	1.34	1.56	1.60	1.89
Capital ratios					
Common shareholders' equity to assets	10.13%	10.05%	10.08%	10.14%	10.25%
Tangible common shareholders' equity to tangible assets - Non-GAAP	8.76	8.64	8.66	8.68	8.74
Tier 1 leverage capital	8.81	8.73	8.47	8.64	8.57
Total risk-based capital	13.23	13.10	13.25	13.08	12.92
Common equity tier 1 capital	11.01	10.89	11.01	10.86	10.69

¹ Calculated using SNL's (publicly recognized resource of bank data) methodology, as follows: Noninterest expense before OREO expense, amortization of intangibles, and goodwill impairments as a percent of net interest income (fully taxable equivalent) and noninterest revenues, excluding gains from securities transactions and litigation expenses.