

**SALISBURY BANCORP, INC.**

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

**2017**

# Shareholder Report

September 30, 2017

## Board of Directors:

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

## 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 9/29/17

Closing Price	\$46.55
Market Capitalization	\$130 M
Dividend Yield	2.41%
Common Shares Outstanding	2,785,916

## 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,

This quarter we focused on deploying the deposits from our recent acquisition of the New Paltz branch into new loans. Our wealth assets under administration also increased, which helps to diversify our sources of income. We continue to focus on improving asset quality and managing non-interest expense while maintaining our commitment to outstanding customer service and enhancing long-term value for our shareholders.

We are pleased to announce that Kevin Bennett has recently joined the Bank as Vice President, Commercial Loan Officer. Kevin is a graduate of Pace University with a degree in Business Administration. He has worked in banking since his graduation in 2007, becoming a Branch Manager at Key Bank. He then moved to Rhinebeck Bank in 2011 starting as a Branch Manager and became a Commercial Lender shortly after. Kevin currently resides in Wappingers Falls, NY.

Sincerely,

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



**Shareholder Relations** For more information visit [salisburybank.com](http://salisburybank.com) and click on Shareholder Relations or contact: Shelly L. Humeston, Secretary at [shumeston@salisburybank.com](mailto: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](http://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.

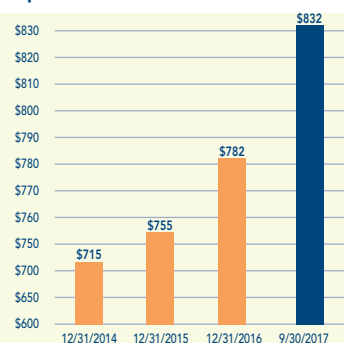


## Shareholder Report

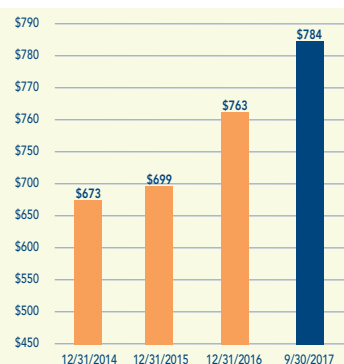
September 30, 2017

### Selected Quarterly Highlights

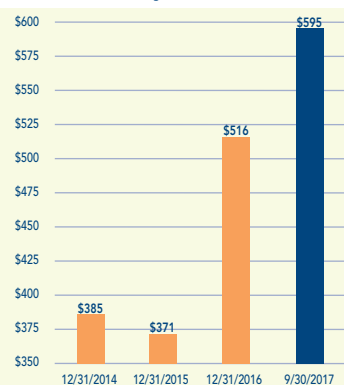
#### Deposits (in millions)



#### 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	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16
Total assets	\$979,469	\$974,806	\$939,549	\$935,366	\$928,445
Loans receivable, net	784,136	771,850	764,665	763,184	753,623
Total securities	88,546	84,468	80,359	82,834	79,738
Deposits	831,989	811,341	772,416	781,770	786,730
FHLBB advances	27,364	47,302	52,745	37,188	27,134
Shareholders' equity	97,526	96,545	95,221	94,007	93,554
Wealth assets under administration	594,510	585,759	524,459	516,350	509,556
Discretionary wealth assets under administration	374,357	374,271	365,086	366,167	361,326
Non-discretionary wealth assets under administration	220,153	211,488	159,373	150,183	148,230
Non-performing loans	8,311	7,835	7,057	8,792	11,673
Non-performing assets	12,256	11,690	10,890	12,565	14,496
Accruing loans past due 30-89 days	3,449	2,961	11,689	4,537	5,889
Net interest and dividend income	7,766	7,661	7,832	7,687	7,687
Net interest and dividend income, tax equivalent	7,983	7,894	8,093	7,966	7,979
Provision for loan losses	237	364	352	503	344
Non-interest income	2,080	1,951	2,023	2,327	1,888
Non-interest expense	7,220	6,751	7,306	7,411	6,500
Income before income taxes	2,389	2,497	2,197	2,100	2,731
Income tax provision	695	615	593	580	812
Net income	1,694	1,882	1,604	1,520	1,919
Net income allocated to common shareholders	1,678	1,867	1,594	1,509	1,904
<b>Per share data</b>					
Basic earnings per common share	\$0.61	\$0.68	\$0.58	\$0.55	\$0.70
Diluted earnings per common share	0.60	0.67	0.58	0.55	0.69
Dividends per common share	0.28	0.28	0.28	0.28	0.28
Book value per common share	35.01	34.66	34.38	34.07	33.92
Tangible book value per common share - Non-GAAP	29.34	28.94	29.26	28.90	28.63
<b>Common shares outstanding at end of period</b>					
Weighted average common shares outstanding, to calculate basic earnings per share	2,786	2,785	2,770	2,758	2,758
Weighted average common shares outstanding, to calculate diluted earnings per share	2,759	2,757	2,749	2,737	2,737
<b>Profitability ratios</b>					
Net interest margin (tax equivalent)	3.50%	3.58%	3.69%	3.45%	3.57%
Efficiency ratio <sup>1</sup>	67.18	66.56	68.68	67.08	64.13
Effective income tax rate	29.09	24.62	27.00	27.62	29.71
Return on average assets	0.69	0.77	0.70	0.65	0.81
Return on average common shareholders' equity	6.89	7.82	6.83	6.43	8.20
<b>Credit quality ratios</b>					
Net charge-offs to average loans receivable, gross	0.03%	0.02%	0.03%	0.04%	0.02%
Non-performing loans to loans receivable, gross	1.05	1.01	0.92	1.16	1.54
Accruing loans past due 30-89 days to loans receivable, gross	0.44	0.38	1.53	0.60	0.78
Allowance for loan losses to loans receivable, gross	0.82	0.83	0.82	0.79	0.78
Allowance for loan losses to non-performing loans	79.30	82.87	89.05	69.43	50.47
Non-performing assets to total assets	1.25	1.20	1.16	1.34	1.56
<b>Capital ratios</b>					
Common shareholders' equity to assets	9.96%	9.90%	10.13%	10.05%	10.08%
Tangible common shareholders' equity to tangible assets - Non-GAAP	8.48	8.41	8.76	8.64	8.66
Tier 1 leverage capital	8.49	8.77	8.83	8.69	8.47
Total risk-based capital	13.20	13.12	13.34	13.26	13.25
Common equity tier 1 capital	10.96	10.88	11.10	11.02	11.01

<sup>1</sup> Calculated using SNLs (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.