

strength is in our

CORE

*customers
community
shareholders
employees*

Investor Presentation

NASDAQ: SAL



SALISBURY BANCORP, INC.

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

Investor Information

Richard J. Cantele, Jr.

President

Chief Executive Officer

rcantele@salisburybank.com

860-596-2101

Donald E. White

Executive Vice President

Chief Financial Officer

dwhite@salisburybank.com

860-596-2102

Shelly L. Humeston

Senior Vice President

Secretary

shumeston@salisburybank.com

860-596-2104

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 and Form 10-Q. 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.

Who We Are

Corporate Overview

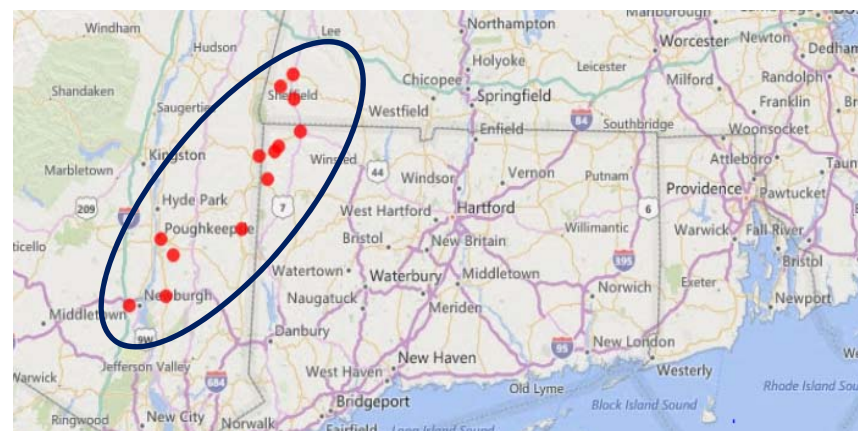
- Full service community banking institution offering consumer and business banking products and services as well as trust and wealth advisory services with roots dating back to 1848
- Operating footprint includes 13 banking locations across four counties in CT, MA and NY (“Operating Counties”)¹
- #2 Community bank deposit market share in combined four counties served
- Franchise extends to within 50 miles of New York metropolitan market
- 20 plus year history of dividend payments
- Seasoned and experienced management team

Key Statistics

Financial Information (as of or for quarter ending June 30, 2016) (unaudited)

Total Assets (\$000s)	\$913,494
Net Loans (\$000s)	\$749,523
Total Deposits (\$000s)	\$754,471
Total Shareholder’s Equity (\$000s)	\$92,584
Tangible Book Value per Common Share (\$)	\$28.28
Wealth Assets Under Administration (\$000s)	\$424,702
Net Income (\$000s)	\$1,735
FTEs	178
Common Stock Price (\$)	\$29.78
Market Capitalization (\$MMs)	\$82.1
Price / Tangible Book Value (%)	105.3

Branch Footprint

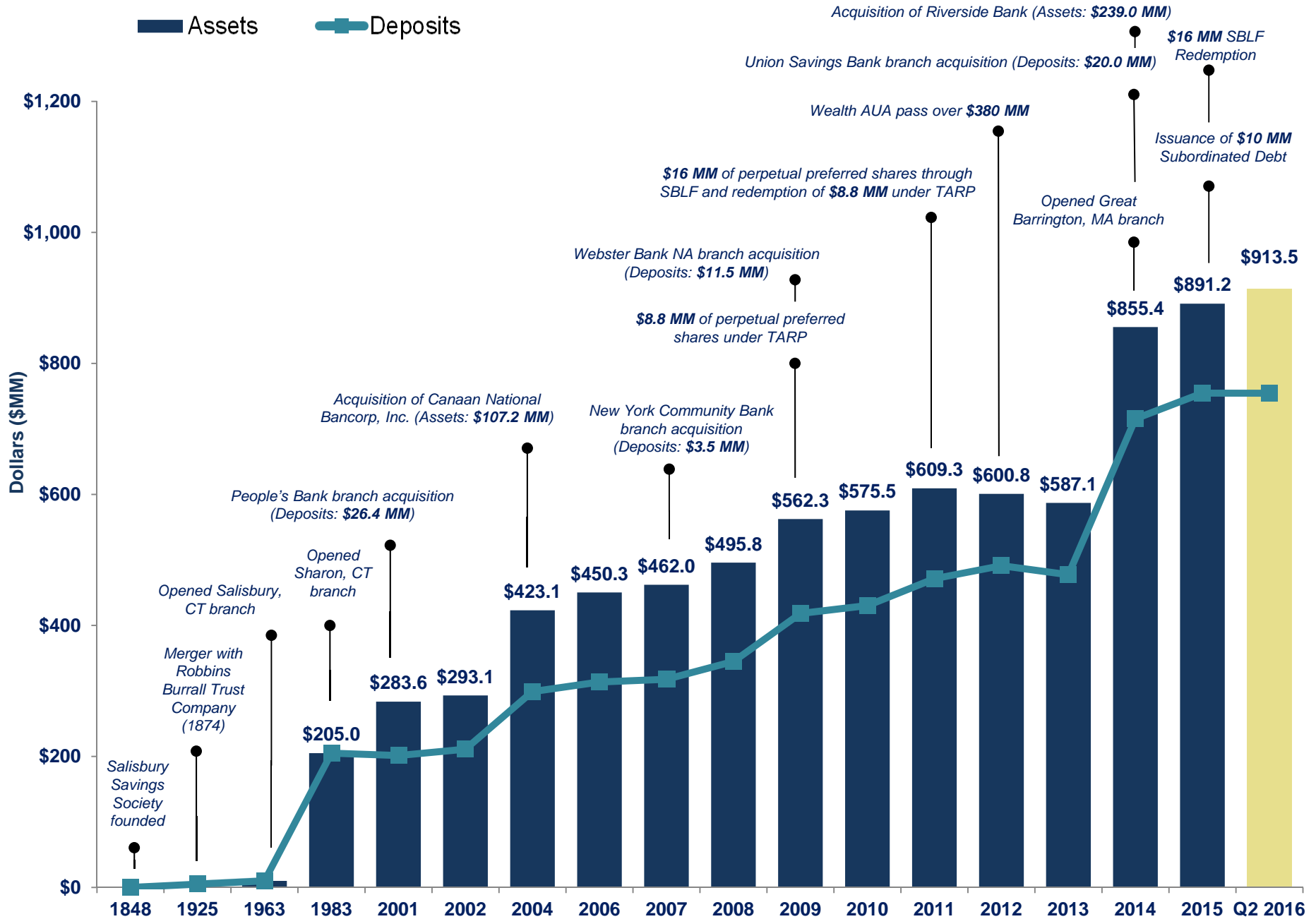


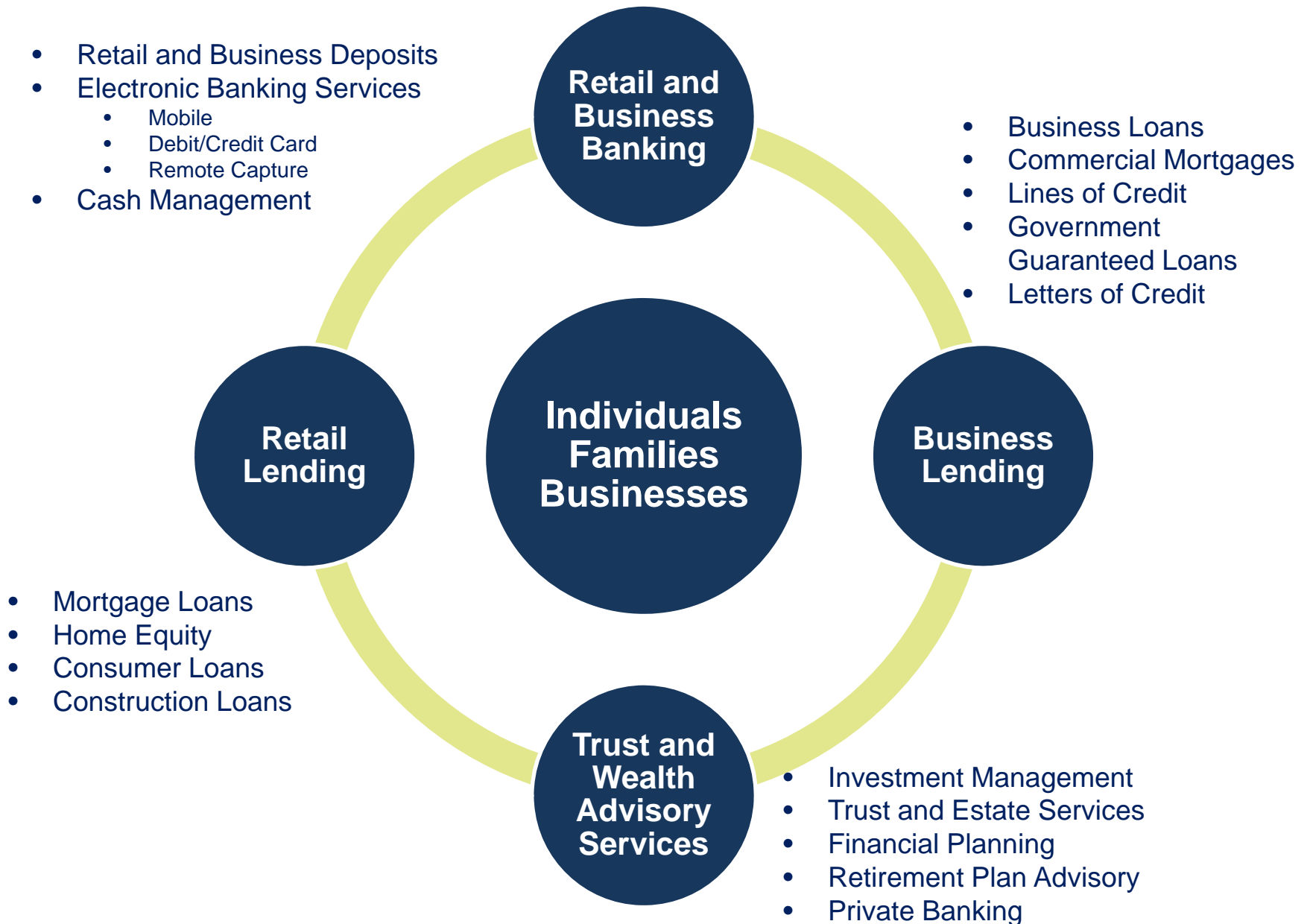
Litchfield County – Deposit Market Share

Rank	Company Name	Total Market Share (%)
1	Webster Financial Corp. (CT)	16.44
2	Torrington SB (CT)	13.12
3	Union SB (CT)	11.83
4	Thomaston SB (CT)	11.81
5	Salisbury Bancorp Inc. (CT)	8.89
6	Bank of America Corp. (NC)	8.52
7	Connecticut MHC (CT)	7.80
8	Toronto-Dominion Bank	4.82
9	People's United Financial Inc. (CT)	4.71
10	Wells Fargo & Co. (CA)	4.35

(1) Operating Counties consist of Litchfield County, CT; Dutchess and Orange Counties in NY; and Berkshire County in MA
Source: SNL Financial - Note: Deposit Market Share as of June 30, 2015 (Grey italics indicate super regional and money center institutions)

History of Our Business





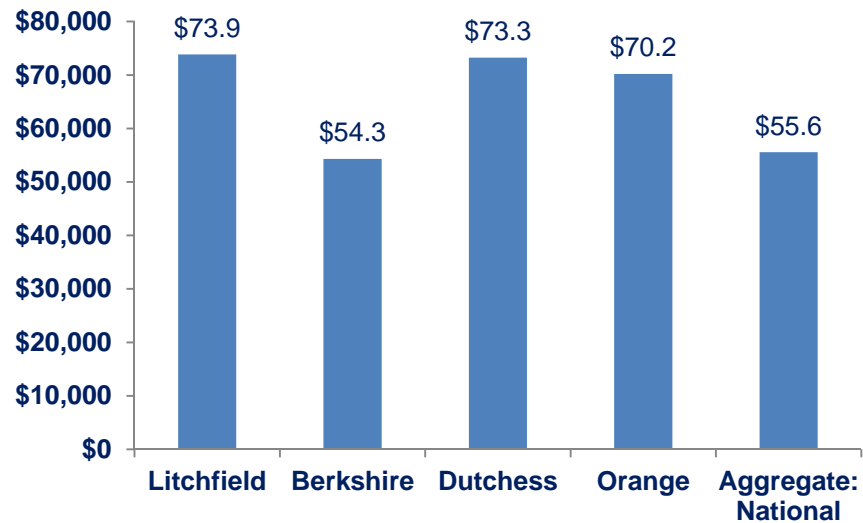
Executive Management Team

Over 270 Years of Financial Services Experience

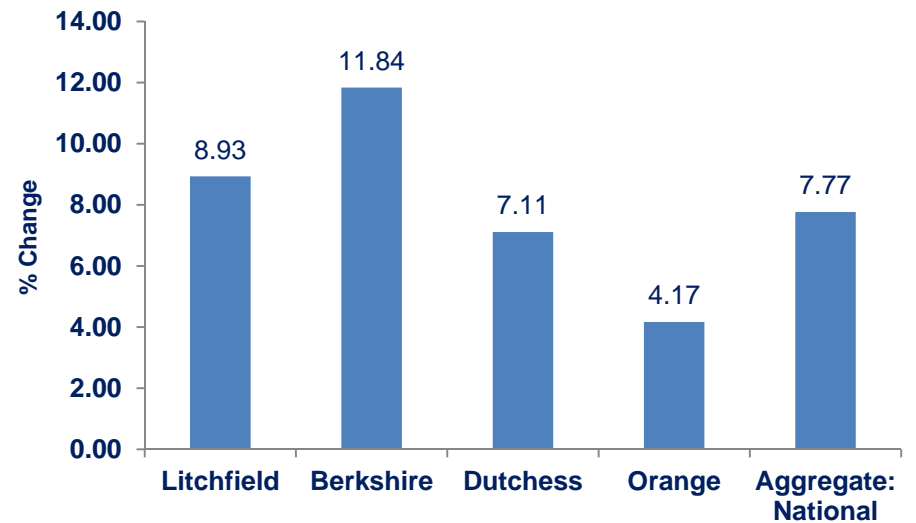
	<i>Years with SAL</i>	<i>Years in Banking/ Financial Services</i>
Richard J. Cantele, Jr. – President and Chief Executive Officer <ul style="list-style-type: none"> Joined the Company in 1981, became President and Director in 2005 and became CEO in 2009 Formerly Salisbury Bank President and COO 	35	35
James E. Cotter – Executive Vice President and Chief Operating Officer <ul style="list-style-type: none"> Prior experience includes Naugatuck Valley Savings and Loan, Newtown Savings Bank and Fairfield Savings Bank 	<1	39
Todd M. Clinton – Executive Vice President and Chief Risk Officer <ul style="list-style-type: none"> Prior experience includes First National Bank of Amenia (NY) 	28	35
John M. Davies – Regional President for New York and Chief Lending Officer <ul style="list-style-type: none"> Prior experience includes M&T Bank and Bank of New York 	1	32
Steven M. Essex – Executive Vice President, Head of Trust Wealth Advisory Services <ul style="list-style-type: none"> Prior experience includes Connecticut National Bank 	6	27
Richard P. Kelly – Executive Vice President and Chief Credit Officer <ul style="list-style-type: none"> Prior experience includes Berkshire Bank and Community Bank N.A. 	3	36
Elizabeth A. Summerville – Executive Vice President and Chief Retail Officer <ul style="list-style-type: none"> Prior experience includes North American Bank (CT), New England Bank and Trust Company (CT), and National Commercial Bank and Trust Company (NY) 	11	39
Donald E. White – Executive Vice President and Chief Financial Officer <ul style="list-style-type: none"> Previously served as Managing Director with Sandler O’Neill + Partners 	3	36

Market Demographics by County

Median Household Income



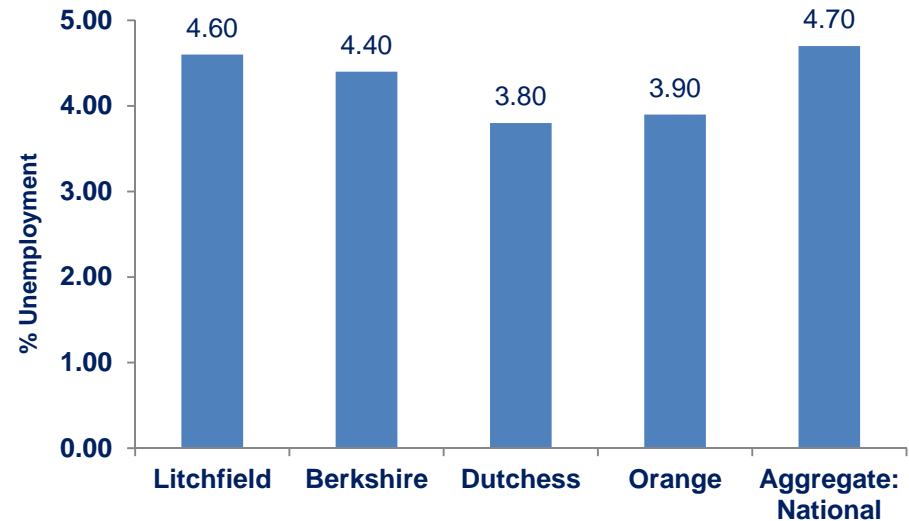
Projected Household Income Change



Commentary

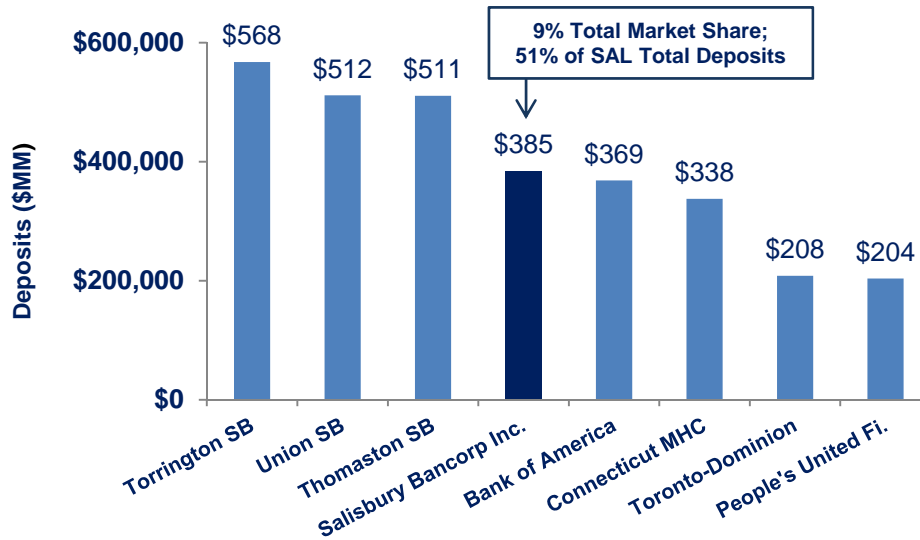
- Litchfield County's prestigious private and public school systems attract affluent individuals to the county
- Litchfield County's median household income is 1% higher than the CT average
- Dutchess County's median household income is 21% higher than the NY average
- Orange County's median household income is 16% higher than the NY average

Unemployment Rate

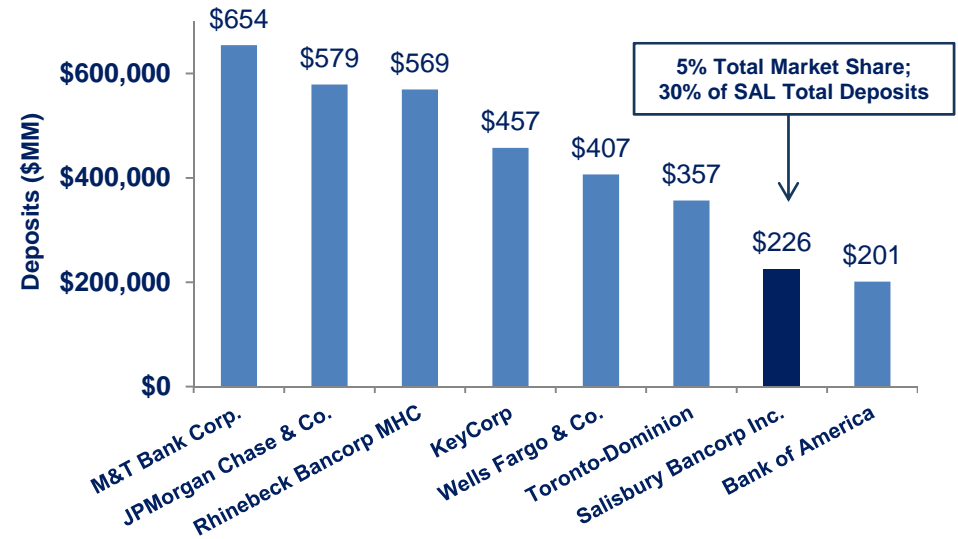


Growth Opportunities Within Franchise Footprint

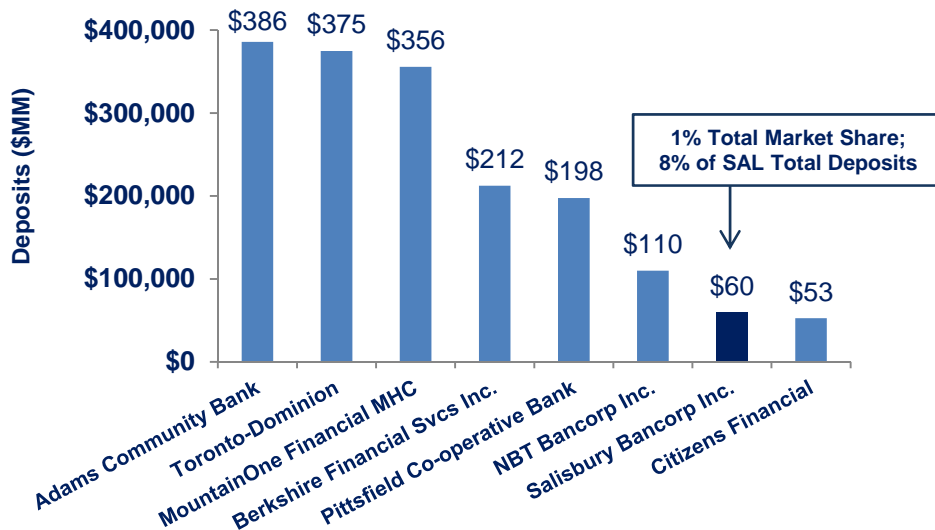
Litchfield County, CT



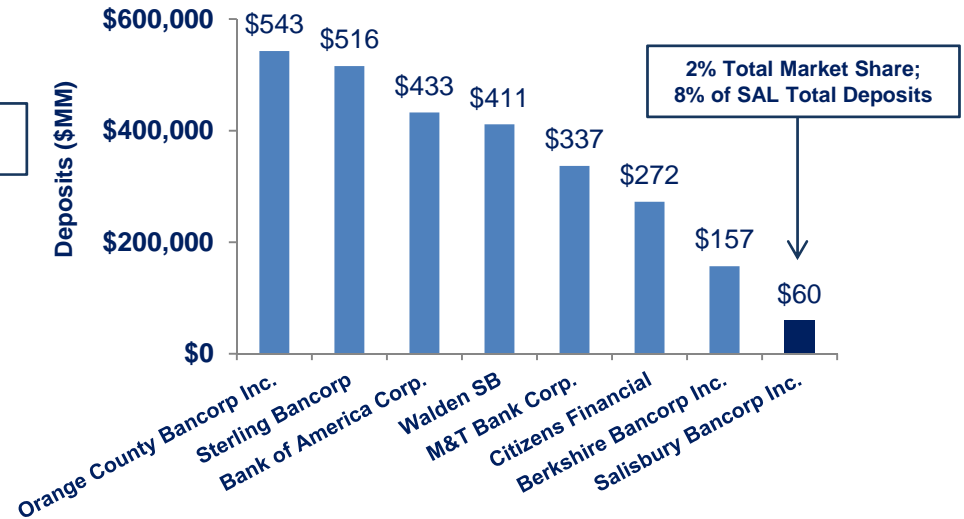
Dutchess County, NY



Berkshire County, MA



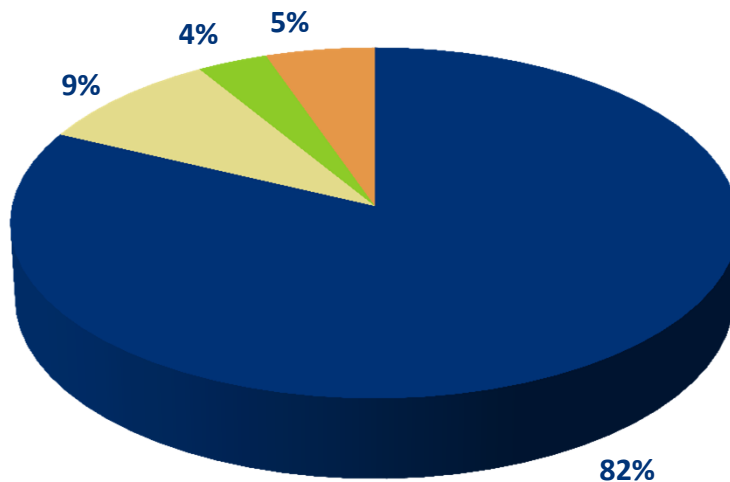
Orange County, NY



Balance Sheet Composition

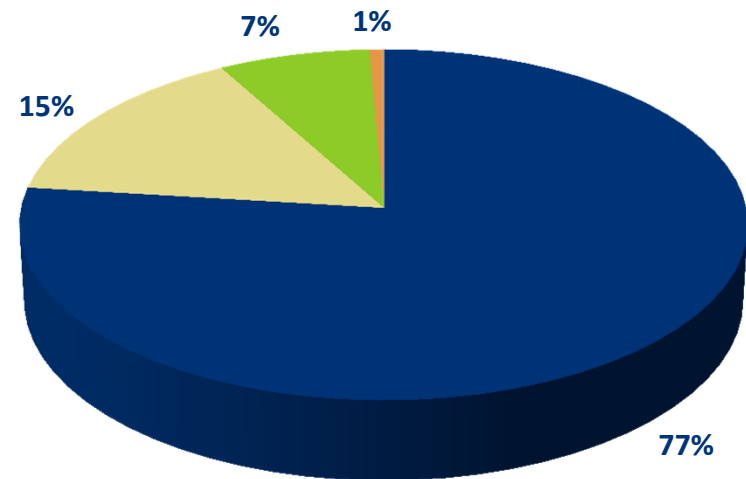
as of 6/30/2016

Assets: \$913,494
(\$000)



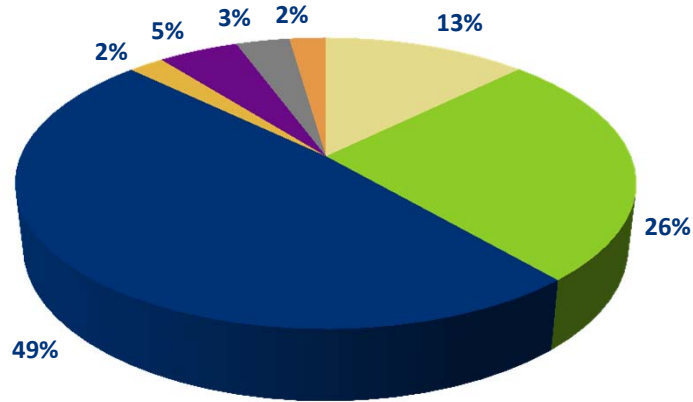
- Total Net Loans: 82%
- Total Investments: 9%
- Cash and Due: 4%
- Other: 5%

Liabilities: \$820,910
(\$000)



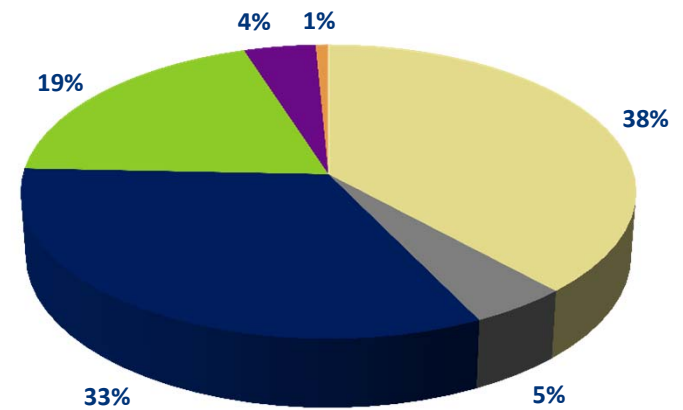
- Non Maturity Deposits: 77%
- Time Deposits: 15%
- Borrowings: 7%
- Other: 1%

Securities Portfolio Composition (as of 6/30/16)



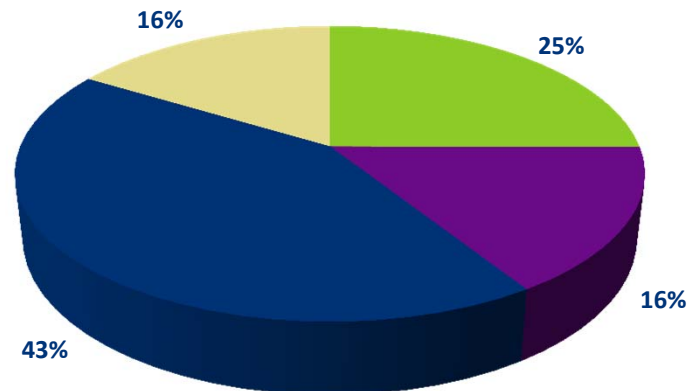
- Treasury Notes: 13%
- Govt. Agencies: 49%
- Non-Agency: 5%
- Other: 2%
- Municipal Bonds: 26%
- CMO Govt. Agencies: 2%
- SBA Bonds: 3%

Loan Portfolio Composition (as of 6/30/16)



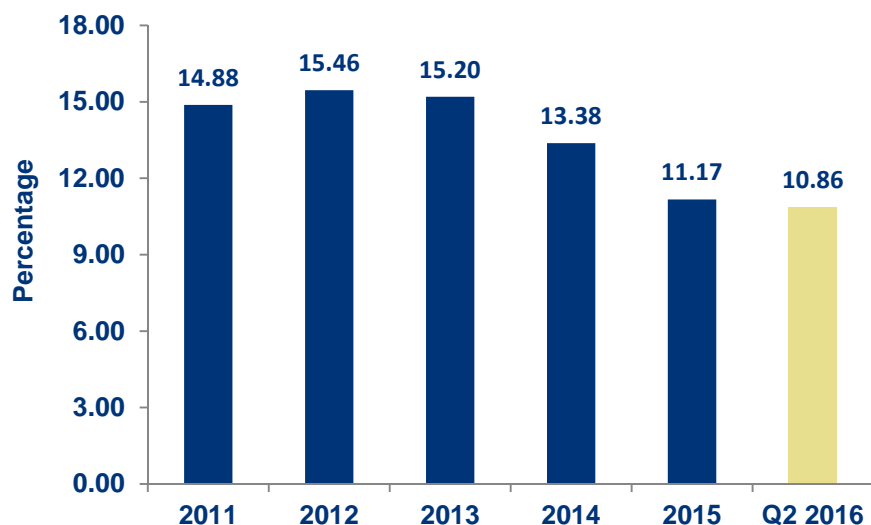
- Residential 1-4 Family: 38%
- CRE & Multi Family RE: 33%
- Construction & Development: 4%
- Home Equity LOC: 5%
- Comm, Financial & Agricultural: 19%
- Other Consumer: 1%

Deposit Portfolio Composition (as of 6/30/16)

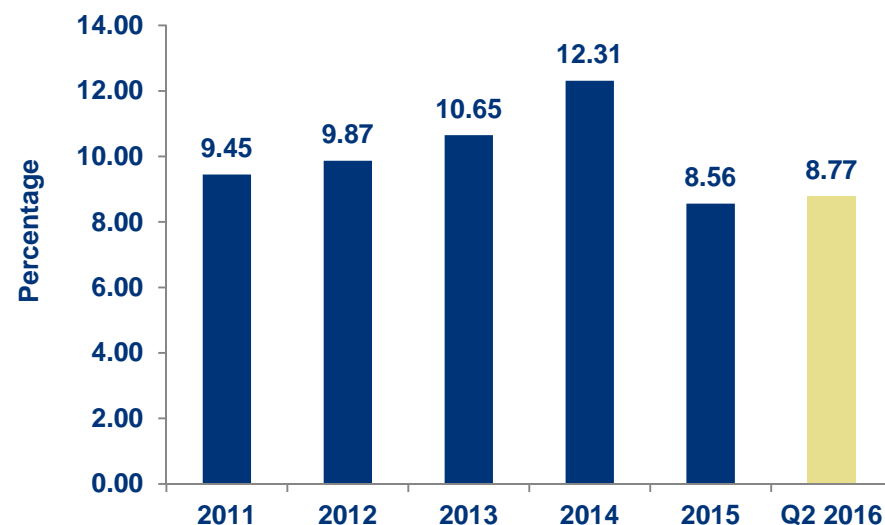


- Demand (Non Int. Bearing): 25%
- Savings & MMDA: 43%
- Demand (Interest Bearing): 16%
- Time: 16%

Tier 1 Ratio¹



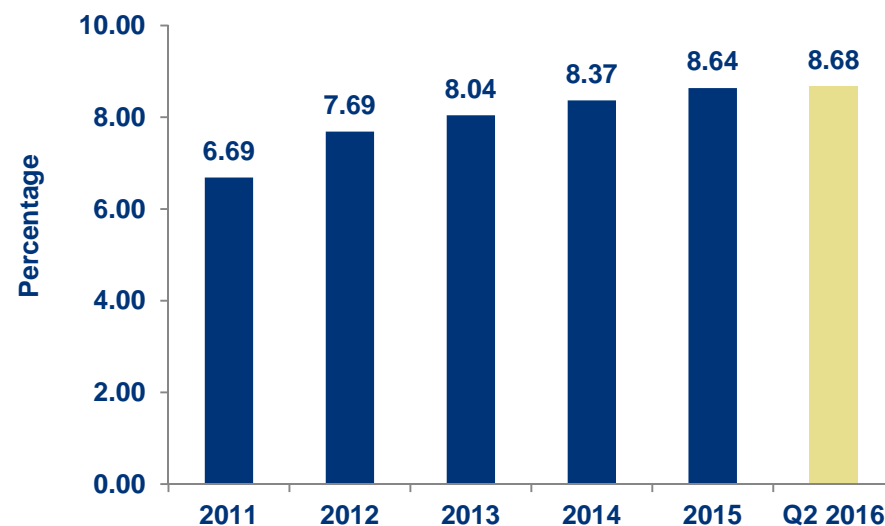
Leverage Ratio²



Total Capital Ratio³



Tangible Common Equity / Tangible Assets⁴



¹ Tier 1 Capital Ratio: Tier 1 Capital / Risk Weighted Assets

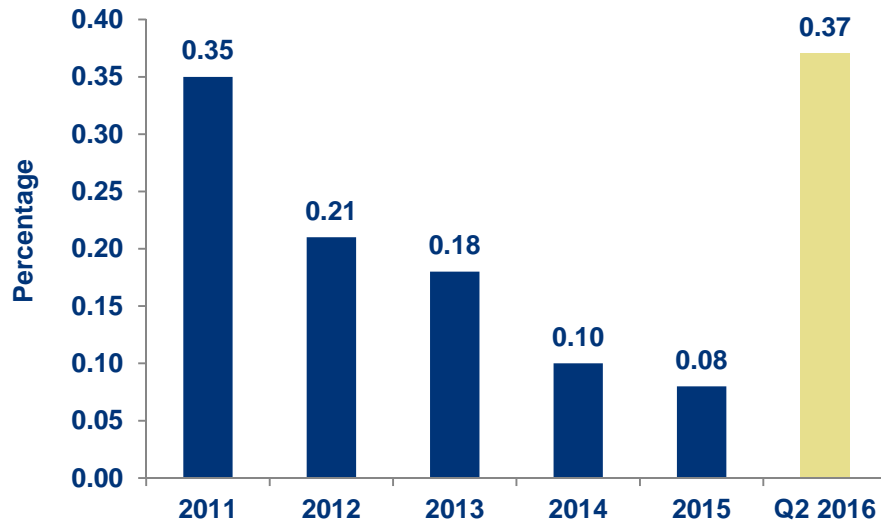
² Leverage Ratio: Tier 1 Capital / Average Assets

³ Total Risk Based Capital: Total Capital / Risk Weighted Assets

⁴ TCE / TA: Tangible Common Equity / Tangible Assets

Credit Metrics

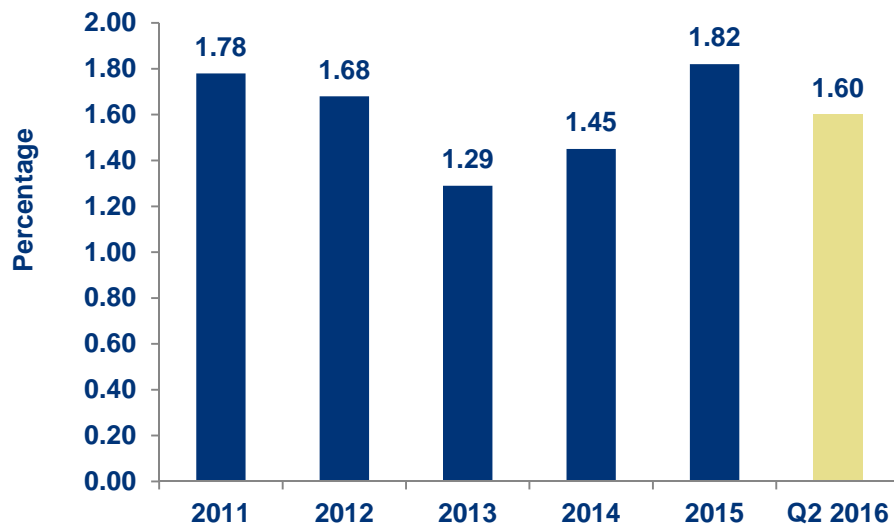
NCOs / Average Loans



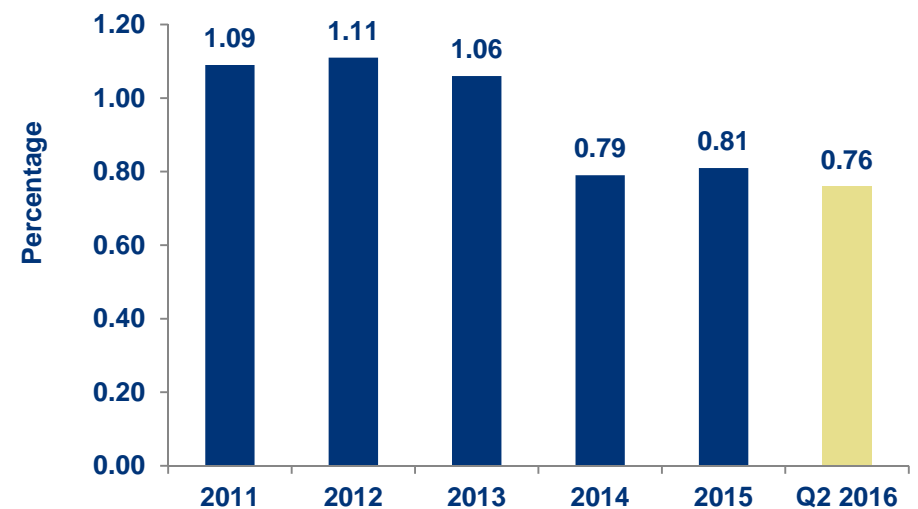
Texas Ratio



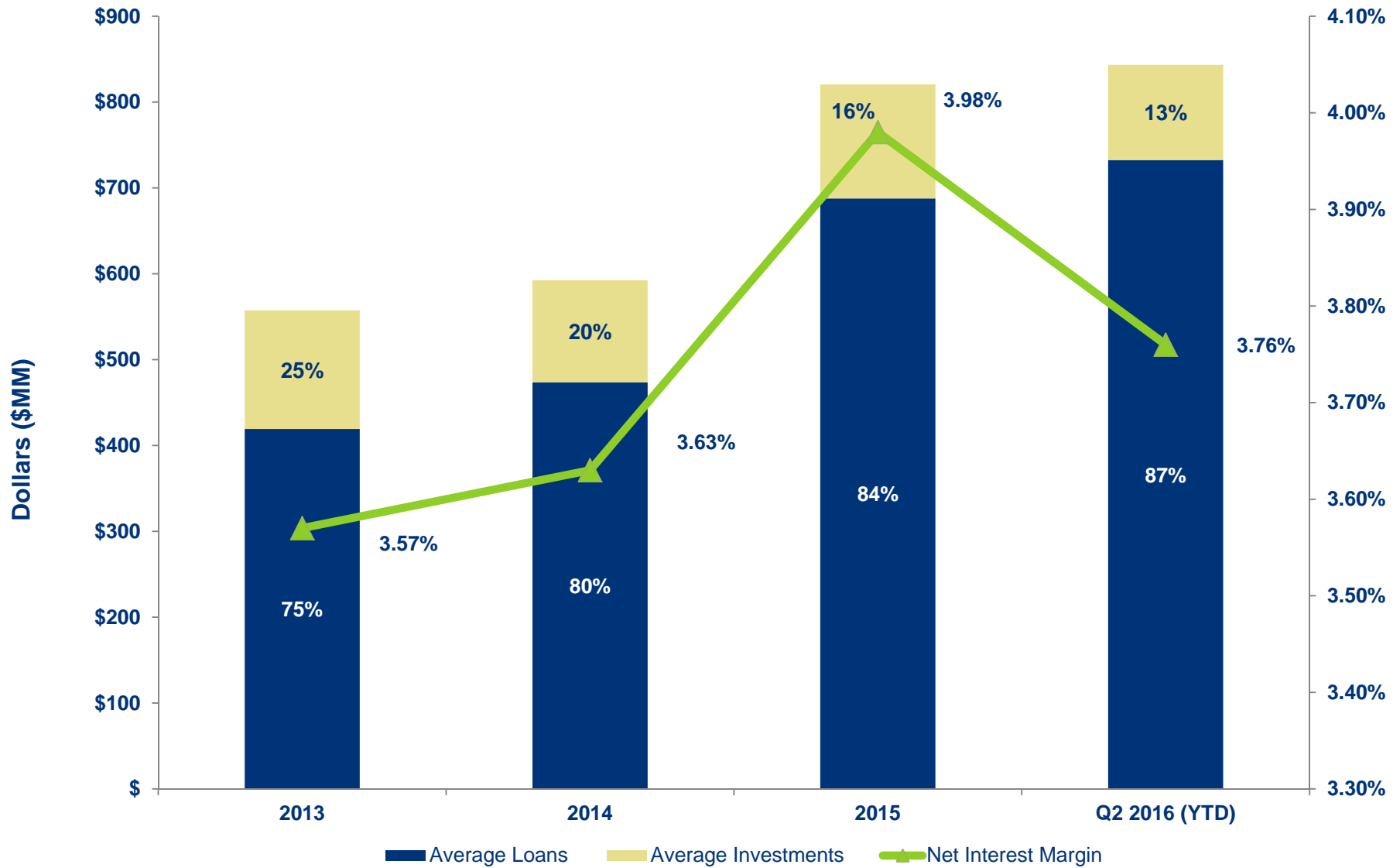
NPAs / Assets



Loan Loss Reserves / Gross Loans

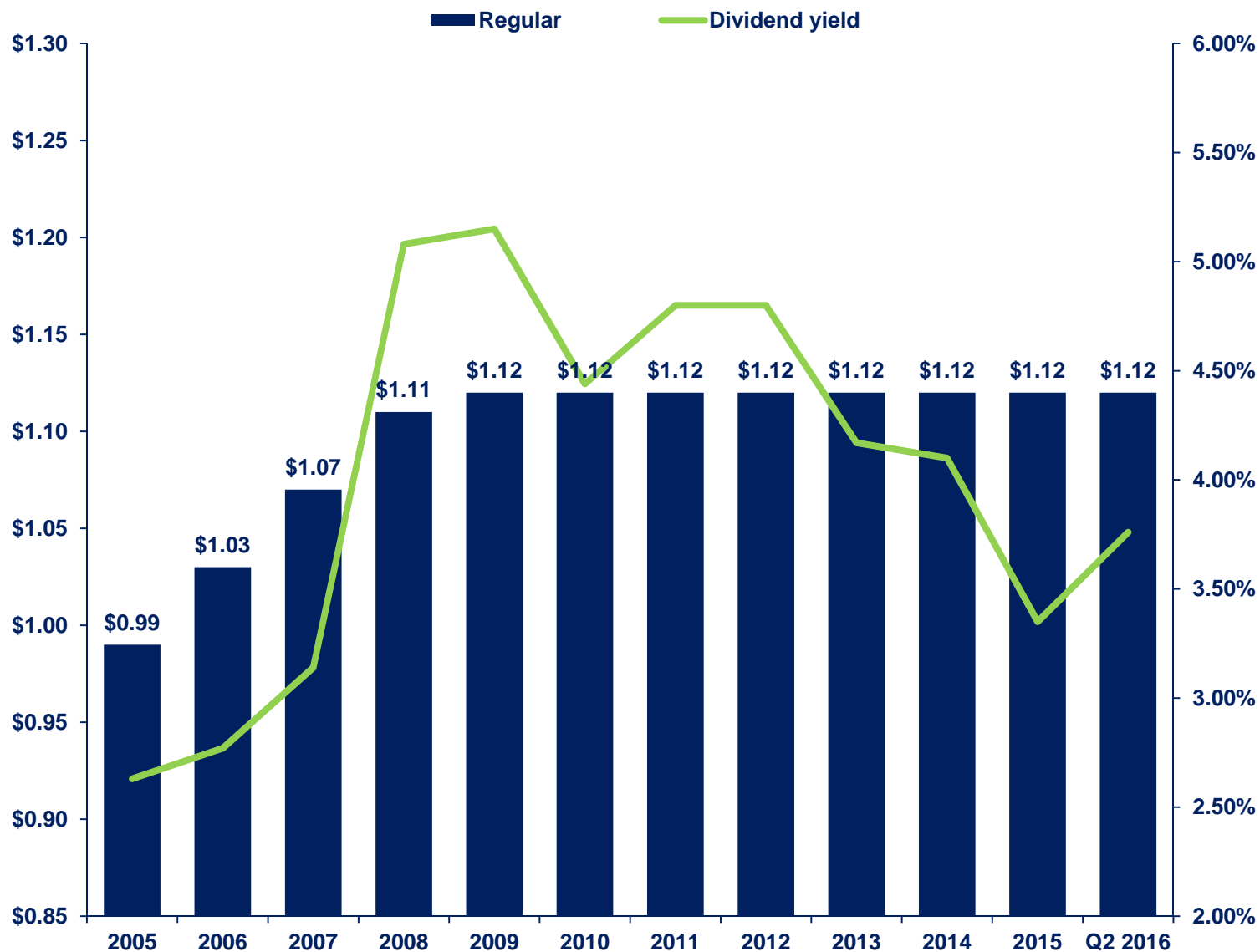


Balance Sheet Management



Why Invest?

Common Dividends per Share

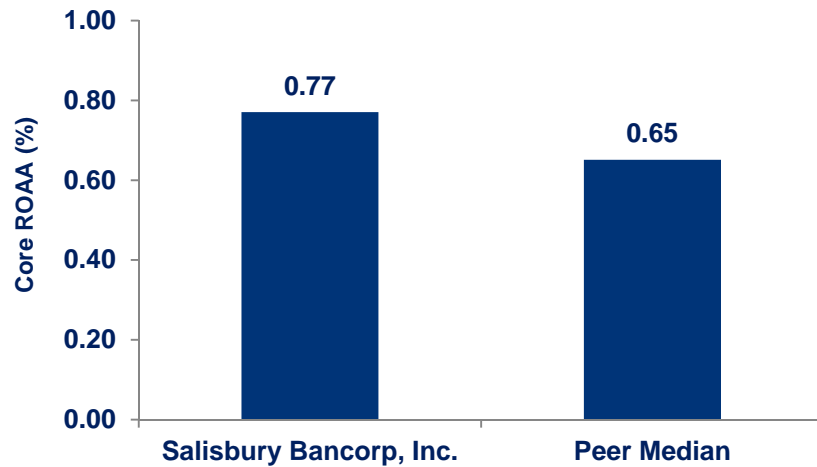


Stock Price (\$)
(at period end)

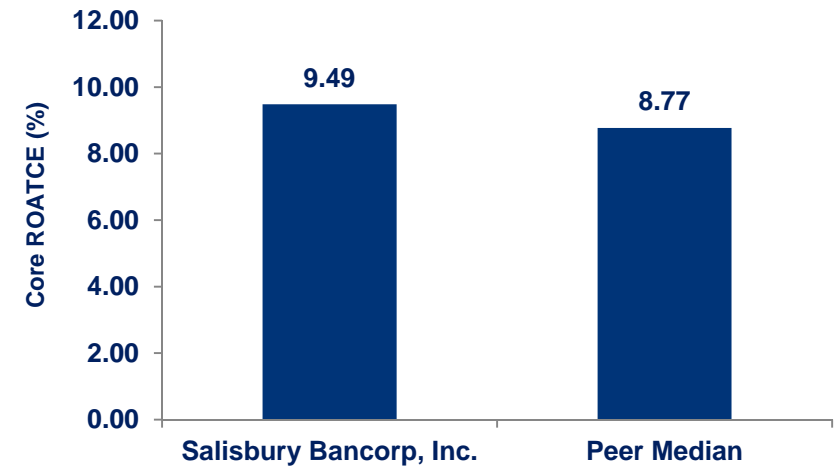
38.00	37.60	34.35	22.05	21.75	25.22	23.35	23.34	26.89	27.34	33.48	29.78
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Why Invest?

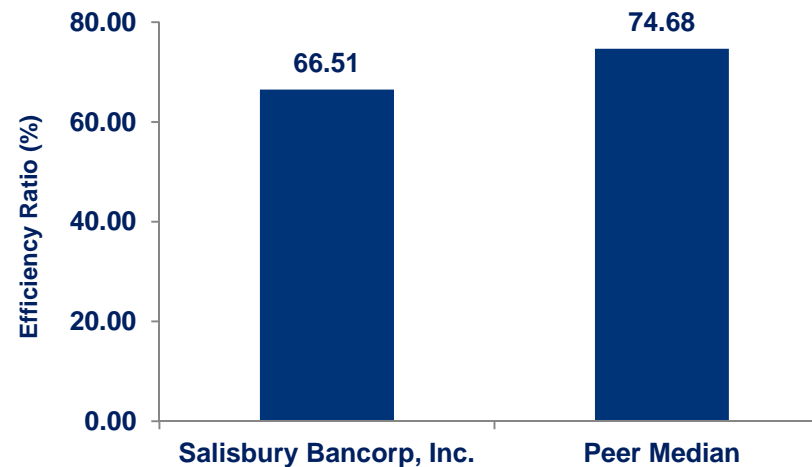
Core ROAA¹



ROATCE²



Efficiency Ratio³



Source: SNL Financial, data as of 6/30/2016. Peers defined as New England and NY public banks with approximately \$625 million to \$1.5 billion in Assets and a TCE/TA ratio below 11.0%.

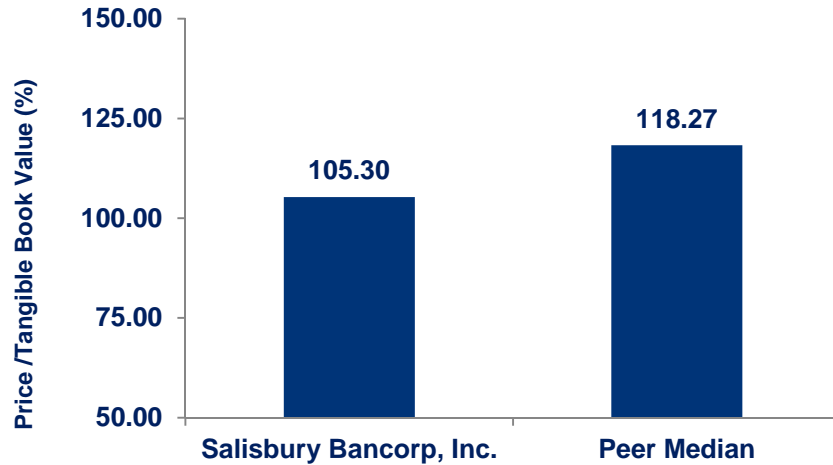
¹ Core ROAA – Core income return on average assets

² ROATCE – Net income adjusted for tax-affected amortization of intangibles, as a percent of average tangible common equity

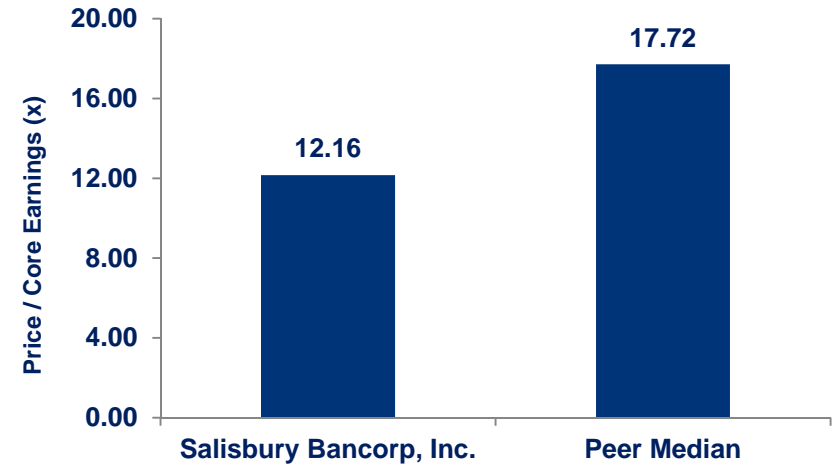
³ Efficiency Ratio – Noninterest expense before foreclosed property expense, amortization of intangibles, and goodwill impairments as a percentage of net interest income and noninterest revenues, excluding only gains from securities transactions & nonrecurring items.

Why Invest?

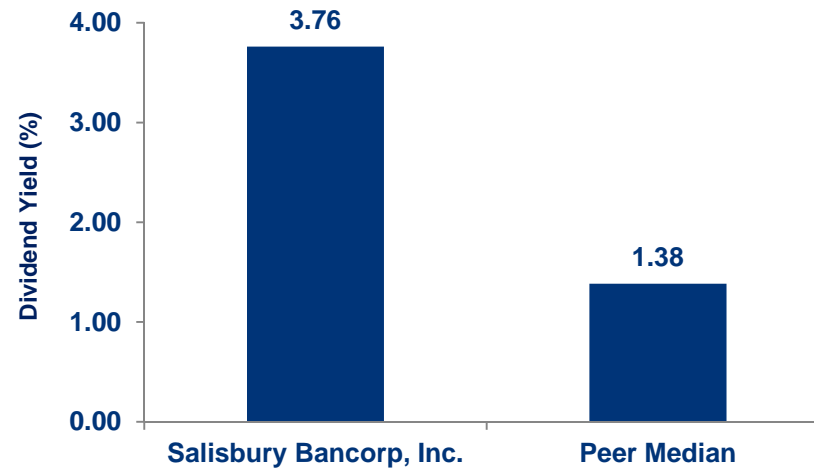
Price / Tangible Book Value¹



Price / Core EPS²



Dividend Yield³



Source: SNL Financial, data as of 6/30/2016. Peers defined as New England and NY public banks with approximately \$625 million to \$1.5 billion in Assets and a TCE/TA ratio below 11.0%.

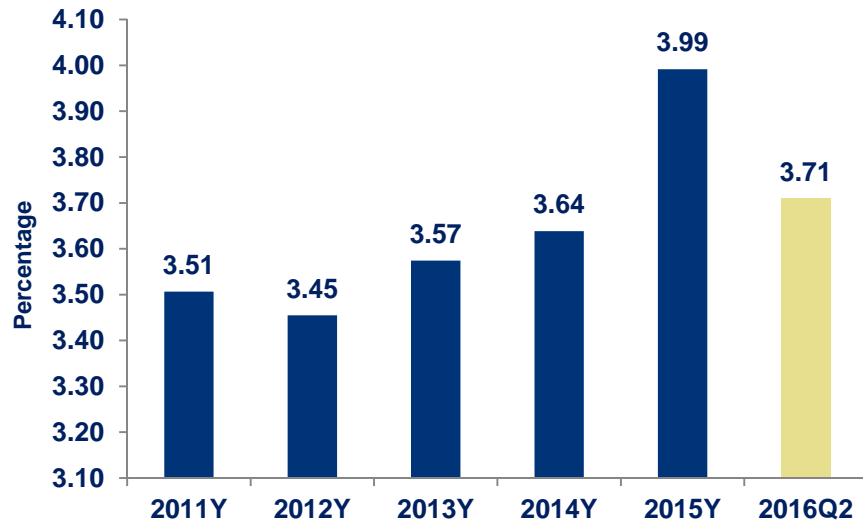
¹ Price/TBV – Price as a percentage of tangible book value per share. Tangible book value is calculated using financial period end tangible common equity & common shares outstanding values.

² Price/Core EPS – Price as a multiple of core earnings per share.

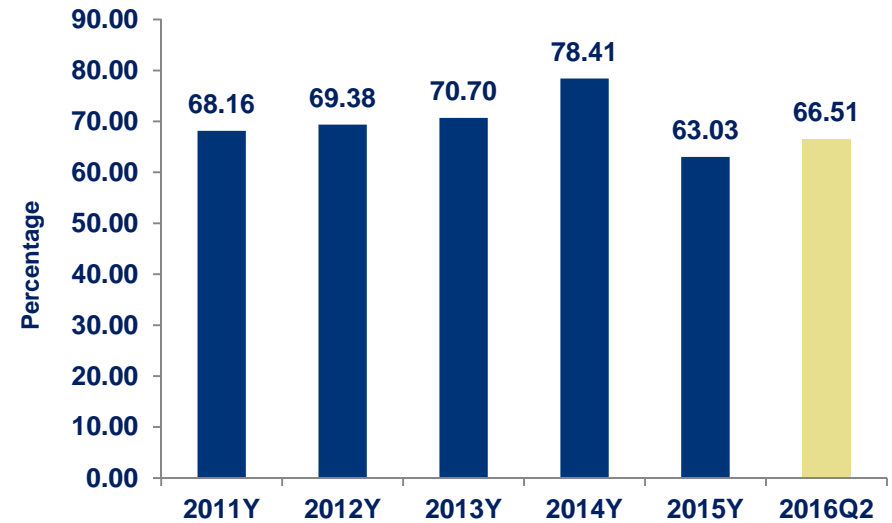
³ Dividend Yield – The most recent dividend, annualized and expressed as a percent of a security's price.

Why Invest?

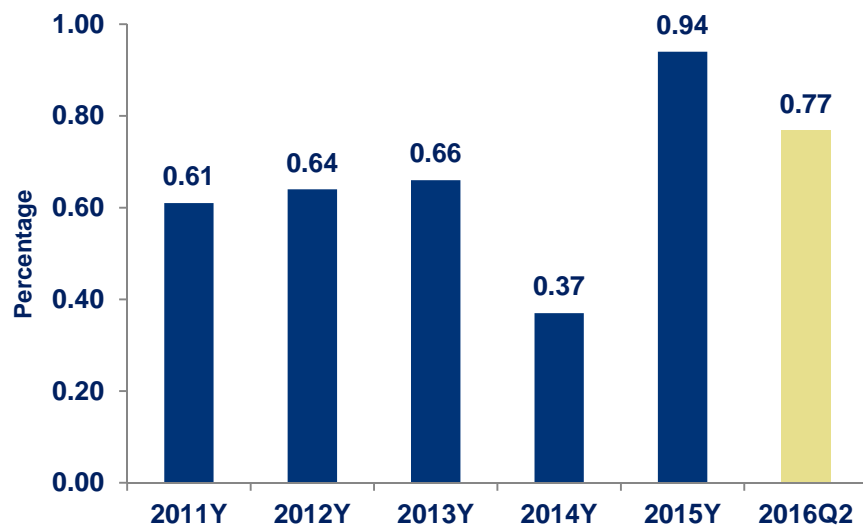
Net Interest Margin



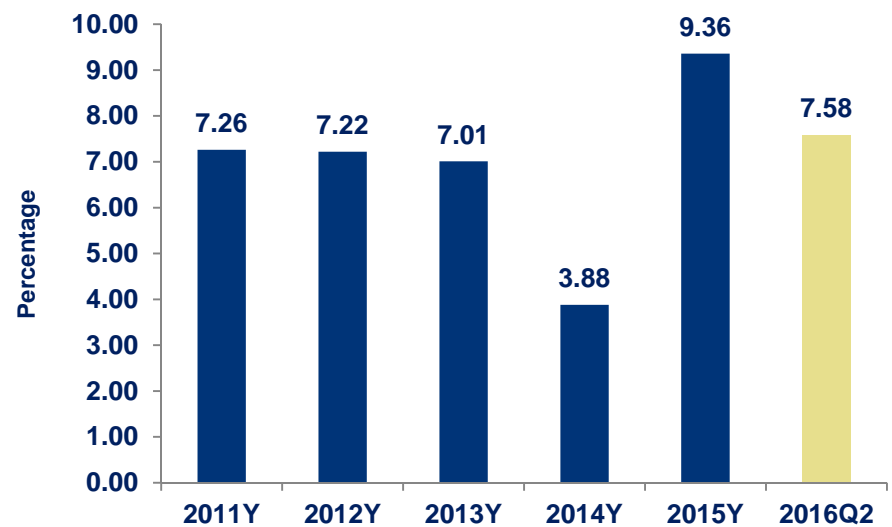
Efficiency Ratio



ROAA



ROAE



Why Invest?

As of (\$ in millions)	12/31/2013	12/31/2014	12/31/2015	Q2 2016
Assets	587.1	855.4	891.2	913.5
Loans receivable, net	438.1	673.3	699.2	749.5
Deposits	477.4	715.4	754.5	754.5
Shareholder Information	12/31/2013	12/31/2014	12/31/2015	Q2 2016
Price (\$)	26.89	27.34	33.48	29.78
Tangible book value per common share (\$)	27.12	25.83	27.69	28.28
Price/Book (%)	80.8	86.6	101.6	88.7
Market capitalization (millions)	46.0	74.3	91.5	82.1
Common shares outstanding	1,710	2,721	2,733	2,758
Insider Ownership (%)	6.9	18.4	18.7	19.3
Institutional Ownership (%)	10.9	6.6	9.1	9.4

Why Invest?



- **Strategic acquisitions**
 - ✓ **Wealth advisory**
 - ✓ **Branches**
 - ✓ **Whole bank**
- **Profitably expand current branch footprint**
- **Expand existing client relationships**
- **Goal to be a consistently high performing community bank**



Appendix

Appendix

<u>Peer Institution Name</u>	<u>Ticker Symbol</u>	<u>Total Assets (\$000's)</u>	<u>P/TBV (%)</u>	<u>EPS (\$)</u>	<u>Div Yield (%)</u>
Bankwell Financial Group, Inc.	BWFG	1,516,120	124.2	0.38	0.91
Carver Bancorp, Inc.	CARV	697,556	243.3	0.12	0.00
Darien Rowayton Bank	DRWB	604,014 ¹	NA	NA	0.00
Evans Bancorp, Inc.	EVBN	1,021,598	121.9	0.46	3.08
Greene County Bancorp, Inc. (MHC)	GCBC	868,781	185.6	0.28	2.27
Katahdin Bankshares Corporation	KTHN	721,901	78.2	0.51	3.57
Lyons Bancorp, Inc.	LYBC	928,000	155.0	NA	3.31
Northway Financial, Inc.	NWYF	925,065	87.9	0.48	3.02
Patriot National Bancorp, Inc.	PNBK	653,055	82.5	0.16	0.00
Provident Bancorp, Inc. (MHC)	PVBC	760,425	137.0	0.15	0.00
SI Financial Group, Inc.	SIFI	1,517,617	114.7	0.28	1.21
Westfield Financial, Inc.	WFD	1,306,305	97.6	0.05	1.56
Salisbury Bancorp, Inc.	SAL	913,494	105.3	0.63	3.76

strength is in our

COcustomers
community
shareholders
employeesRE

September 2016

NASDAQ: SAL



SALISBURY BANCORP, INC.

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