



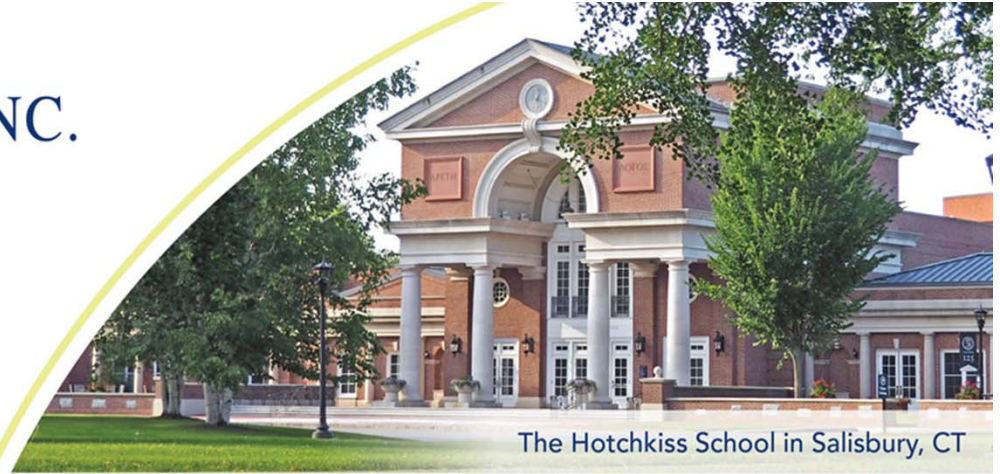
2019

## Investor Presentation

NASDAQ: SAL

invested in our customers  
& our communities

*enriching!*



## Investor Information

**Richard J. Cantele, Jr.**

President

Chief Executive Officer

[rcantele@salisburybank.com](mailto:rcantele@salisburybank.com)

860-453-3430

**Peter Albero**

Executive Vice President

Chief Financial Officer

[palbero@salisburybank.com](mailto:palbero@salisburybank.com)

860-453-3440

**Shelly L. Humeston**

Senior Vice President

Secretary

[shumeston@salisburybank.com](mailto:shumeston@salisburybank.com)

860-453-3432

## 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

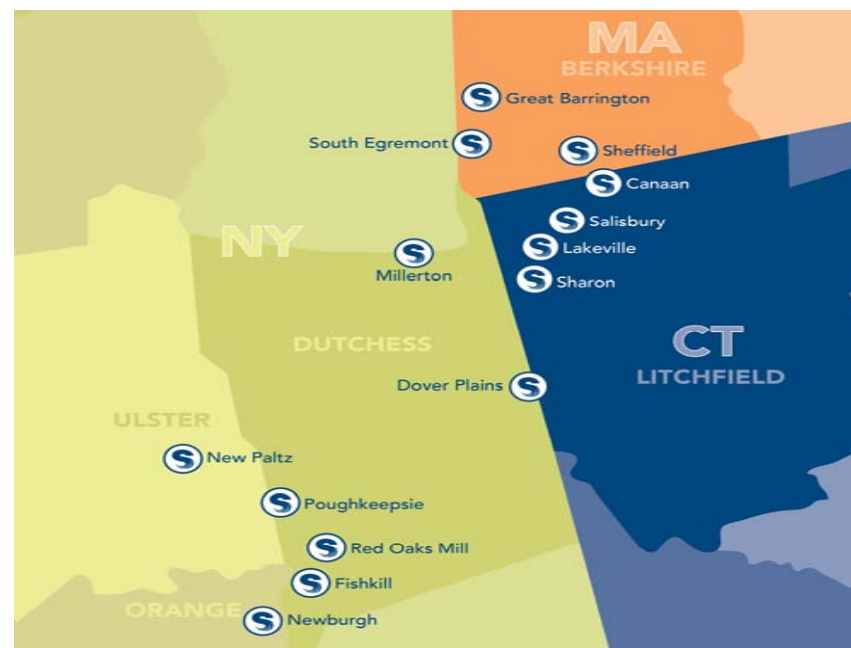
- Full service community banking institution offering consumer and business banking products and services as well as trust and wealth advisory services with roots dating back to 1848
- Operating footprint includes 14 banking locations in Litchfield County, CT, Berkshire County, MA, and Dutchess County, 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 December 31, 2019)

Total Assets (\$000)	1,112,448
Net Loans (\$000)	927,413
Total Deposits (\$000)	919,506
Total Shareholder’s Equity (\$000)	113,655
Tangible Book Value per Common Share (\$)	34.98
Wealth Assets Under Administration (\$000)	777,503
Net Income – Year to date (\$000)	11,136
FTEs	173
Common Stock Price (\$)	45.67
Market Capitalization (\$MM)	129.1
Price / Tangible Book Value (%)	130.6

## 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

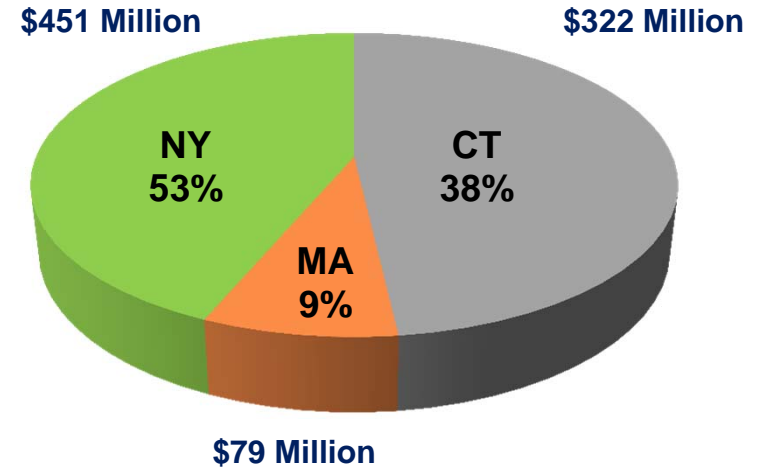
- Mortgage Loans
- Home Equity Loans
- Consumer Loans
- Construction Loans

### Retail Lending

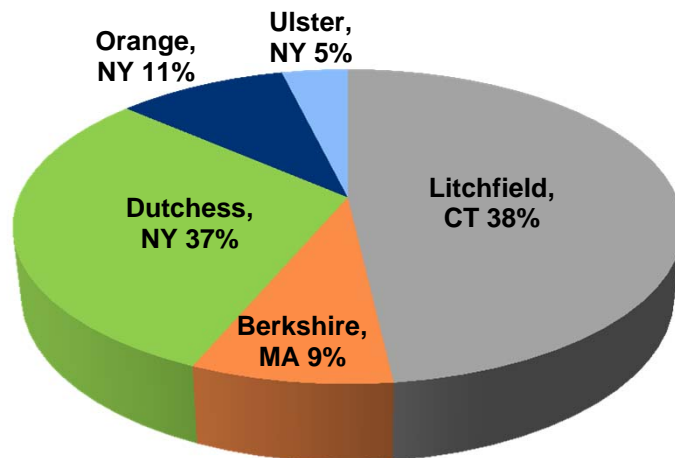
**Market Demographics**

- 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 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>**

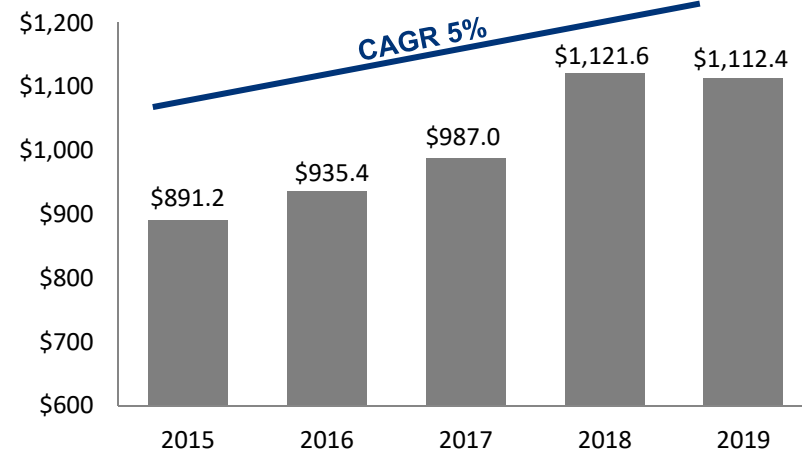
County	Number of Branches	Market Share
Litchfield, CT	4	9%
Berkshire, MA	3	2%
Dutchess, NY	5	4%
Orange, NY	1	1%
Ulster, NY	1	1%

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

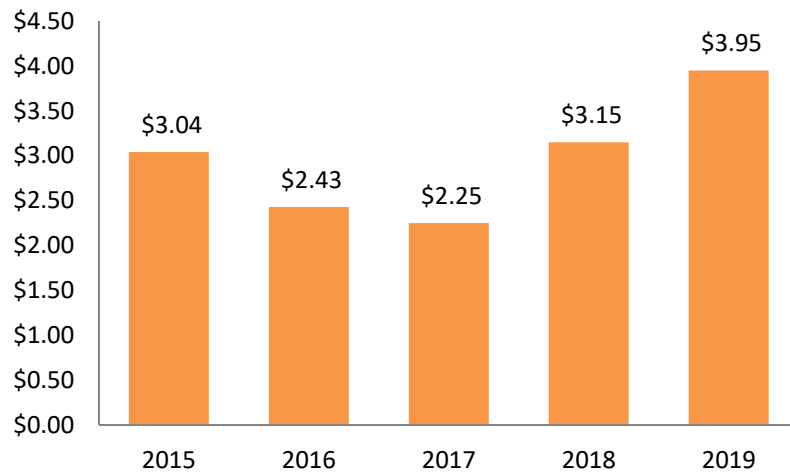
**Financial Overview**

- Disciplined 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 (2017) and Fishkill, NY (2018) and relocated existing branches in Fishkill and Newburgh, NY (2018)
- Trust & Wealth Advisory business diversifies bank revenue streams

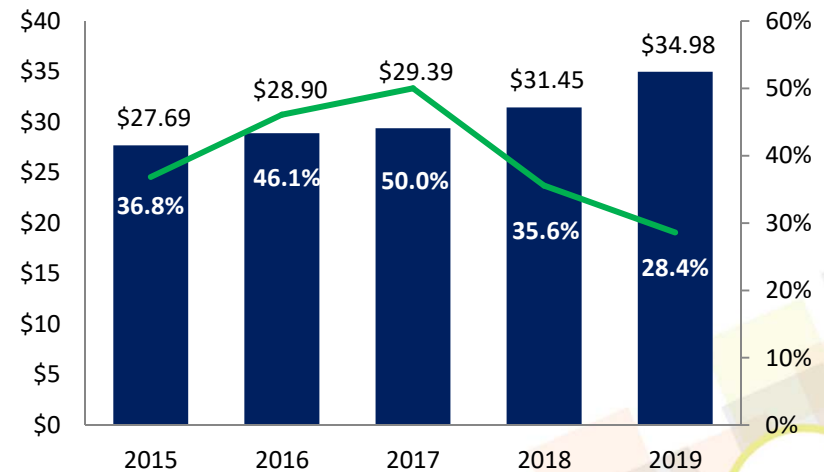
**Assets**



**Earnings Per Share (Basic)**



**TBVPS and Dividend Payout Ratio**



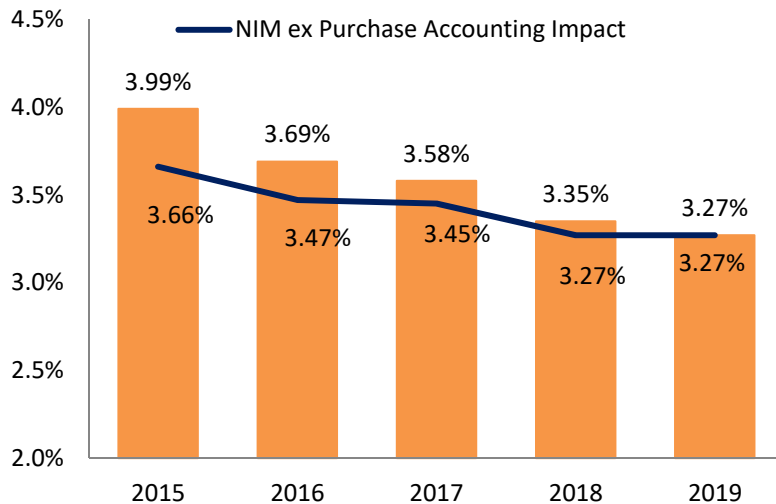
Source: Company SEC filings. Dividend payout ratio based on reported basic EPS.



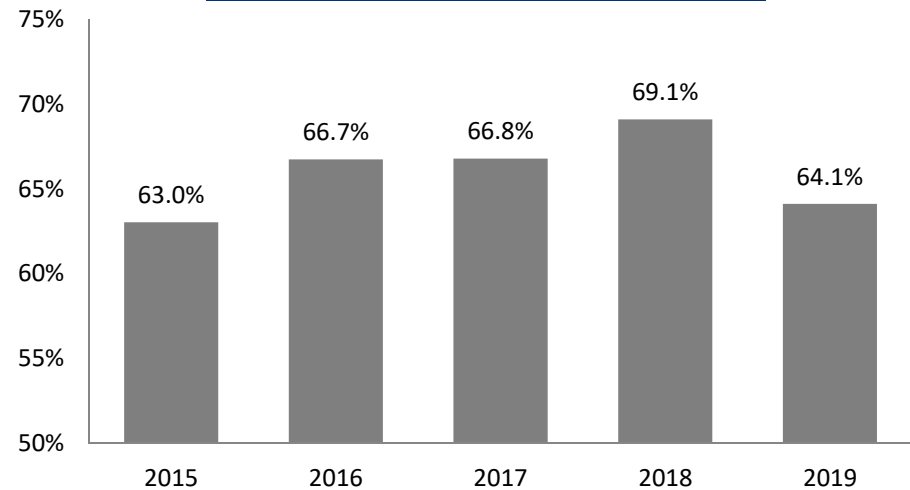
### Profitability Indicators

- 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; 2019 included non-recurring BOLI credit of \$328k
- Improving efficiency and profitability are key strategic initiatives

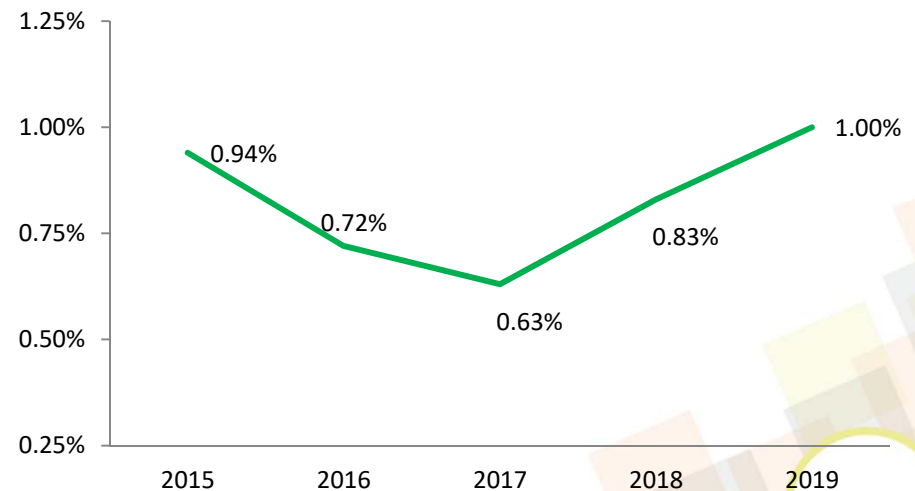
### Net Interest Margin<sup>1</sup>



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



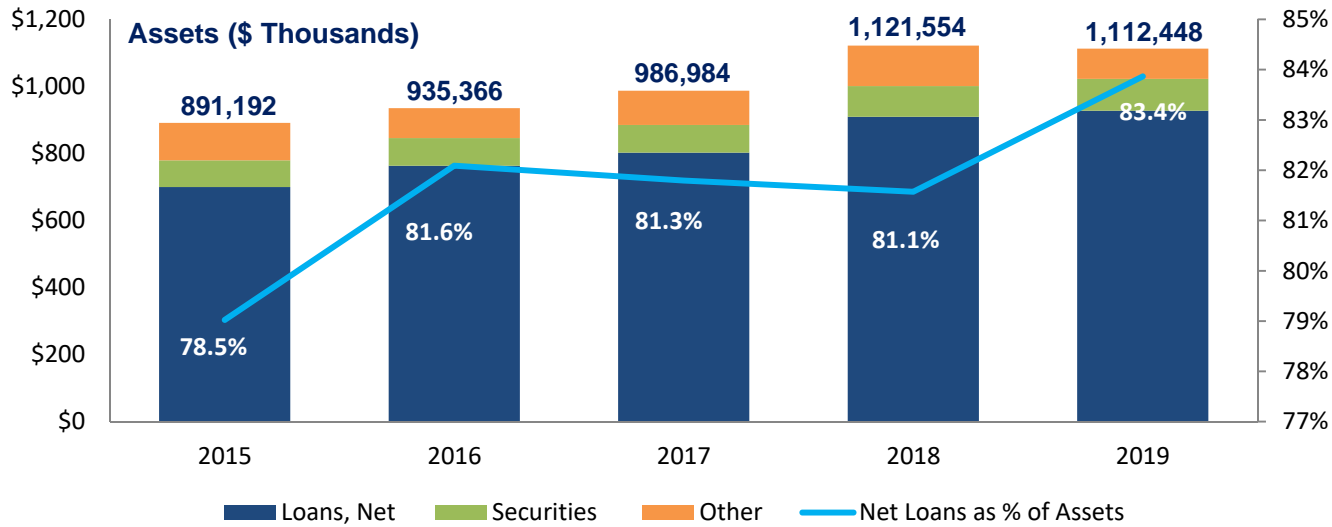
### Return on Average Assets



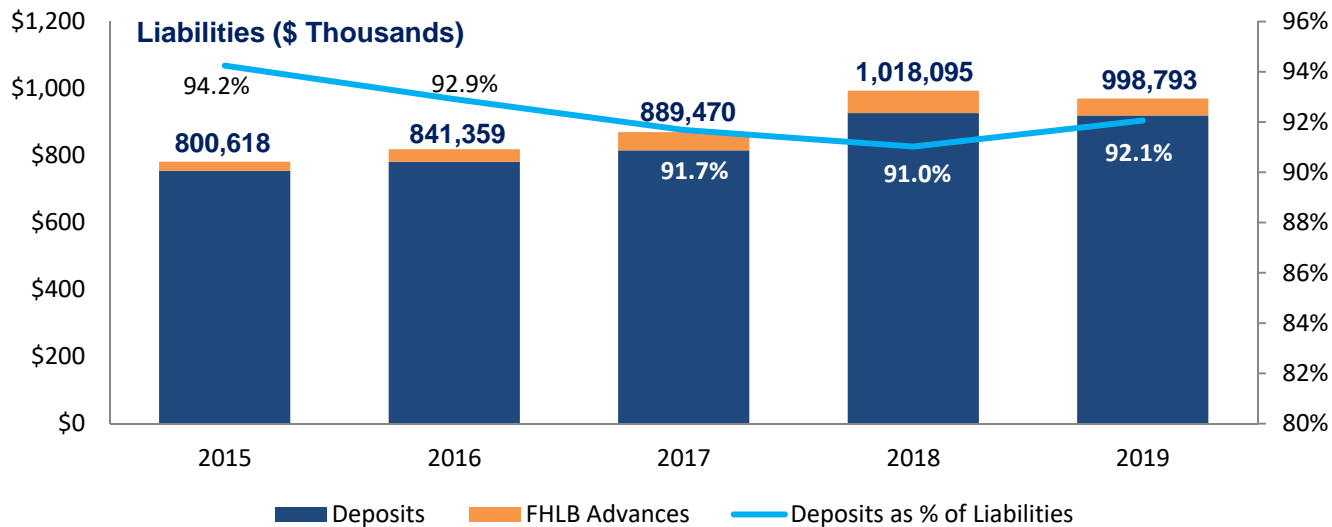
Source: Company SEC filings. <sup>1</sup> Tax equivalent basis. <sup>2</sup> Excluding \$328k BOLI accounting adjustment, 2019 ratio was 64.9%.



### Balance Sheet Composition



Gross Loans / Deposits	
2015	93.4%
2016	98.4%
2017	99.1%
2018	99.0%
2019	101.8%

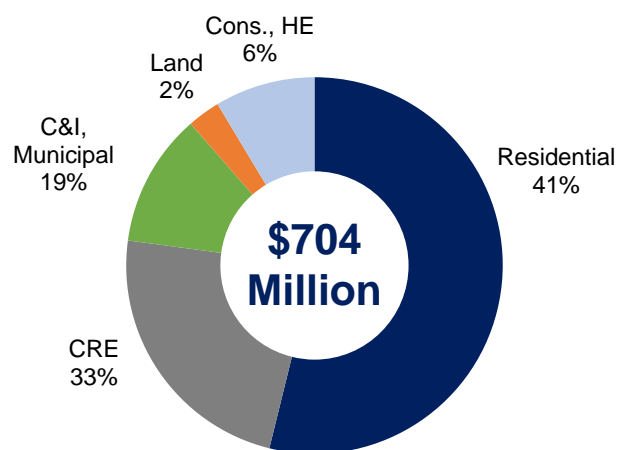


Source: Company SEC filings.



## Loan Composition

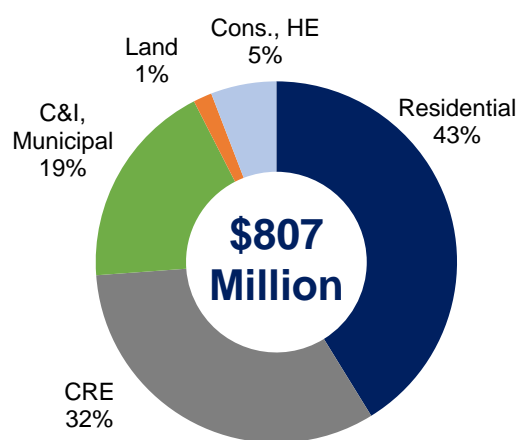
**2015**



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%<sup>1</sup>**  
**CRE Loans / RBC<sup>2</sup>: 117%**

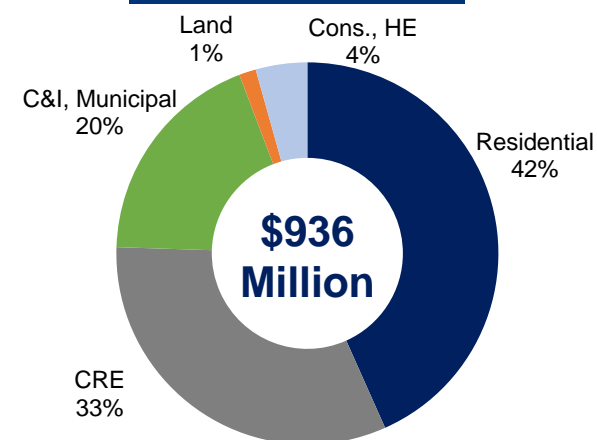
**2017**



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%<sup>1</sup>**  
**CRE Loans / RBC<sup>2</sup>: 136%**

**2019**



Loans (\$ millions)	2019	
Residential	\$393.6	42.0%
CRE	299.6	32.0%
C&I, Municipality	191.3	20.4%
Land	11.5	1.2%
Cons., HE	40.2	4.4%
Gross Loans	\$936.3	100%

**Loan Portfolio Yield: 4.34%<sup>1</sup>**  
**CRE Loans / RBC<sup>2</sup>: 165%**

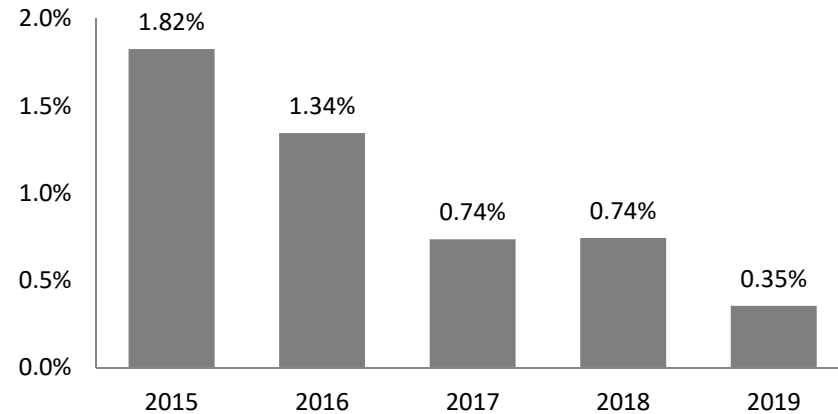
**2015 – 2019 Loan CAGR: 7%**



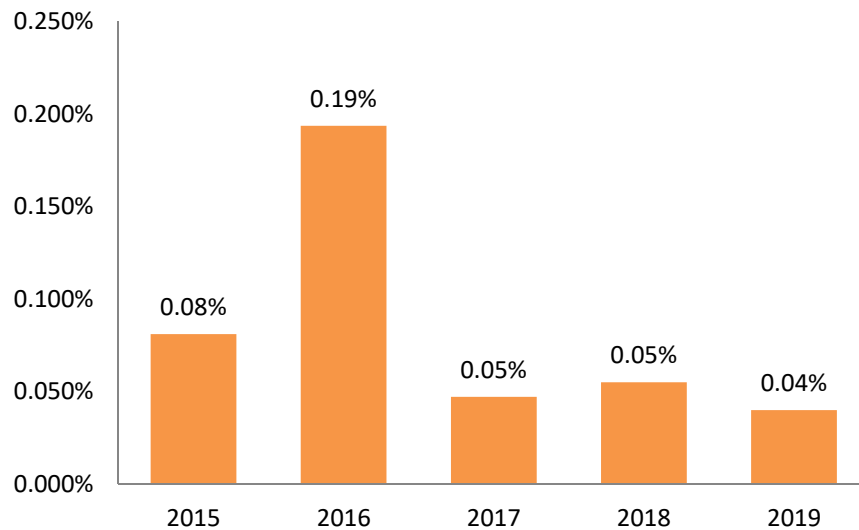
### Credit Quality

- 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 0.47% of gross loans at 12/31/19, down from 1.13% at 12/31/17

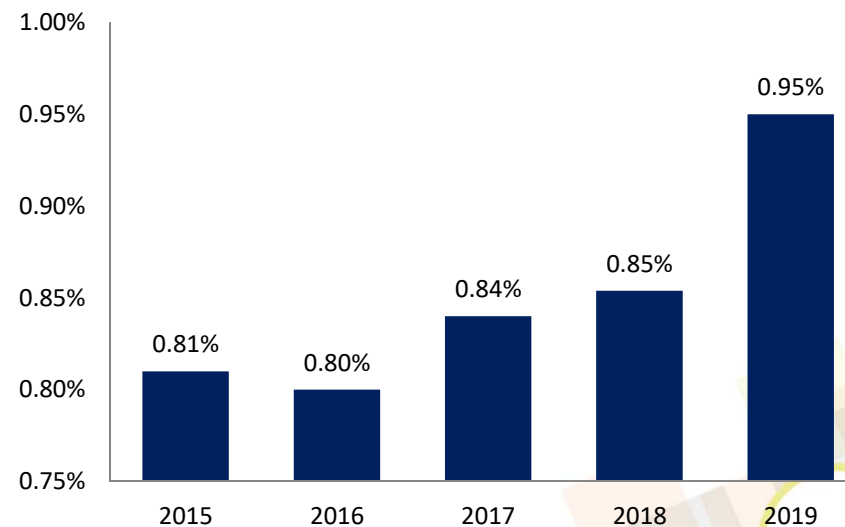
### NPAs / Assets



### NCOs / Average Loans



### Loan Loss Reserves / Gross Loans

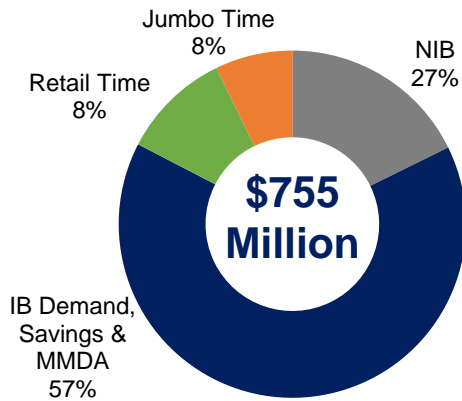


Source: S&P Global and Company data and SEC filings.



## Deposit Composition

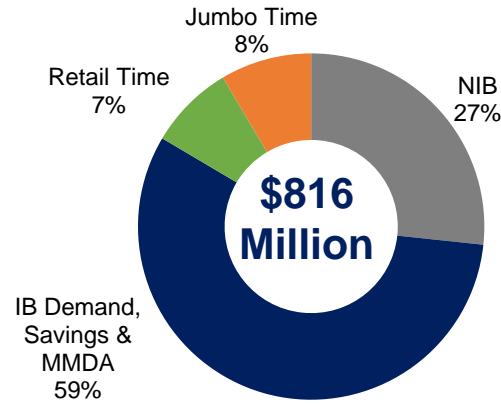
**2015**



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%
<b>Total</b>	<b>\$754.5</b>	<b>100%</b>

**Core Deposits: 83.5%**  
**Cost of Deposits: 0.33%**

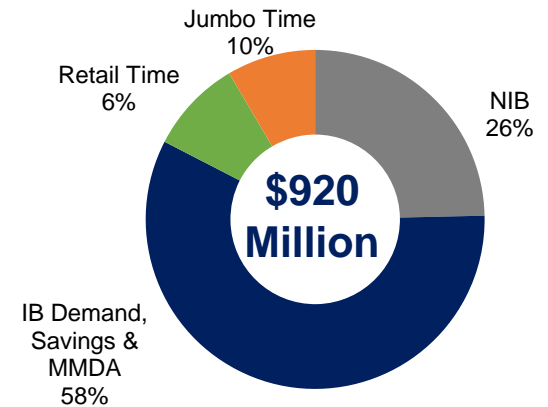
**2017**



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%
<b>Total</b>	<b>\$815.5</b>	<b>100%</b>

**Core Deposits: 85.7%**  
**Cost of Deposits: 0.42%**

**2019**

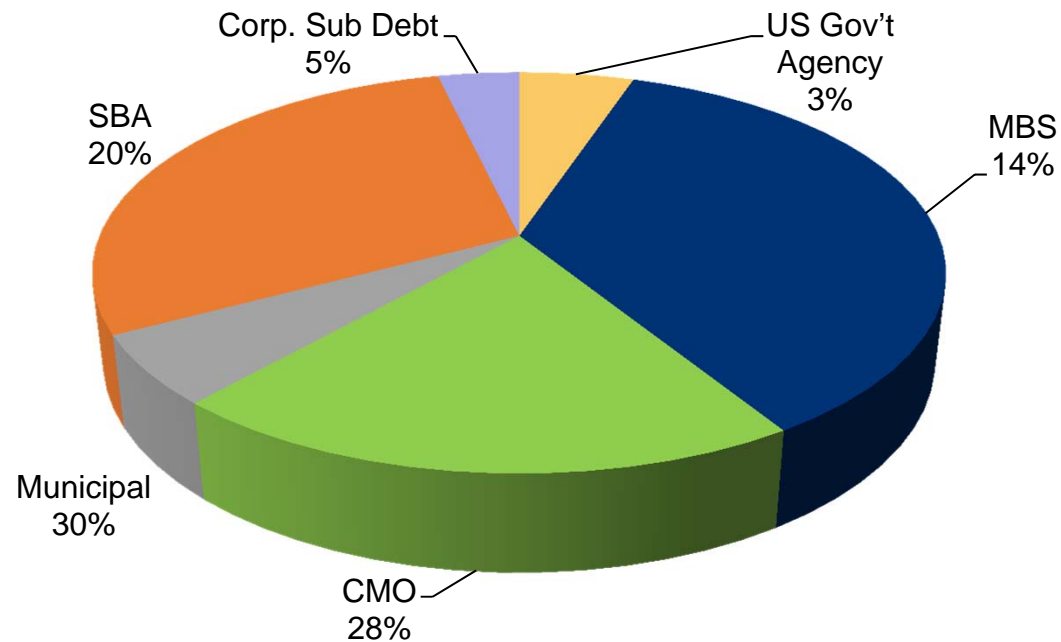


Deposits (\$ millions)	2019	
NIB	\$237.9	25.9%
IB Demand, Savings & MMDA	553.9	60.2%
Retail Time (< \$100k)	53.3	5.8%
Jumbo Time (> \$ 100k)	74.4	8.1%
<b>Total</b>	<b>\$919.5</b>	<b>100.0%</b>

**Core Deposits: 86.1%**  
**Cost of Deposits: 1.03%**

**2015 – 2019 Deposit CAGR: 5%**

## AFS Securities Portfolio (2019)

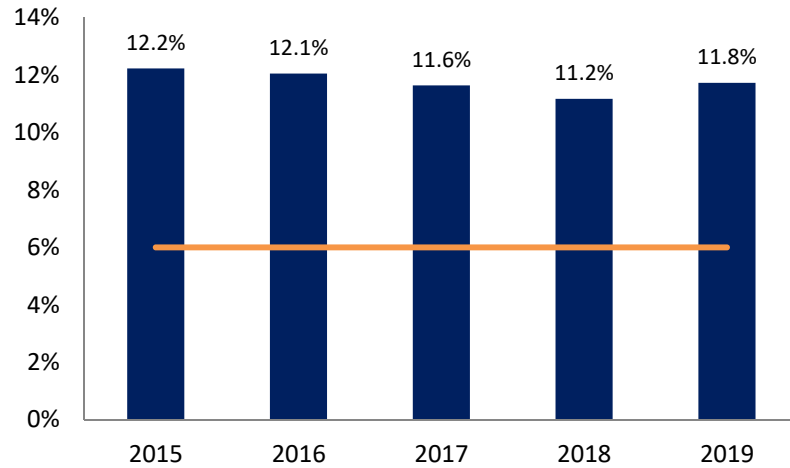


### Highlights

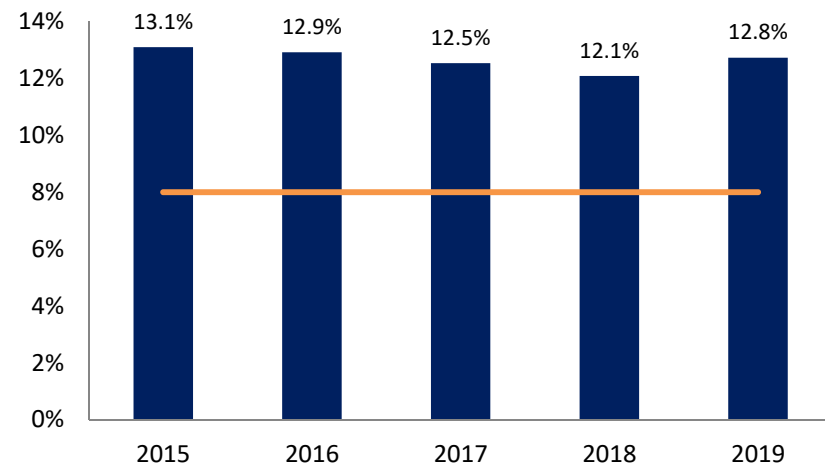
- Book value of \$90.1 million or 8.1% of total assets
- Primarily collateralizes deposits and provides liquidity
- Average Yield: 3.06%
- Duration: 3.6 years



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

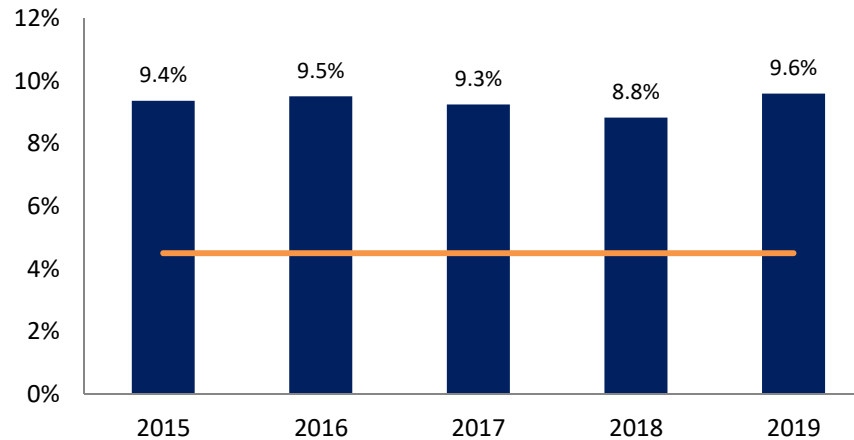


### Total Capital Ratio <sup>2</sup>



Bank Well Capitalized

### Leverage Ratio <sup>3</sup>



Source: Company SEC filings.

<sup>1</sup> Tier 1 Capital / Risk Weighted Assets

<sup>2</sup> Total Capital / Risk Weighted Assets

<sup>3</sup> Tier 1 Capital / Average Assets

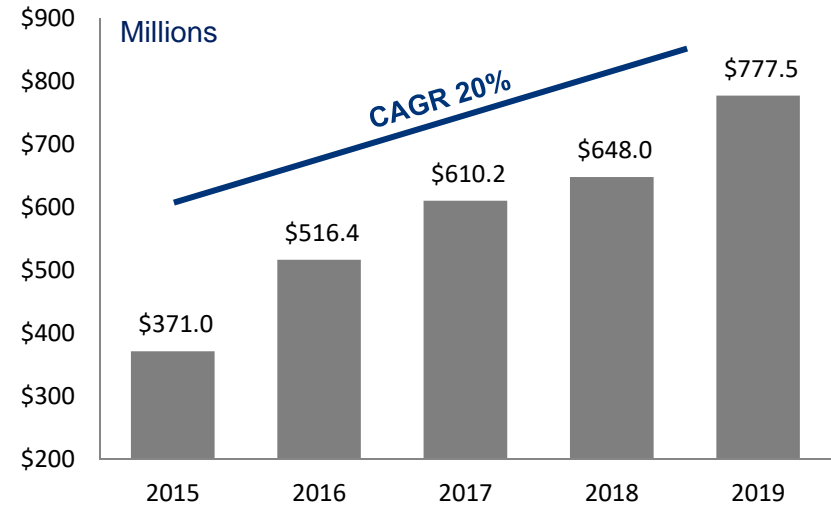




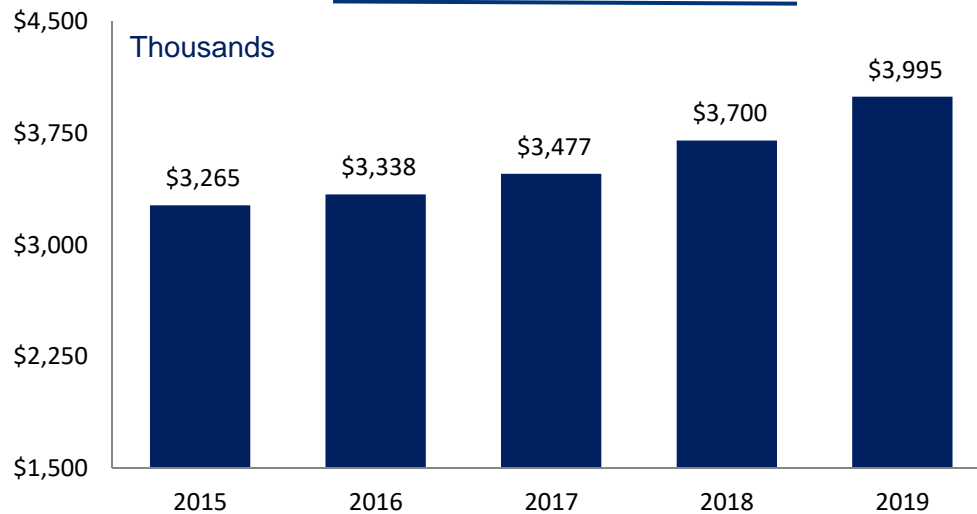
### Trust & Wealth Advisory

- 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

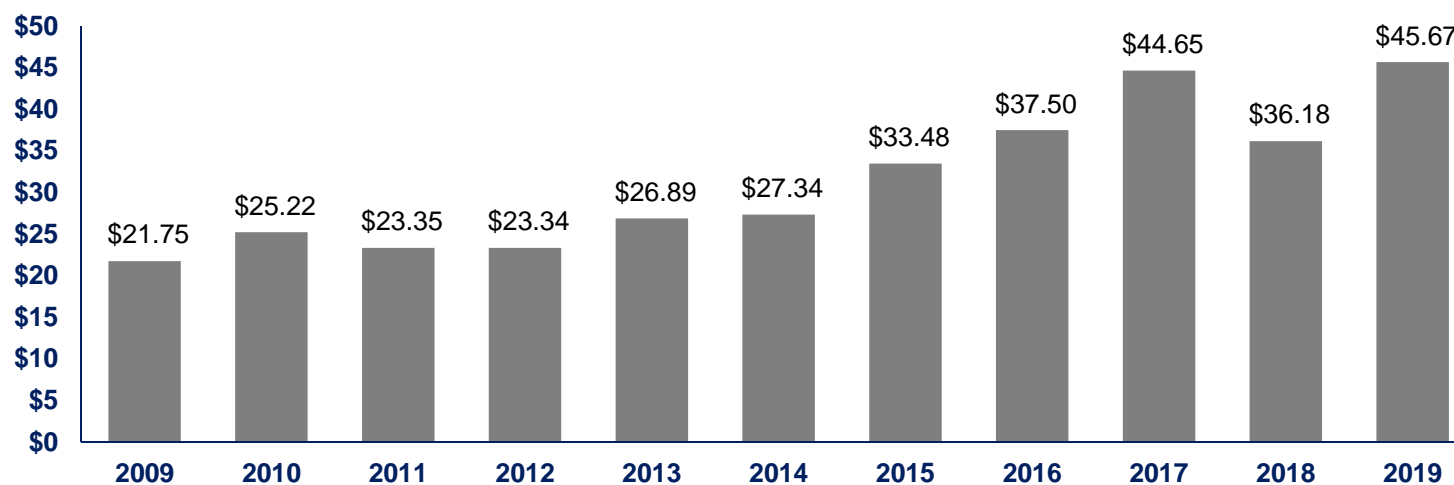


### Gross Revenues



Source: Company SEC filings.

### Common Stock Price: NASDAQ: SAL

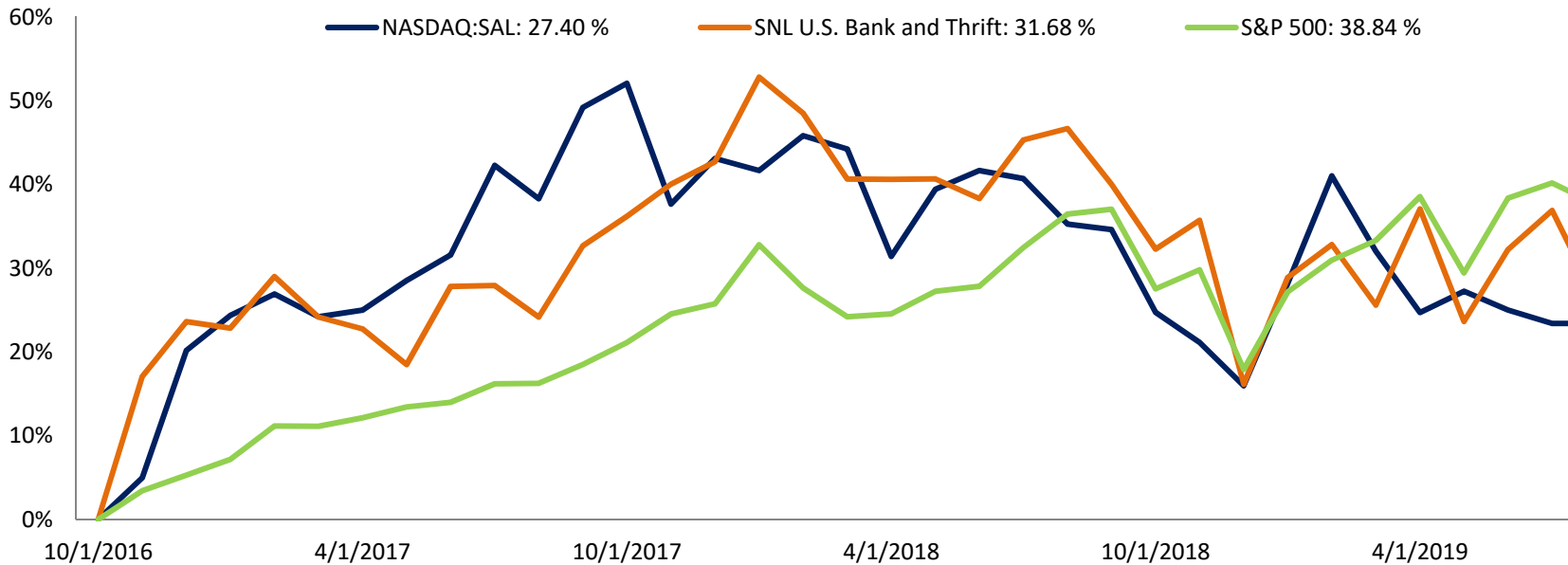


Period Ending	2015	2016	2017	2018	2019
Tangible BV per common share (\$)	27.69	28.90	29.39	31.45	34.98
Price/Book (%)	101.0	110.0	127.5	98.2	113.6
Market capitalization (\$ in millions)	91.5	103.4	124.4	101.0	129.1
Common shares outstanding (000s)	2,734	2,758	2,785	2,807	2,826
Insider Ownership (%)	18.7	19.1	12.08 <sup>1</sup>	12.12	10.17
Institutional Ownership (%)	9.12	8.68	11.33	10.62	11.09
Annual Highs / Lows (\$)	33.70 / 26.60	38.15 / 29.51	48.35 / 37.30	49.85 / 38.25	47.05 / 35.25

Source: S&P Global and Company SEC filings. <sup>1</sup> 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 2.45% at 12/31/19
- Quarterly dividend increased to \$0.29 per common share in January 2020

## 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.





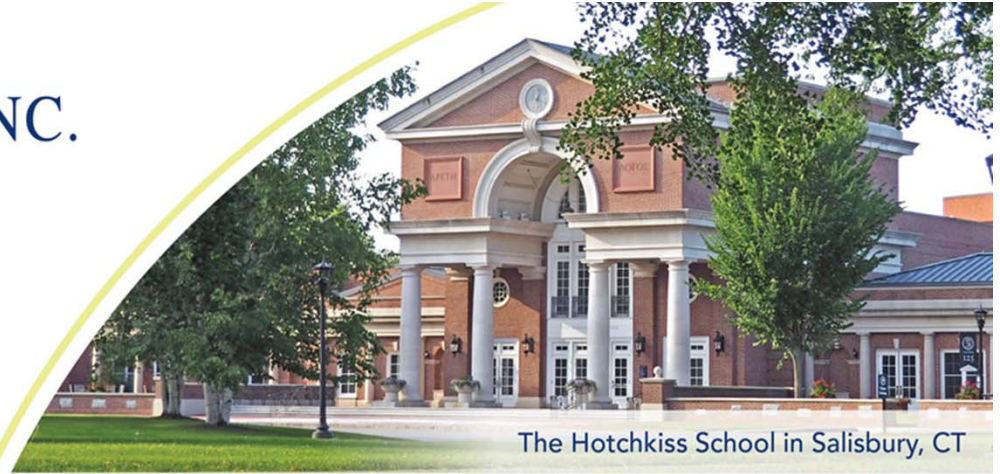
2019

## Investor Presentation

NASDAQ: SAL

invested in our customers  
& our communities

*enriching!*



The Hotchkiss School in Salisbury, CT



Main Street in Great Barrington, MA



Vanderbilt Mansion National Historic Site in Hyde Park, NY