

## Transfer Agent

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

## Stock Symbol: SAL

For more information visit  
salisburybank.com and click on  
Shareholder Relations or contact:  
Shelly L. Humeston, Secretary  
shumeston@salisburybank.com  
860.435.9801

## Common Share Data (unaudited)

At 9/30/16

Closing Price	\$30.92
Market Capitalization	\$85.3 mm
Dividend Yield	3.62%
Common Shares Outstanding	2,758,086
Institutional Ownership	9.05%

## 2016 Dividend Calendar\*

Quarter	Declaration Date	Record Date	Payable Date
First	4/29/16	5/13/16	5/27/16
Second	7/29/16	8/12/16	8/26/16
Third	10/28/16	11/11/16	11/25/16
Fourth	1/27/17	2/10/17	2/24/17

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

## Dear Fellow Shareholders,

Net income available to common shareholders was \$1.9 million, or \$0.70 per common share, for the third quarter ended September 30, 2016 (third quarter 2016), compared with \$1.7 million, or \$0.63 per common share, for the second quarter ended June 30, 2016 (second quarter 2016), and \$1.9 million, or \$0.71 per common share, for the third quarter ended September 30, 2015 (third quarter 2015).



### Selected Third Quarter 2016 Financial Highlights

- Earnings Per Share increased 11.1% to \$0.70 for the third quarter 2016 as compared with the \$0.63 for the second quarter 2016.
- Assets under administration increased \$84.9 million, or 20%, from the second quarter 2016 and have increased \$159.5 million, or 46%, from third quarter 2015.
- Total deposits increased \$32 million, or 4%, from June 30, 2016.
- Salisbury's efficiency ratio improved to 64.13% for the quarter ended September 30, 2016 as compared to 66.51% in prior quarter.
- Tangible book value per common share of \$28.63 at September 30, 2016 increased \$0.35 from \$28.28 at June 30, 2016, and \$1.42 as compared to \$27.21 at September 30, 2015.

Our third quarter results reflect the continued positive momentum achieved during the first half of the year. Our teams achieved strong growth in our core businesses as deposits and assets under administration in our Trust and Wealth Advisory business posted solid gains. That growth, combined with more efficient operations, assisted in increasing tangible book value by \$0.35 for the quarter reflecting our continued focus on enhancing the value of our franchise.

Sincerely,

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

**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

## 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.

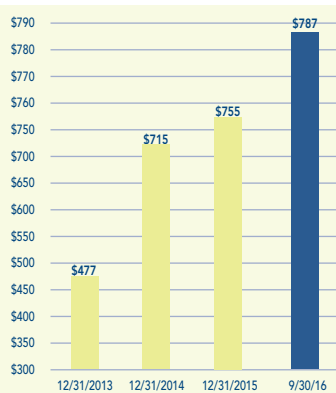
# 3Q16

September 30, 2016

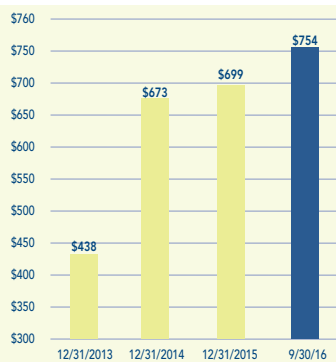
## Shareholder Report

### Selected Quarterly Highlights

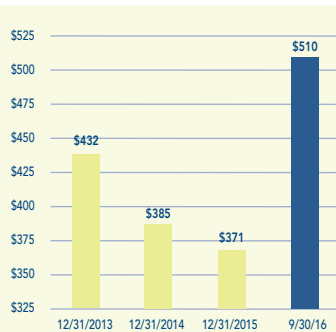
#### Deposits (in millions)



#### Loans Receivable, Net (in millions)



#### Wealth Advisory Assets (in millions)



## 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	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
Total assets	\$928,445	\$913,494	\$891,804	\$891,192	\$904,233
Loans receivable, net	753,623	749,523	728,845	699,018	687,719
Total securities	79,738	83,874	82,151	79,870	83,886
Deposits	786,730	754,471	755,658	754,533	761,479
FHLBB advances	27,134	47,083	27,031	26,979	26,928
Shareholders' equity	93,554	92,584	91,402	90,574	105,450
Assets under administration	509,557	424,702	422,918	371,012	350,102
Non-performing loans	11,673	14,579	16,829	16,264	16,435
Non-performing assets	14,496	14,579	16,829	16,264	16,602
Accruing loans past due 30-89 days	5,889	3,569	7,995	4,499	2,486
Net interest and dividend income	7,682	7,559	7,659	7,930	7,897
Net interest and dividend income, tax equivalent	7,975	7,873	7,985	8,235	8,195
Provision for loan losses	344	525	463	266	655
Non-interest income	1,895	2,009	1,684	1,747	1,769
Non-interest expense	6,499	6,639	6,840	6,344	6,202
Income before income taxes	2,734	2,404	2,040	3,067	2,809
Income tax provision	812	669	528	901	824
Net income	1,922	1,735	1,512	2,166	1,985
Net income available to common shareholders	1,922	1,735	1,512	2,129	1,945
<b>Per share data</b>					
Basic earnings per common share	\$0.70	\$0.63	\$0.55	\$0.78	\$0.71
Diluted earnings per common share	0.69	0.63	0.55	0.77	0.71
Dividends per common share	0.28	0.28	0.28	0.28	0.28
Book value per common share	33.92	33.57	33.20	33.13	32.72
Tangible book value per common share - Non-GAAP	28.63	28.28	27.84	27.69	27.21
<b>Common shares outstanding at end of period</b>					
Weighted average common shares outstanding, to calculate basic earnings per share	2,737	2,735	2,723	2,710	2,708
Weighted average common shares outstanding, to calculate diluted earnings per share	2,751	2,749	2,741	2,727	2,724
<b>Profitability ratios</b>					
Net interest margin (tax equivalent)	3.57%	3.71%	3.79%	3.88%	3.91%
Efficiency ratio <sup>1</sup>	64.13	66.51	69.28	63.64	60.40
Non-interest income to operating revenue	19.22	20.63	18.01	18.06	18.25
Effective income tax rate	29.71	27.79	25.86	29.35	29.31
Return on average assets	0.81	0.77	0.68	0.94	0.87
Return on average common shareholders' equity	8.20	7.58	6.68	9.34	8.64
<b>Credit quality ratios</b>					
Net charge-offs to average loans receivable, gross	0.02%	0.37%	0.17%	0.12%	0.03%
Non-performing loans to loans receivable, gross	1.54	1.93	2.29	2.31	2.37
Accruing loans past due 30-89 days to loans receivable, gross	0.78	0.47	1.09	0.64	0.36
Allowance for loan losses to loans receivable, gross	0.78	0.76	0.80	0.81	0.82
Allowance for loan losses to non-performing loans	50.47	39.22	34.92	35.15	34.43
Non-performing assets to total assets	1.56	1.60	1.89	1.82	1.84
<b>Capital ratios</b>					
Common shareholders' equity to assets	10.08%	10.14%	10.25%	10.16%	9.89%
Tangible common shareholders' equity to tangible assets - Non-GAAP	8.66	8.68	8.74	8.64	8.37
Tier 1 leverage capital	8.47	8.64	8.57	8.56	10.31
Total risk-based capital	13.25	13.08	12.92	13.51	13.90
Common equity tier 1 capital	11.01	10.86	10.69	11.17	10.74

<sup>1</sup> 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.



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