

Transfer Agent

Broadridge Corporate Issuer Solutions, Inc.
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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 12/30/16

Closing Price	\$37.50
Market Capitalization	\$1.038 B
Dividend Yield	2.99%
Common Shares Outstanding	2,758,086

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,

Our results for 2016 reflect modest growth in book value and tangible book value for shareholders as well as growth in loans and total assets. We were able to fund such growth through a strategy of building core deposits along with the prudent use of low cost borrowing. During the fourth calendar quarter of 2016, we completed a system-wide data processing enhancement. This investment in our future should help us to continue to securely and efficiently deliver our expanding array of products and services to both current and future customers. As we enter 2017, we remain focused on continued opportunities for prudent and profitable growth both organically and through appropriate acquisition opportunities. In this regard, as previously announced on January 12, 2017, we signed an agreement to purchase, subject to regulatory approval, 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. We are committed to building value for our shareholders and serving our growing base of customers in our Tri-State market area.

I am pleased to announce the promotion of Julianna Sinchak to Assistant Vice President, Marketing and Sales Administration Manager. She will continue in her role to manage the overall responsibilities of all Marketing functions and strategies within the Bank, as well as oversee the sales administration function.

Spring Burke, Vice President, Mortgage Advisor has been chosen as a 2017 Five Star Mortgage Professional award winner. She will be featured in the March issue of Connecticut Magazine. To receive the Five Star Mortgage Professional award, a mortgage professional must satisfy five objective eligibility and evaluation criteria that are associated with mortgage professionals who provide quality services to their clients. The award process is conducted annually in each market.

Additionally, Kim Downey, Vice President, Trust Officer was chosen as one of the select few New Leaders in Banking. The Connecticut Bankers Association (CBA) and Connecticut Banking magazine asked bankers throughout Connecticut to nominate their peers for the leadership award. Nominees must work at a CBA Member Bank, be an outstanding employee, manager, or business leader, and be making a notable impact within their bank and the community. Only thirteen individuals were chosen for recognition.

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.

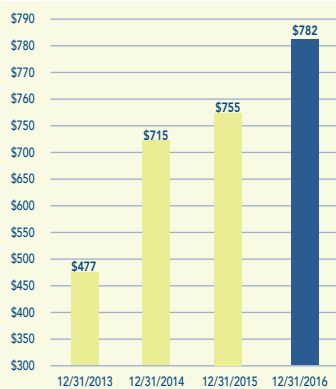
40th

December 31, 2016

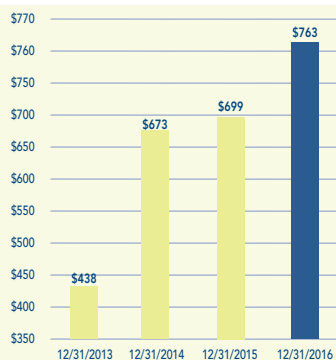
Shareholder Report

Selected Quarterly Highlights

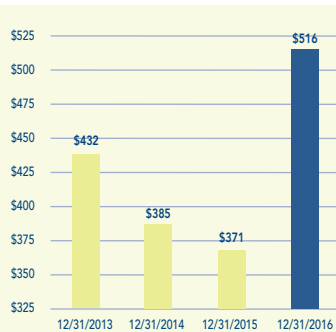
Deposits (in millions)



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	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15
Total assets	\$935,479	\$928,445	\$913,494	\$891,804	\$891,192
Loans receivable, net	763,029	753,623	749,523	728,845	699,018
Total securities	79,623	79,738	83,874	82,151	79,870
Deposits	781,649	786,730	754,471	755,658	754,533
FHLBB advances	37,188	27,134	47,083	27,031	26,979
Shareholders' equity	93,974	93,554	92,584	91,402	90,574
Wealth assets under administration	516,350	509,557	424,702	422,918	371,012
Discretionary wealth assets under administration	366,167	361,326	355,560	354,202	299,148
Non-Discretionary wealth assets under administration	150,183	148,230	69,142	68,715	71,864
Non-performing loans	8,792	11,673	14,579	16,829	16,264
Non-performing assets	12,564	14,496	14,579	16,829	16,264
Accruing loans past due 30-89 days	4,537	5,889	3,569	7,995	4,499
Net interest and dividend income	7,688	7,688	7,568	7,665	7,934
Net interest and dividend income, tax equivalent	7,966	7,981	7,882	7,991	8,241
Provision (benefit) for loan losses	503	344	525	463	266
Non-interest income	2,326	1,889	2,000	1,674	1,742
Non-interest expense	7,411	6,499	6,639	6,836	6,343
Income before income taxes	2,100	2,734	2,404	2,040	3,067
Income tax provision	580	812	669	528	900
Net income	1,520	1,922	1,735	1,512	2,167
Net income applicable to common shareholders	1,509	1,904	1,721	1,499	2,111
Per share data					
Basic earnings per common share	\$0.55	\$0.70	\$0.63	\$0.55	\$0.78
Diluted earnings per common share	0.55	0.69	0.63	0.55	0.77
Dividends per common share	0.28	0.28	0.28	0.28	0.28
Book value per common share	34.07	33.92	33.57	33.20	33.13
Tangible book value per common share - Non-GAAP	28.89	28.63	28.28	27.84	27.69
Common shares outstanding at end of period					
Weighted average common shares outstanding, to calculate basic earnings per share	2,737	2,737	2,735	2,723	2,710
Weighted average common shares outstanding, to calculate diluted earnings per share	2,755	2,751	2,749	2,741	2,727
Profitability ratios					
Net interest margin (tax equivalent)	3.45%	3.57%	3.71%	3.79%	3.88%
Efficiency ratio ¹	67.08	64.13	66.51	69.28	63.64
Non-interest income to operating revenue	19.81	19.22	20.63	18.01	18.06
Effective income tax rate	27.62	29.71	27.79	25.86	29.35
Return on average assets	0.65	0.81	0.77	0.68	0.94
Return on average common shareholders' equity	6.43	8.20	7.58	6.68	9.34
Credit quality ratios					
Net charge-offs to average loans receivable, gross	0.04%	0.02%	0.37%	0.17%	0.12%
Non-performing loans to loans receivable, gross	1.16	1.54	1.93	2.29	2.31
Accruing loans past due 30-89 days to loans receivable, gross	0.60	0.78	0.47	1.09	0.64
Allowance for loan losses to loans receivable, gross	0.79	0.78	0.76	0.80	0.81
Allowance for loan losses to non-performing loans	69.43	50.47	39.22	34.92	35.15
Non-performing assets to total assets	1.34	1.56	1.60	1.89	1.82
Capital ratios					
Common shareholders' equity to assets	10.05%	10.08%	10.14%	10.25%	10.16%
Tangible common shareholders' equity to tangible assets - Non-GAAP	8.64	8.66	8.68	8.74	8.64
Tier 1 leverage capital	8.73	8.47	8.64	8.57	8.56
Total risk-based capital	13.10	13.25	13.08	12.92	13.51
Common equity tier 1 capital	10.89	11.01	10.86	10.69	11.17

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.



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