

4Q 2021

Investor Presentation

NASDAQ: SAL



Salisbury
Bancorp, Inc.

Investor Information

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Forward Looking Statements

This presentation may contain statements relating to Salisbury's and the Bank's future results that are considered "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 laws and regulations; changes in accounting principles; and the quality or composition of the loan and investment portfolios, technological changes and cybersecurity matters, and other factors that may be described in Salisbury's quarterly reports on Form 10-Q and its annual report on Form 10-K, which are available at the Securities and Exchange Commission's website (www.sec.gov) and to which reference is hereby made. Forward-looking statements made by Salisbury in this presentation speak only as of the date they are made. Events or other facts that could cause Salisbury's actual results to differ may arise from time to time and Salisbury cannot predict all such events and factors. Salisbury undertakes no obligation to publicly update any forward-looking statement unless as may be required by law.

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.



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Corporate Overview

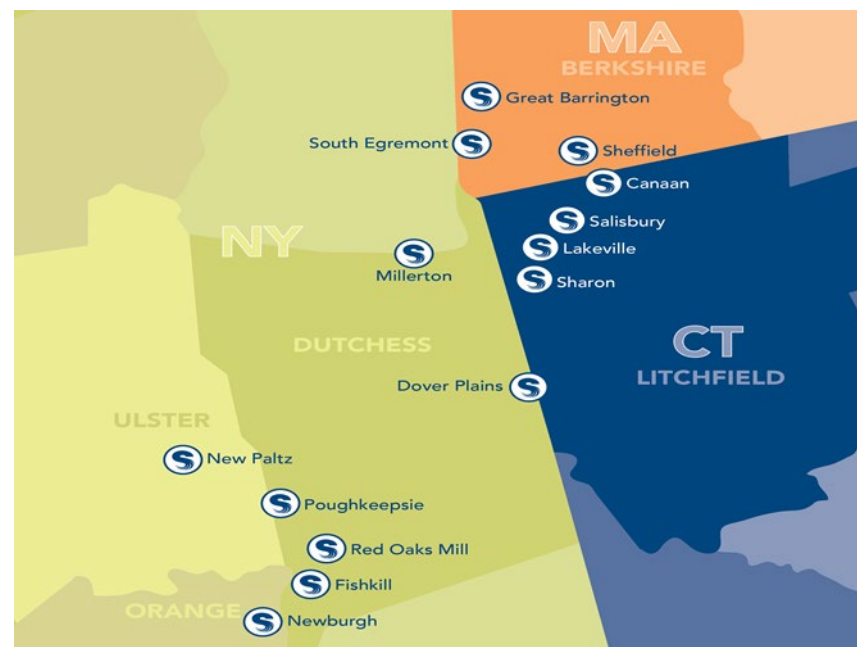
- Full service community banking institution offering consumer and business banking products and services as well as trust and wealth advisory services with roots dating back to 1848
- Operating footprint includes 14 banking locations in Litchfield County, CT, Berkshire County, MA, and Dutchess County, 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, 2021)

Total Assets (\$000)	1,529,184
Net Loans (\$000)	1,066,750
Total Deposits (\$000)	1,336,193
Total Shareholder’s Equity (\$000)	136,600
Tangible Book Value per Common Share (\$)	42.76
Wealth Assets Under Administration (\$000)	1,083,152
Net Income – (\$000)	16,473
FTEs	177
ROAA (%)	1.15
Gross Loans / Deposits (%)	80.8
ALLL / Gross Loans, ex PPP (%)	1.23
Total RBC Capital Ratio (%)	14.08
NIM, ex PPP (%)	3.01
Efficiency Ratio (%)	60.1

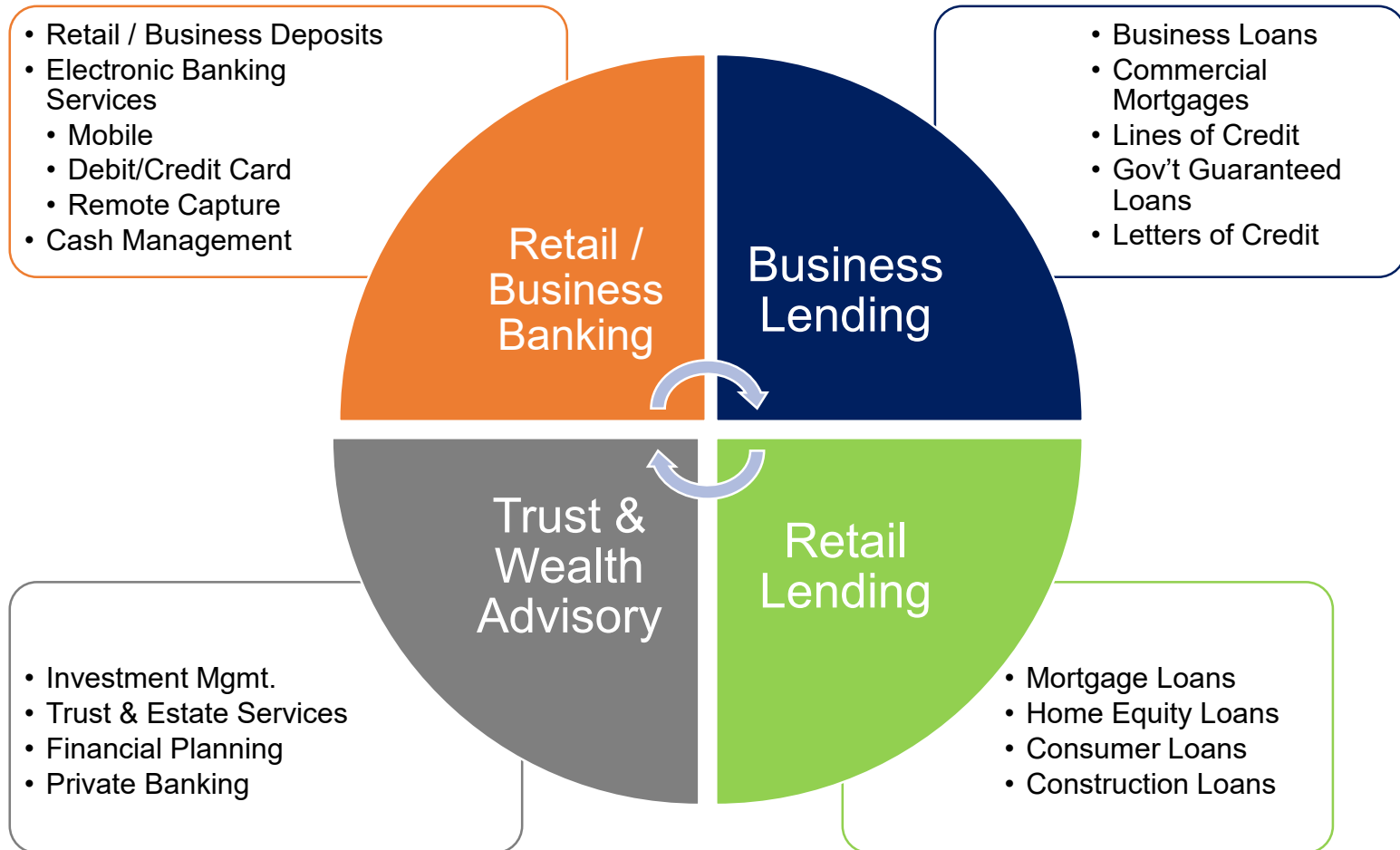
Branch Footprint



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SAL's Core Businesses

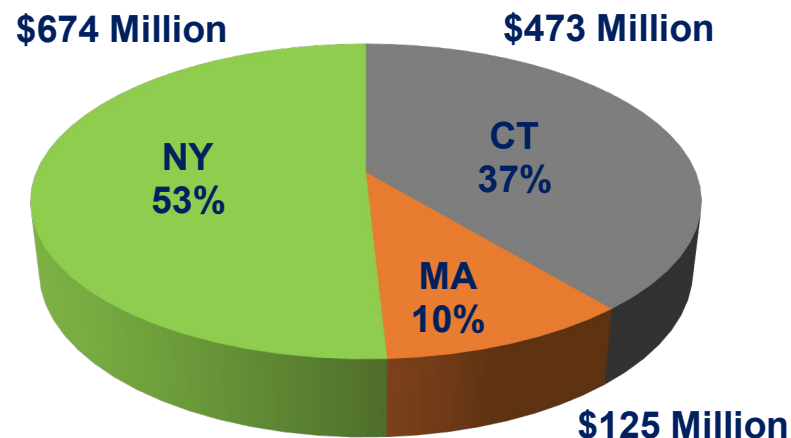
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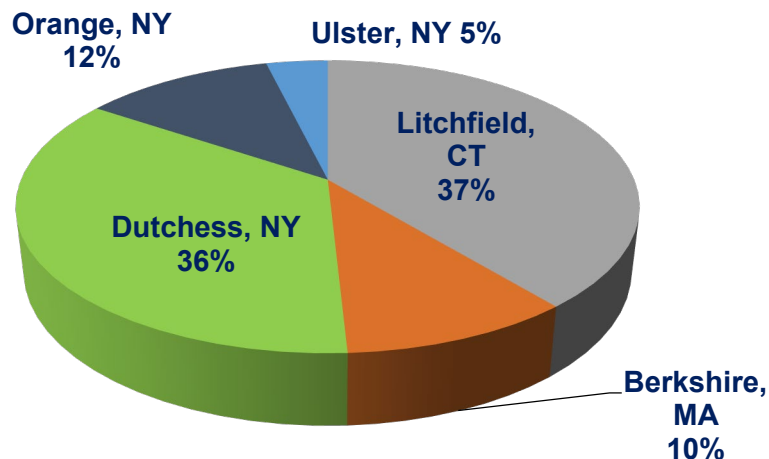
Market Demographics

- 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 15% higher than the NY state median
- Orange County's median household income is 15% higher than the NY state median
- New Paltz, NY branch provides new opportunities in Ulster County

Deposits by State¹



Deposits by County¹



County Market Share¹

County	Number of Branches	Market Share
Litchfield, CT	4	8%
Berkshire, MA	3	2%
Dutchess, NY	5	5%
Orange, NY	1	1%
Ulster, NY	1	1%

¹ Excludes Broker deposits, CDARS one-way buys, balances held in Branch Administration and Trust & Wealth.



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Source: S&P Global and Company data.

Investor Highlights

Experienced Management Team & Board

- Senior management team has 100+ years experience in community banking and financial services; CEO Richard Cantele has been at the Bank for over 30 years.

Consistently Strong Profitability Metrics

- Historically strong earner; ROAA of 0.96% for 2020 and 1.15% for 2021.
- Stable efficiency ratio of 59.4% for 2020 and 60.1% for 2021.
- Revenue diversification provided by unique wealth advisory business with \$1.1 billion of AUA at December 30, 2021.

Strong Capital Position, Balanced Loan Portfolio, and Clean Asset Quality

- Bank has consistently remained above “well-capitalized” levels.
- Salisbury issued \$25 million of subordinated debt in 1Q 2021. The debt, which matures in ten years, is non-callable for the first five years and has a fixed coupon of 3.5%. Thereafter the coupon will float based on three month SOFR plus 280 bps. On May 28, 2021, Salisbury redeemed in full the \$10 million of subordinated debt that was issued in 2015.
- Bank has a 9.42% leverage ratio, 12.87% CET1 ratio, 12.87% tier 1 risk-based ratio, and 14.08% total risk-based ratio as of December 31, 2021.
- Balanced loan portfolio with robust residential lending platform; \$35 million of residential mortgages sold to FHLB in 2021.
- Loan portfolio is well-monitored for signs of stress; Bank has no outstanding loan payment deferrals at December 31, 2021.
- Processed PPP loan applications aggregating ~ \$48 million in 2021 and nearly \$150 million during the program; \$26 million of PPP loans outstanding at December 31, 2021.
- Bank is well-reserved with ALLL / Gross Loans of 1.20%, or 1.23% ex PPP loans at December 31, 2021.
- NPAs / Assets of 27 bps at December 31, 2021 compared with 44 bps at December 31, 2020.

Share Repurchases and Dividends

- In March 2021, the Board of Directors approved a share repurchase program of up to 5% of outstanding shares over the next twelve months. Salisbury did not repurchase any shares in 2021.
- On January 26, 2022, the Board of Directors approved a \$0.01 increase in the quarterly dividend to \$0.32 per common share.

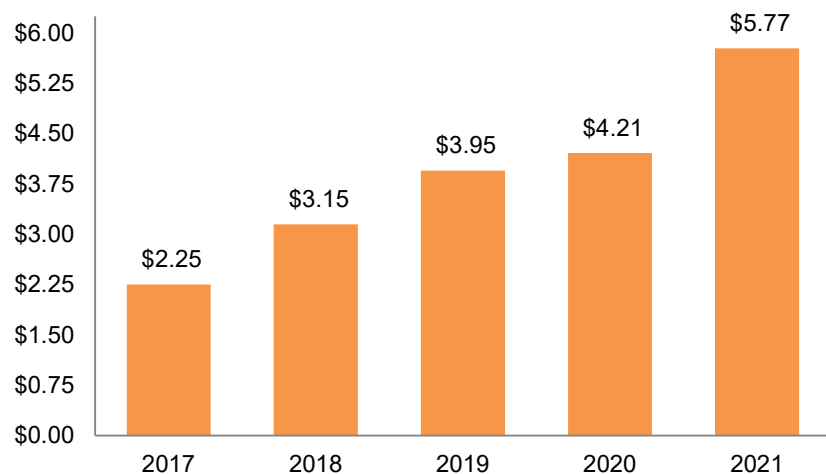


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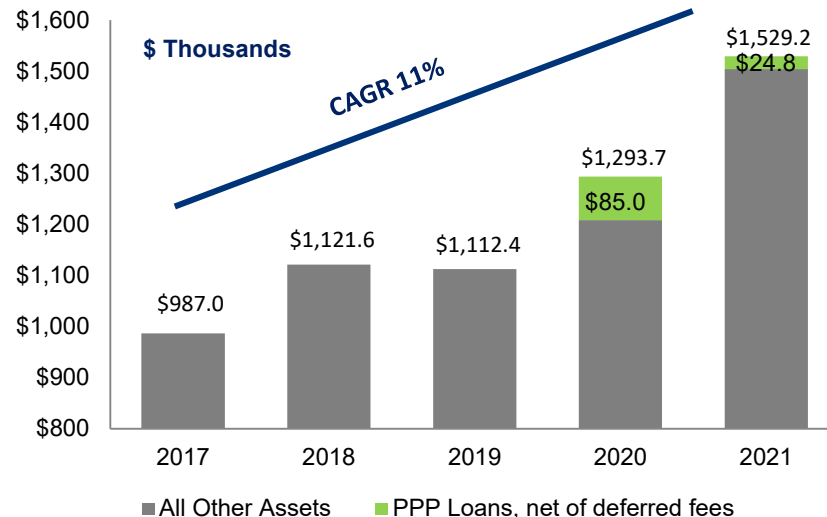
Financial Overview

- Record earnings for 2019, 2020 and 2021.
- Robust loan growth in 2021; balances increased nearly \$100 million, or 10%, ex PPP.
- Salisbury hired two commercial lenders and one residential lender in September 2021 and another commercial lender in January 2022 to drive growth in new markets.
- Strong capital and liquidity provide a strong foundation for disciplined growth.

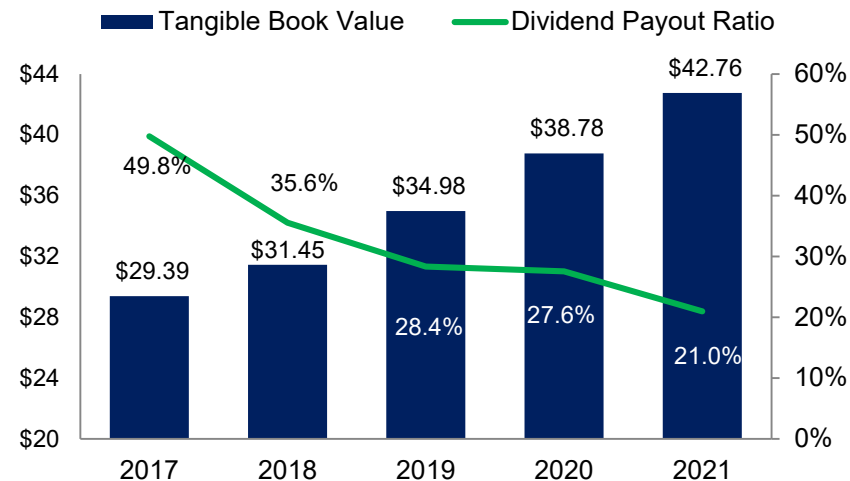
Earnings Per Share (Basic)



Assets



TBVPS and Dividend Payout Ratio



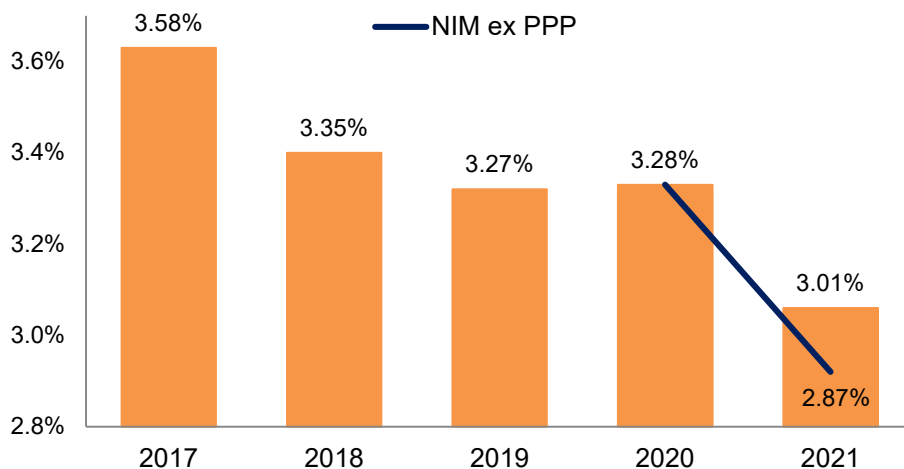
Dividend payout ratio based on reported basic EPS.

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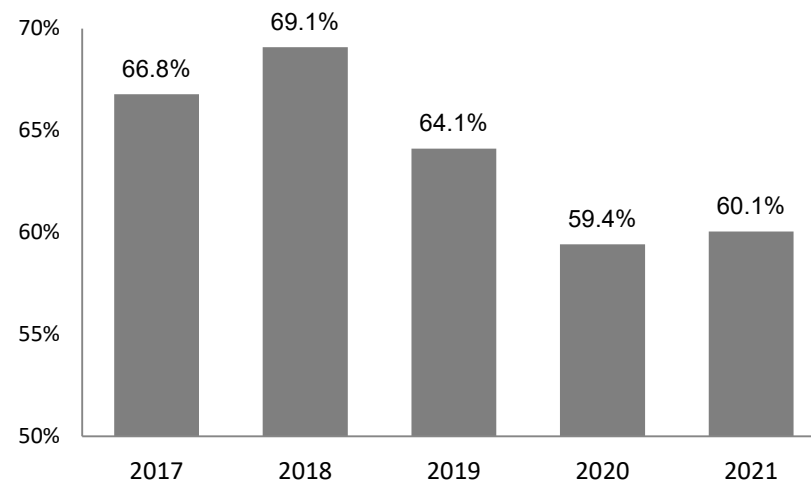
Profitability Indicators

- NIM remains under pressure due to elevated average short-term fund balances.
- Excess liquidity is actively deployed into loans and the AFS portfolio, which increased by over \$100 million in 2021.
- Net PPP fee income of \$2.9 million and \$1.4 million were recorded in 2021 and 2020, respectively.
- Efficiency ratio trend demonstrates a disciplined approach to growth.

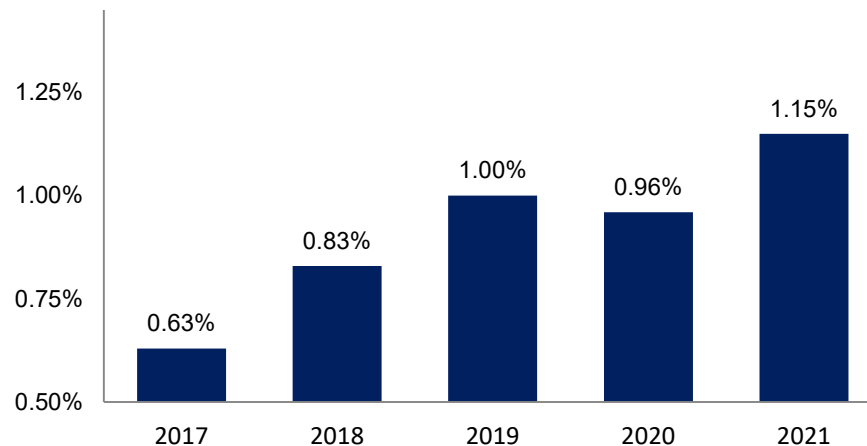
Net Interest Margin¹



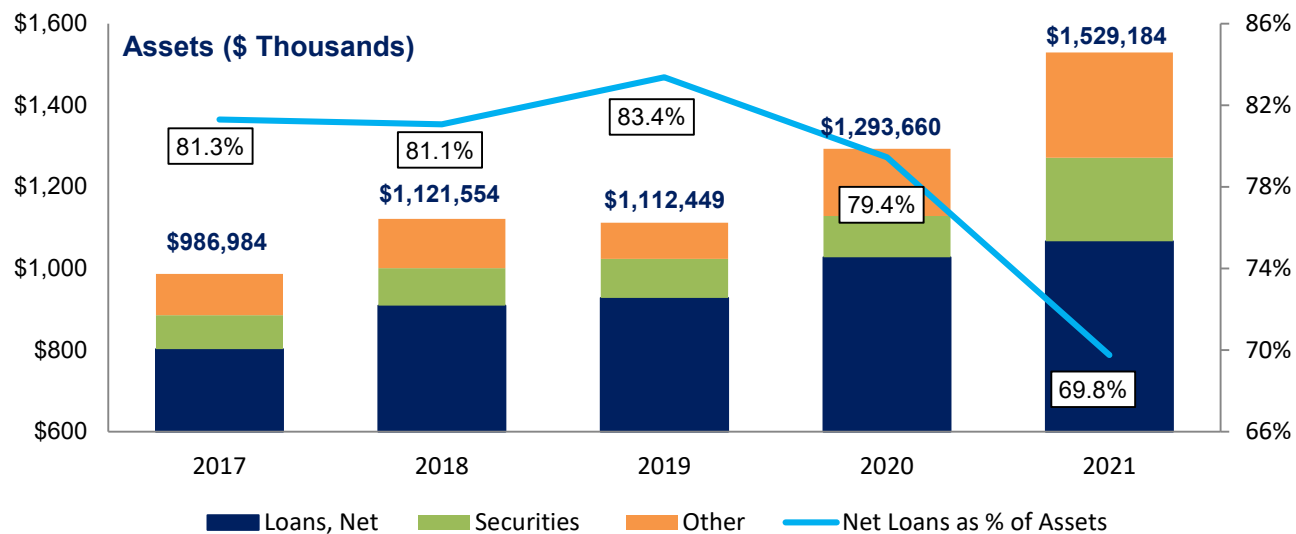
Efficiency Ratio



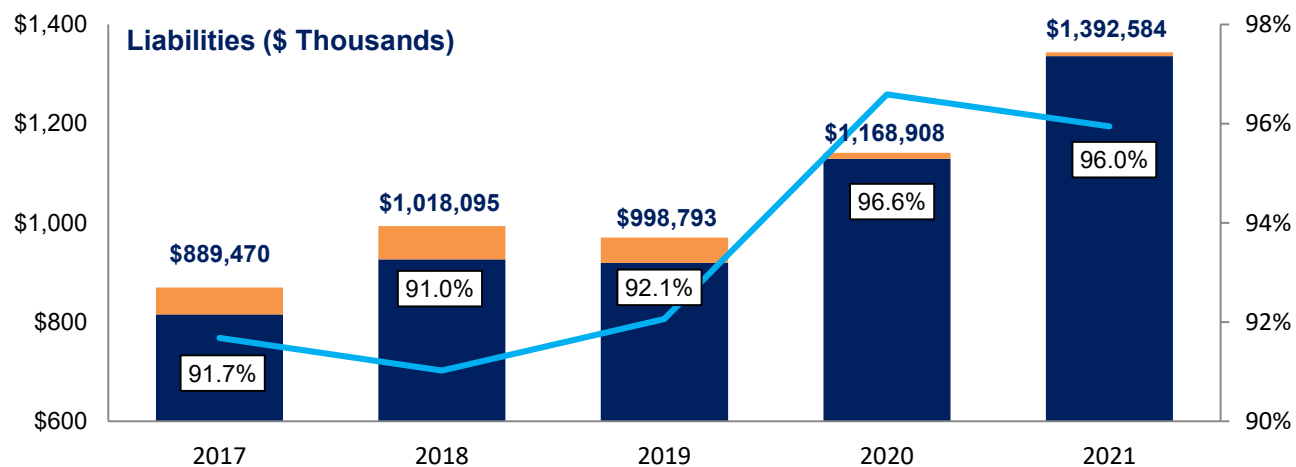
Return on Average Assets



Balance Sheet Composition



Gross Loans / Deposits	
2017	99.1%
2018	99.0%
2019	101.8%
2020	92.2%
2021	80.8%

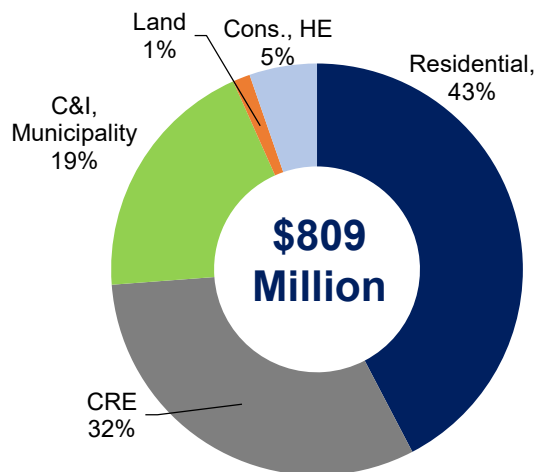


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Source: Company SEC filings.

Loan Composition

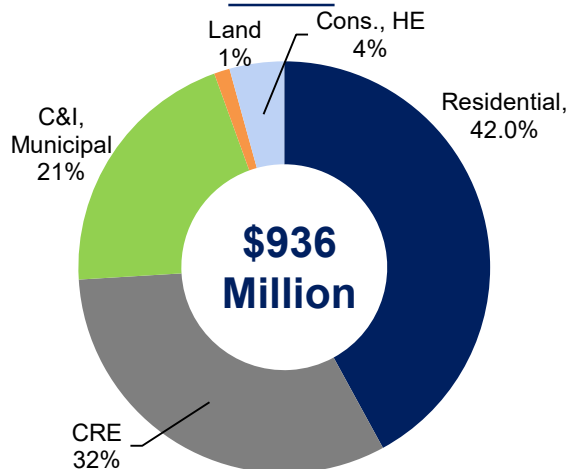
2017



Loans (\$ millions)	2017	
Residential	\$346.9	42.9%
CRE	260.6	32.2%
C&I, Municipality	150.2	18.6%
Land	12.1	1.5%
Cons., HE	38.6	4.8%
Gross Loans	\$808.5	100.0%

Loan Portfolio Yield: 4.33%
CRE Loans / RBC¹: 155%

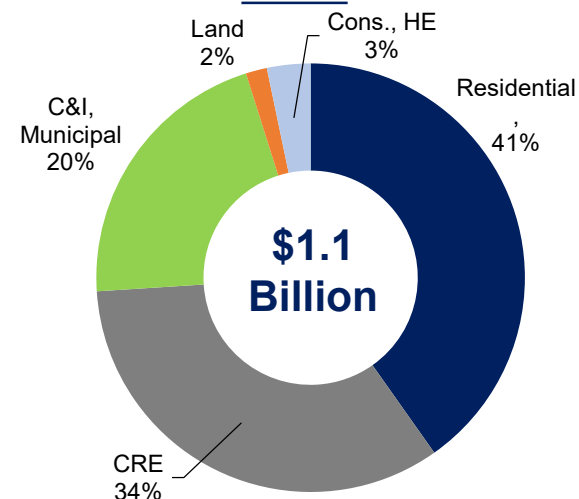
2019



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	4.3%
Gross Loans	\$936.3	100.0%

Loan Portfolio Yield: 4.35%
CRE Loans / RBC¹: 169%

2021



Loans (\$ millions)	2021	
Residential	\$445.2	41.2%
CRE	370.0	34.3%
C&I, Municipality ²	211.7	19.6%
Land	17.0	1.6%
Cons., HE	35.8	3.3%
Gross Loans	\$1,079.7	100.0%

Loan Portfolio Yield: 3.89%
CRE Loans / RBC¹: 179%

2017 – 2021 Loan CAGR: 8%

¹ Risk-Based Capital.

² C&I includes gross PPP loans of \$25.6 million.



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Source: Company SEC filings and S&P Global.

CRE and C&I Loan Portfolio (Ex PPP Loans)

December 31, 2021

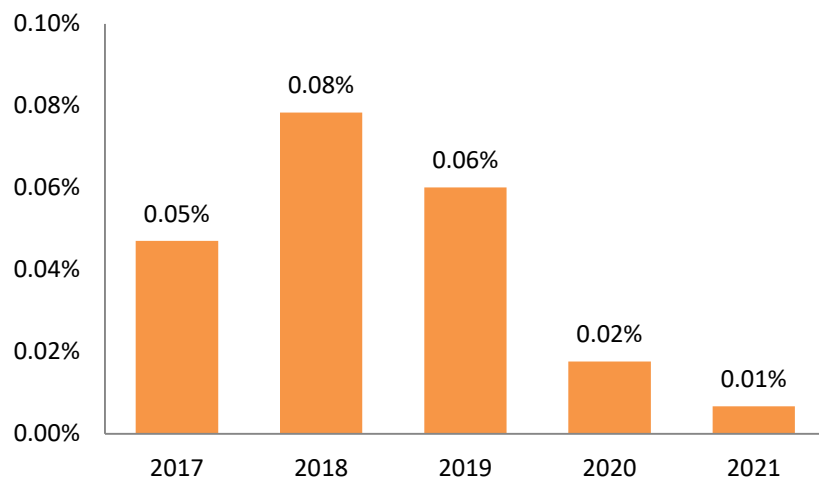
Industry	Gross Loans Receivable ¹	% of Total	Gross Exposure ¹	% of Total
Commodities	4,044	0.8%	4,845	0.7%
Distribution	28,457	5.3%	50,335	7.2%
Education	47,042	8.7%	54,380	7.8%
Engineering & Construction	25,085	4.7%	52,458	7.5%
Entertainment & Recreation	30,093	5.6%	32,175	4.6%
Financial Services	8,116	1.5%	13,549	1.9%
Government	1,838	0.3%	3,329	0.5%
Guaranteed Purchased Loans	17,192	3.2%	17,192	2.5%
Health Care	26,727	5.0%	31,149	4.5%
Hospitality	60,032	11.1%	64,107	9.2%
Manufacturing	17,317	3.2%	24,264	3.5%
Other Services	34,841	6.5%	52,363	7.5%
Professional & Technical Services	6,395	1.2%	20,506	2.9%
Rental Property	229,677	42.6%	270,641	38.9%
Transportation	2,448	0.5%	3,859	0.6%
Total	\$539,304	100.0%	\$695,153	100.0%

¹ In thousands. Gross exposure includes unfunded commitments. Salisbury's gross exposure is mitigated by several factors which include, but are not limited to, the personal liquidity of the borrower, real estate and non-real estate collateral, U.S. Department of Agriculture or Small Business Administration guarantees, and economic stimulus loans from the U.S. government, as a result of COVID-19.

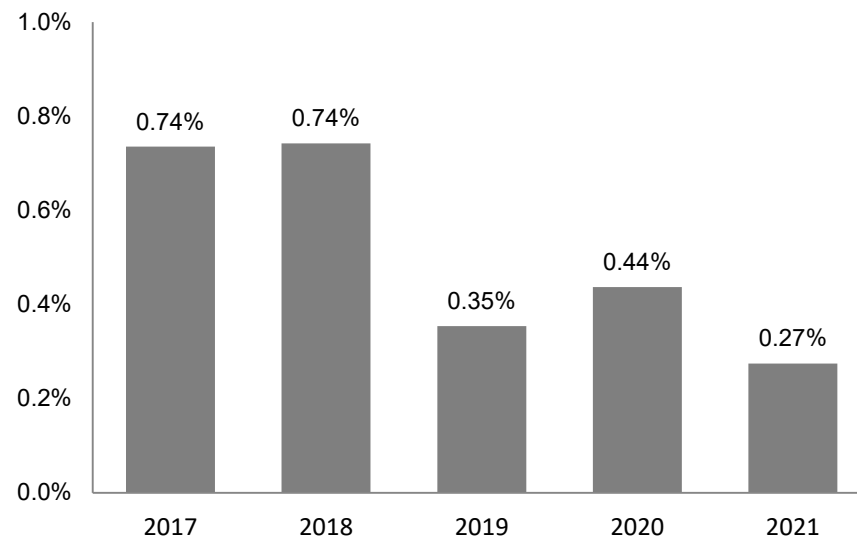
Credit Quality

- Credit quality is actively managed and closely monitored.
- Net charge-off's and the ratio of non-performing assets to total assets continue to trend lower.
- Salisbury continues to prudently extend credit to qualified borrowers.
- As of December 31, 2021, there were no outstanding loan payment deferrals.

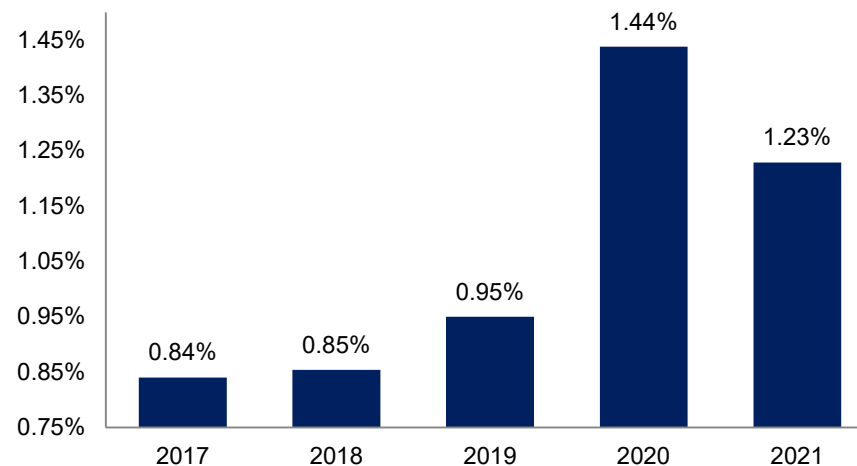
NCOs / Average Loans



NPAs / Assets



Loan Loss Reserves / Gross Loans¹



¹ 2020 and 2021 exclude PPP loans.

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In 2021, Salisbury Processed 472 Loans for \$48.2 Million Under the Paycheck Protection Program

Industry	# of Loans	Loan Amount (\$ 000's)	% of Loan Amount
Commodities	21	\$786.4	1.6%
Distribution	50	5,685.6	11.8%
Education	7	783.8	1.6%
Engineering & Construction	78	6,993.8	14.5%
Entertainment & Recreation	29	2,060.8	4.3%
Financial Services	8	873.4	1.8%
Health Care	30	4,936.0	10.2%
Hospitality	56	8,525.1	17.7%
Manufacturing	21	4,623.7	9.6%
Other Services	70	4,146.8	8.6%
Professional & Technical Services	72	5,120.7	10.6%
Rental Property	17	1,838.7	3.8%
Transportation	13	1,864.9	3.9%
Total	472	\$48,239.9	100.0%

Paycheck Protection Program Status December 31, 2021

(\$ in millions)	<u>Year of Origination</u>	
	2020	2021
Balance Sheet:		
Originated	932 Loans	472 Loans
Total Funded Loans	\$99.9	\$48.2
Total Forgiven Loans	\$97.1	\$25.0
Loan Balance at December 31, 2021	\$2.8	\$23.2
Income Statement:		
Total Net Fee Income ¹	\$3.1	\$2.0
Recognized in 2020	\$1.4	n/a
Recognized in 2021	\$1.7	\$1.2
Fee Income Not Yet Recognized	\$0.0	\$0.8

¹ Represents gross fees of \$3.6 million on loans originated in 2020, net of deferred origination costs of \$0.5 million and gross fees of \$2.3 million on loans originated in 2021, net of deferred origination costs of \$0.3 million.

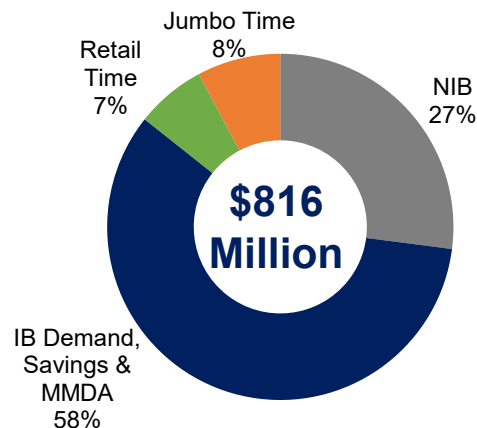
Outstanding Loan Deferrals December 31, 2021

		Deferral Activity (# of Loans / Balance) ¹						
Portfolio	Deferrals @ 3Q 2021	New Deferral Requests	Expired Deferrals	2 nd Deferral Requests	3 rd Deferral Requests	4 th Deferral Requests	Deferrals @ 4Q 2021	% of Gross Loans
Residential & Consumer	0 / \$0	0 / \$0	0 / \$0	0 / \$0	0 / \$0	0 / \$0	0 / \$0	0.0%
Commercial	2 / \$3	0 / \$0	2 / \$3	0 / \$0	0 / \$0	0 / \$0	0 / \$0	0.0%
Total	2 / \$3	0 / \$0	2 / \$3	0 / \$0	0 / \$0	0 / \$0	0 / \$0	0.0%

¹ Loan deferrals have been granted under the CARES Act. The first number in each column represents the number of loans and the second number represents the outstanding loan balance in millions of dollars.

Deposit Composition

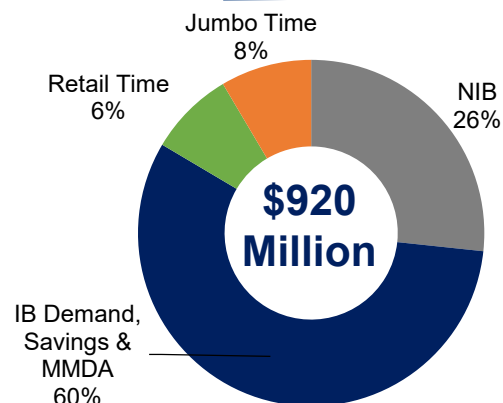
2017



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%
Total	\$815.5	100.0%

Core Deposits: 85.6%
Cost of Deposits: 0.42%

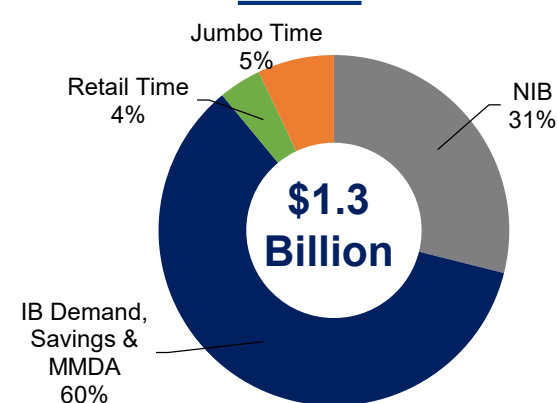
2019



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%
Total	\$919.5	100.0%

Core Deposits: 86.1%
Cost of Deposits: 1.03%

2021



Deposits (\$ millions)	2021	
NIB	\$416.1	31.1%
IB Demand, Savings & MMDA	801.1	60.0%
Retail Time (< \$100k)	46.2	3.5%
Jumbo Time (> \$100k)	72.8	5.4%
Total	\$1,336.2	100.0%

Core Deposits: 91.1%
Cost of Deposits: 0.24%

2017 – 2021 Deposit CAGR: 13%



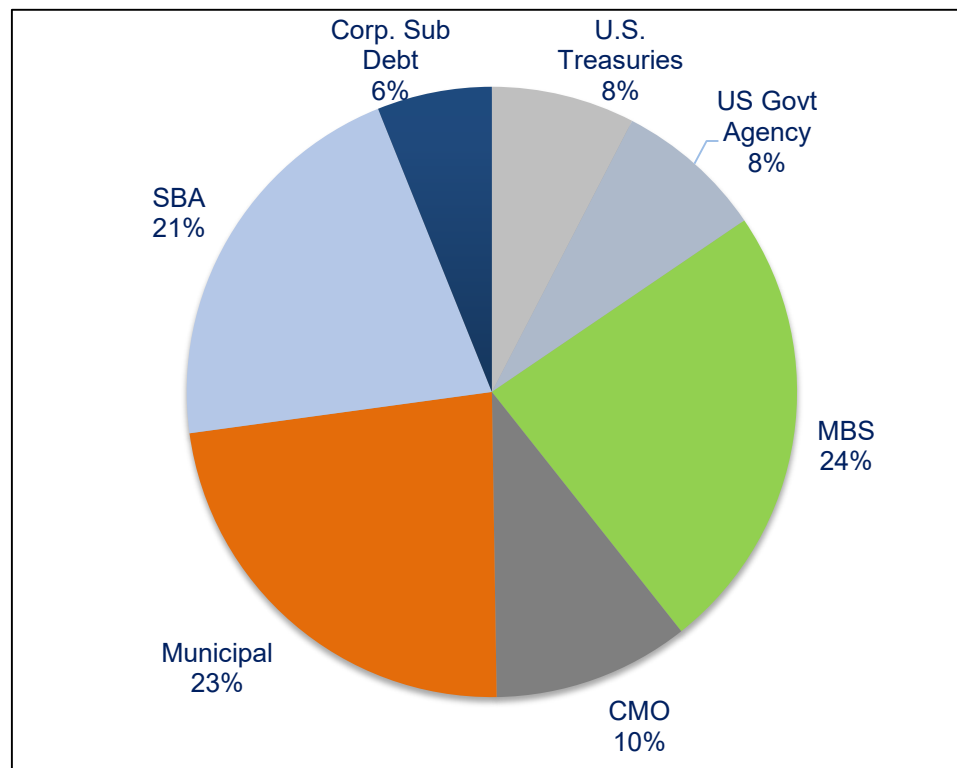
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Source: Company SEC filings and Company data.

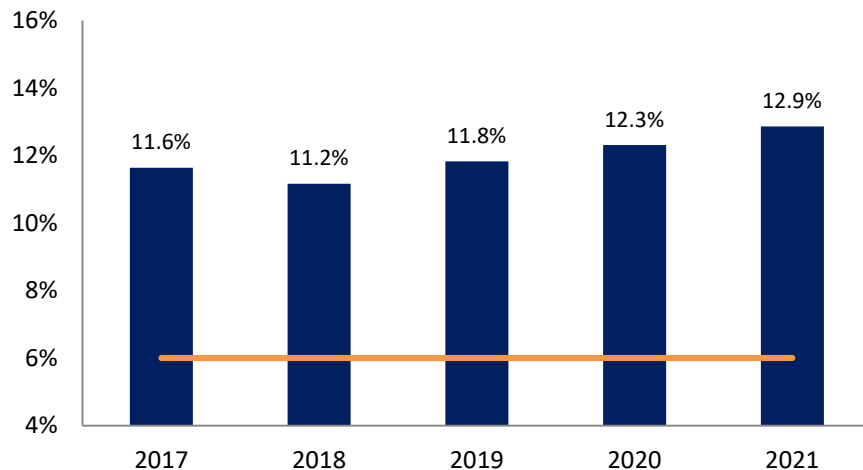
AFS Securities Portfolio December 31, 2021

Highlights

- Book value of \$201.3 million, or 13.2%, of total assets at year end 2021 compared with \$94.6 million, or 7.3%, respectively, at year end 2020.
- Primarily collateralizes deposits and provides liquidity.
- Average Yield: 1.91%
- Average Life: 4.6 years

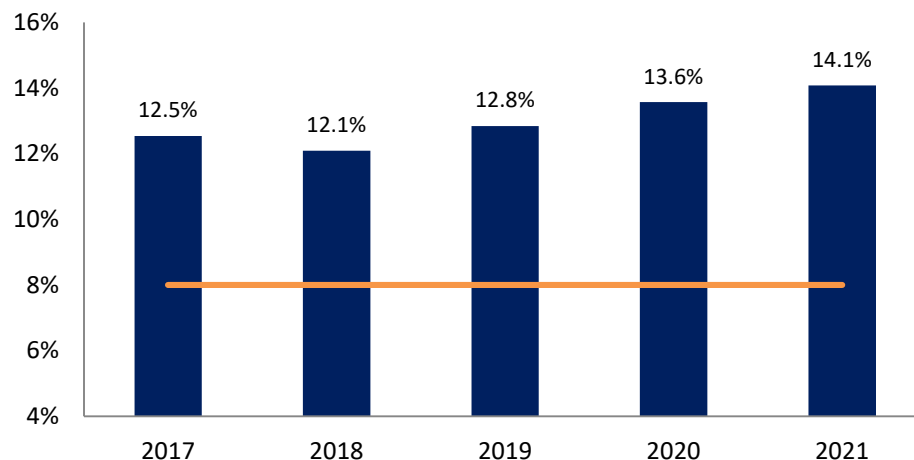


Bank Tier 1 Capital Ratio ¹

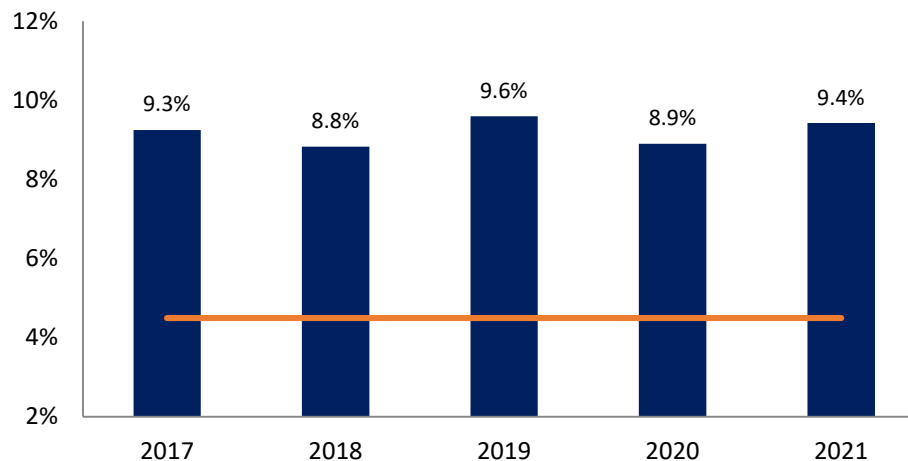


■ Bank — Well Capitalized

Bank Total Capital Ratio ²



Bank Leverage Ratio ³



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Source: Company SEC filings.

¹ Tier 1 Capital / Risk Weighted Assets

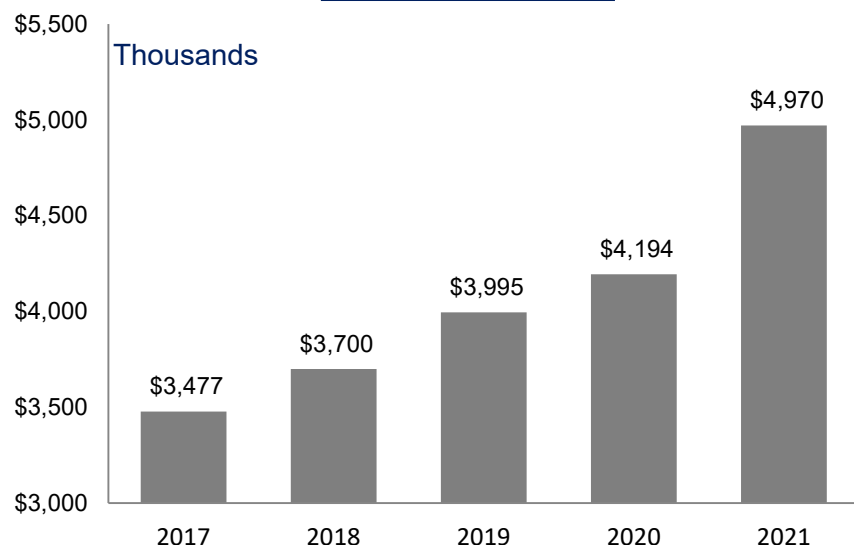
² Total Capital / Risk Weighted Assets

³ Tier 1 Capital / Average Assets

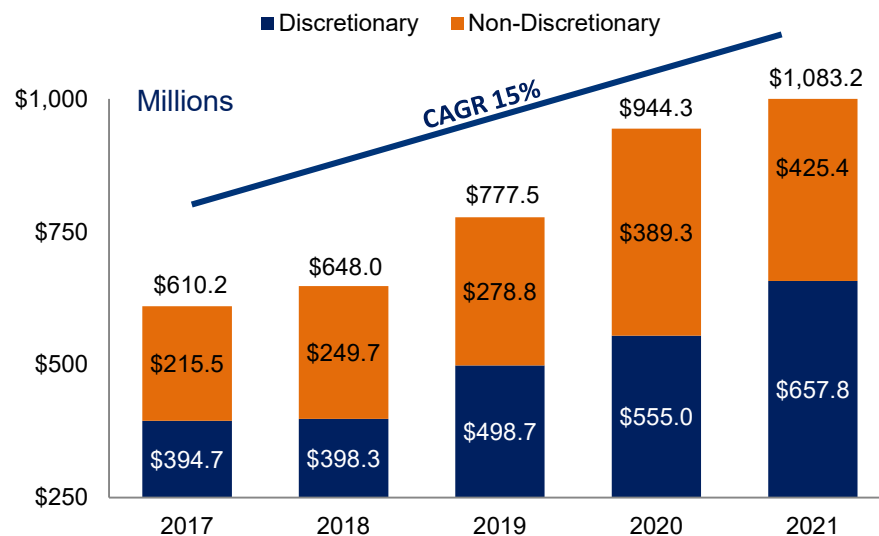
Wealth Advisory

- Wealth Advisory provides a source of diversified revenues (~ 9.5% of Bank revenue).
- This business differentiates SAL from its community banking peers.
- Services include Investment Management, Financial and Retirement Planning, Private Banking, Trust and Estate Administration and Custodial Services.
- AUA increase reflects higher equity market valuations and non-discretionary asset growth.

Gross Revenues

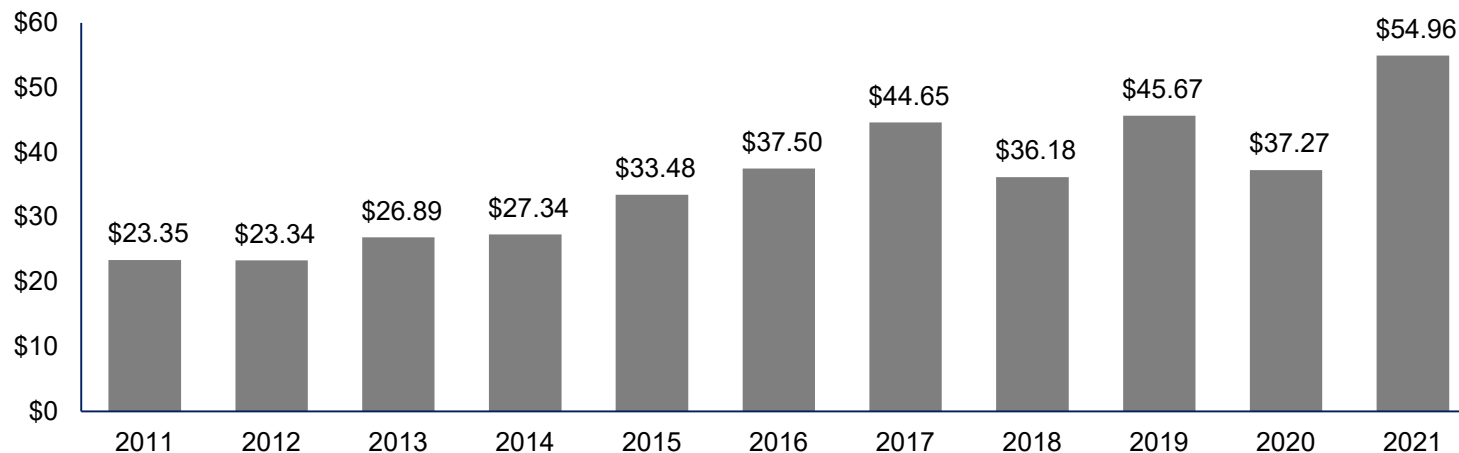


Assets Under Administration



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Common Stock Price: NASDAQ: SAL



Period Ending	2017	2018	2019	2020	2021
Tangible BV per common share (\$)	29.39	31.45	34.98	38.78	42.76
Price/Book (%)	127.5	98.2	113.6	84.9	115.1
Market capitalization (\$ in millions)	124.4	101.0	129.1	106.0	157.3
Common shares outstanding (000s)	2,785	2,807	2,826	2,843	2,862
Insider Ownership (%)	12.08	12.12	10.17	10.71	11.33
Institutional Ownership (%) ¹	11.33	10.62	11.09	18.92	17.74
Annual Highs / Lows (\$)	48.35 / 37.30	49.85 / 38.25	47.05 / 35.25	44.95 / 25.13	57.00 / 35.40

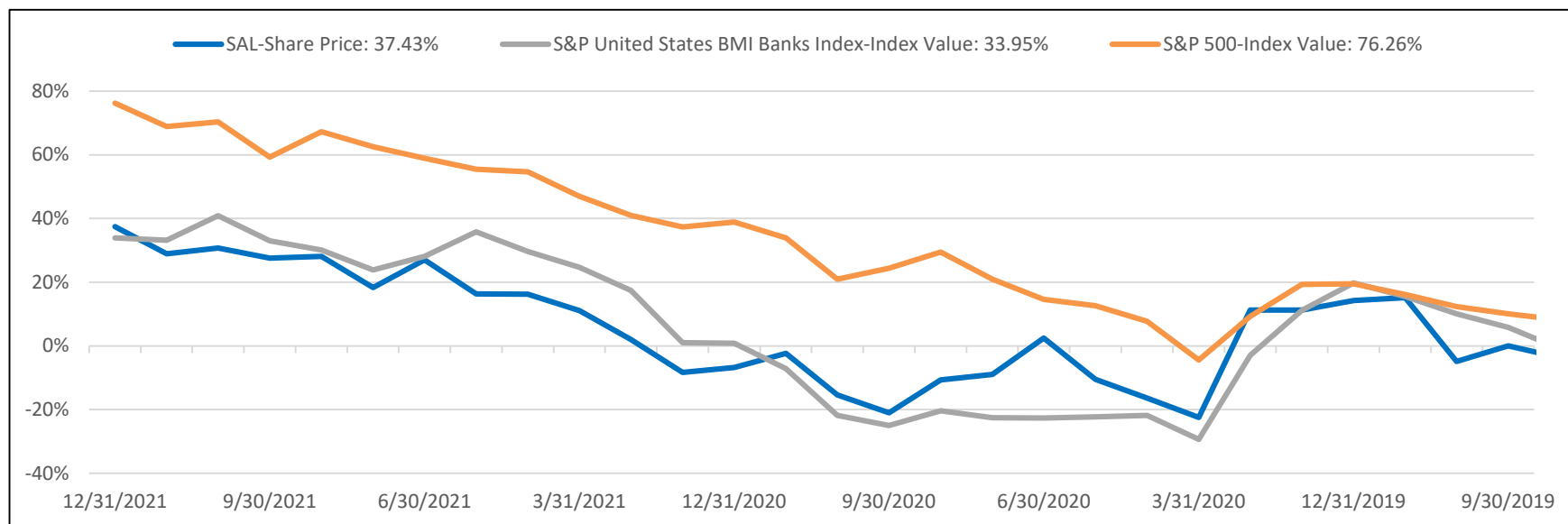
¹ Includes private corporations and hedge fund managers.



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Source: S&P Global and Company SEC filings.

Relative Stock Price Performance



Highlights:

- 20 + years of dividend payments
- Annual dividend yield of 2.20% at December 31, 2021
- Quarterly dividend increased to \$0.32 per common share in January 2022



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Source: S&P Global and Company data.

Strategic Priorities:

- Prudently navigate through COVID-19
- Leverage digital technology to improve the “customer experience”
- Evaluate strategic investments to position SAL for growth
- Deepen penetration of existing and new 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.



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NASDAQ: SAL



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