

SALISBURY BANCORP INC
Form DEF 14A
April 13, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

SALISBURY BANCORP
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

5 BISSELL STREET

P. O. BOX 1868

LAKEVILLE, CONNECTICUT 06039-1868

(860) 435-9801

NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS

Time and Date: 4:00 p.m., Eastern Daylight Time ("EDT"), Wednesday, May 20, 2015

Location: The Hotchkiss School (Griswold Science Building located off Route 41), 11 Interlaken Road, Lakeville, Connecticut 06039

Record Date: Shareholders at the close of business on March 27, 2015 are entitled to notice of, and to vote at, this Annual Meeting or any adjournment(s) thereof.

Matters to be Voted Upon: 1. Election of four (4) directors, each to serve for a three (3) year term who, with the eleven (11) directors whose terms do not expire at this meeting, shall constitute the full Board of Directors of Salisbury.

2. Ratification of the appointment of Shatswell, MacLeod & Company, P.C. as independent auditors for Salisbury for the fiscal year ending December 31, 2015.

3. Approval, by non-binding advisory vote, the compensation of Named Executive Officers.

4. Any other business properly brought before the meeting and any adjournment(s) thereof.

Your vote is very important to us and we request that you vote your shares, regardless of the number of shares you own. You can vote your shares by internet, toll-free telephone call, or by completing, signing and returning the enclosed proxy card for which a postage-prepaid return envelope is provided.

Directions to The Hotchkiss School (Griswold Science Building) may be obtained by writing to Shelly L. Humeston, Secretary, Salisbury Bank and Trust Company, 5 Bissell Street, P.O. Box 1868, Lakeville, Connecticut 06039-1868 or by calling 1-860-435-9801 or toll-free at 1-800-222-9801.

BY ORDER OF THE BOARD OF DIRECTORS OF

SALISBURY BANCORP, INC.

/s/ Shelly L. Humeston

Shelly L. Humeston

Secretary

April 13, 2015

Lakeville, Connecticut

Whether or not you plan to attend the Annual Meeting, we encourage you to vote as promptly as possible by internet, by telephone, or by completing, signing and returning the enclosed proxy card. Any proxy given by a shareholder may be revoked at any time before it is exercised. If you attend the meeting and wish to change your vote, you can do so by voting in person at the meeting. A proxy may be revoked by giving notice, in writing, to Shelly L. Humeston, Secretary, 5 Bissell Street, P.O. Box 1868, Lakeville, Connecticut 06039-1868, prior to the taking of a vote.

5 BISSELL STREET

P.O. BOX 1868

LAKEVILLE, CONNECTICUT 06039-1868

(860) 435-9801

PROXY STATEMENT FOR 2015 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 20, 2015

INTRODUCTION

The enclosed proxy card (the “Proxy”) is solicited by the Board of Directors (the “Board of Directors”) of Salisbury Bancorp, Inc. (“Salisbury”), for use at the 2015 Annual Meeting of Shareholders (the “Annual Meeting”) to be held on Wednesday, May 20, 2015, at 4:00 p.m. EDT, at The Hotchkiss School, (Griswold Science Building located off Route 41), 11 Interlaken Road, Lakeville, Connecticut 06039, and at any and all adjournment(s) thereof. Any Proxy given may be revoked at any time before it is actually voted on any matter in accordance with the procedures set forth on the Notice of Annual Meeting. This Proxy Statement and the enclosed form of Proxy are being mailed to shareholders (the “Shareholders”) beginning on or about April 13, 2015. The cost of preparing, assembling and mailing this Proxy Statement and the material enclosed herewith is being borne by Salisbury. In addition, proxies may be solicited by directors, officers and employees of Salisbury and Salisbury Bank and Trust Company (the “Bank”) personally by telephone or other means. Salisbury will reimburse banks, brokers, and other custodians, nominees, and fiduciaries for their reasonable and actual costs in sending the proxy materials to the beneficial owners of Salisbury’s common stock (the “Common Stock”).

If your shares are in a brokerage or fiduciary account, your broker or bank will send you a voting instruction form instead of a Proxy. Please follow the instructions on such form to instruct your broker, bank or other holder of record how to vote your shares. If you wish to attend the meeting and vote your shares in person, you must follow the instructions on the voting instruction form to obtain a legal proxy from your broker, bank or other holder of record. Alternatively, you may vote by telephone or over the internet as instructed by your broker or bank, if applicable.

VOTING, QUORUM AND VOTES REQUIRED

The Board of Directors has fixed the close of business on March 27, 2015 as the record date (the “Record Date”) for the determination of Shareholders entitled to notice of and to vote at the Annual Meeting. As of the Record Date, 2,728,516 shares of Salisbury’s Common Stock (par value \$.10 per share) were outstanding and entitled to vote and held by approximately 2,129 Shareholders of Record. Each share of Common Stock is entitled to one vote on all matters to be presented at the Annual Meeting. Votes withheld, abstentions and broker non-votes are not treated as having voted on any proposal and are counted only for purposes of determining whether a quorum is present at the Annual Meeting.

If the enclosed form of Proxy is properly executed and received by Salisbury in time to be voted at the Annual Meeting, the shares represented thereby will be voted in accordance with the instructions marked thereon. Executed but unmarked proxies will be voted “**FOR**” all the Nominees in Proposal 1, “**FOR**” Proposals 2 and 3 and in accordance with the determination of a majority of the Board of Directors as to other matters discussed in this Proxy Statement. As of the date of this Proxy Statement, the Board of Directors and Management do not know of any matters other than

those described in the Notice of Annual Meeting that are to come before the Annual Meeting.

If you participate in the Salisbury Bank and Trust Company Employee Stock Ownership Plan (the “ESOP”), you will receive a proxy card for the plan that reflects all shares of Salisbury Bancorp, Inc. allocated to your account that you may direct the trustee of the ESOP to vote on your behalf. Under the terms of the ESOP, the ESOP trustee votes all shares held by the ESOP, but each ESOP participant may direct the trustee how to vote the shares of Salisbury Bancorp, Inc. common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary responsibilities, will vote all allocated shares for which it has received voting instructions in accordance with such instructions and will vote all shares for which a participant has marked the voting form to “ABSTAIN” and all allocated shares for which no voting instructions are received in the same proportion as shares for which it has received timely voting instructions. The deadline for returning your ESOP voting instructions is Wednesday, May 13, 2015.

VOTING

By Internet

Go to www.proxyvote.com 24 hours a day, 7 days a week, and follow the instructions. You will need the 16-digit control number that is included in the Notice of Internet Availability of Proxy Materials, proxy card or voting instructions form that is sent to you. The internet voting system allows you to confirm that the system has properly recorded your votes. This method of voting will be available up until 11:59 p.m. EDT, on May 19, 2015.

By Telephone

On a touch-tone telephone, call toll-free 1-800-690-6903, 24 hours a day, 7 days a week, and follow the instructions. You will need the 16-digit control number that is included in the Notice of Internet Availability of Proxy Materials, proxy card or voting instructions form that is sent to you. As with internet voting, you will be able to confirm that the system has properly recorded your votes. This method of voting will be available up until 11:59 p.m. EDT, on May 19, 2015.

By Mail

You can vote by completing, dating and signing your proxy card exactly as your name appears on the card and returning it by mail in the postage-paid envelope that will be provided to you. If you hold your shares in street name and you elect to receive your proxy materials by mail, you can vote by completing and mailing the voting instruction form that will be provided by your bank, broker or other holder of record. You should mail the proxy card or voting instruction form in plenty of time to allow delivery prior to the meeting. **Do not mail the proxy card or voting instruction form if you are voting over the internet or by telephone.**

At the Annual Meeting

Whether you are a shareholder of record or a street name holder, you may vote your shares at the annual meeting if you attend in person. If you own shares held in street name and you intend to vote at the meeting, you will need to bring to the meeting a legal proxy from your bank, broker, or other holder of record that authorizes you to vote the shares that the record holder holds for you in its name.

Even if you plan to attend the Annual Meeting, we encourage you to vote over the internet or by telephone prior to the meeting. It is fast and convenient, and your vote is recorded and confirmed immediately.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 20, 2015**

This Notice, Proxy Statement and Salisbury's 2014 Annual Report are available, free of charge, at salisburybank.com.

The information found on, or otherwise accessible through, Salisbury's website is not incorporated by reference hereto, and is not otherwise a part of, this Proxy Statement.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**Security Ownership of Management**

The following table sets forth certain information as of March 27, 2015 regarding the number of shares of Common Stock beneficially owned by each Director, Nominee for Director, and Named Executive Officer of Salisbury and by all Directors, Nominees for Director, and Executive Officers of Salisbury as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
Louis E. Allyn, II	2,903	*
Charles M. Andola	26,644	*
George E. Banta	90,153	(3) 3.30
Arthur J. Bassin	14,411	(4) *
Louise F. Brown	3,798	*
Richard J. Cantele, Jr.	11,307	(5) *
Robert S. Drucker	9,338	(6) *
David B. Farrell	2,148	*
Michael D. Gordon	33,813	(7) 1.24
Polly Diane Hoe	42,884	(8) 1.57
Nancy F. Humphreys	3,910	(9) *
Richard P. Kelly (10)	1,145	(11) *
Holly J. Nelson	3,290	(12) *
John F. Perotti	13,700	(13) *
Rudolph P. Russo	164,209	(14) 6.02
Michael A. Varet	67,356	(15) 2.47
Donald E. White	2,594	(16) *
All Directors, Nominees for Director, and Executive Officers of Salisbury as a group of seventeen (17) persons	493,603	18.09

* Percent ownership is less than 1%.

- The shareholdings also include, in certain cases, shares owned by or in trust for a director's spouse and/or children or grandchildren, and in which all beneficial interest has been disclaimed by the director. The shareholdings also
- (1) include shares the director has the right to acquire within sixty (60) days of March 27, 2015. The definition of beneficial owner includes any person who, directly or indirectly, through any contract, agreement or understanding, relationship or otherwise, has or shares voting power or investment power with respect to such security.
- (2) Percentages are based upon the 2,728,516 shares of Salisbury's Common Stock outstanding and entitled to vote on March 27, 2015.
- (3) Includes 39,150 shares held in Banta Food Co., Inc. Profit Sharing Plan of which Mr. Banta is the CEO, for which shares Mr. Banta disclaims beneficial ownership.
- (4) Includes 13,791 shares owned jointly by Arthur J. Bassin and his spouse.
- Includes 1,743 shares owned jointly by Richard J. Cantele, Jr. and his spouse, 6 shares owned by Richard J. Cantele, Jr. as custodian for his daughter, 5,000 shares of restricted stock granted in 2013 to Richard J. Cantele, Jr. in accordance with the 2011 Long Term Incentive Plan of Salisbury Bancorp, Inc., which shares shall fully vest on the third anniversary of the grant date, 1,000 shares of stock granted 12/4/14 and 1,000 shares of stock granted 3/27/15 to Richard J. Cantele, Jr. in accordance with the 2011 Long Term Incentive Plan of Salisbury Bancorp, Inc., and 444 shares issued to Mr. Cantele pursuant to Salisbury's Employee Stock Ownership Plan.

- (6) Includes 1,500 shares owned by Robert S. Drucker's spouse.
- (7) Includes 675 shares owned by Michael D. Gordon's spouse and 540 shares held by Zimmer Brothers, Inc., a family owned corporation for which Mr. Gordon is the President of the company.
- (8) Includes 2,000 shares owned by Polly Diane Hoe's spouse and 300 shares owned jointly by Polly Diane Hoe and her adult daughter.
- (9) Includes 2,200 shares owned jointly by Nancy F. Humphreys and her spouse.
- (10) Mr. Kelly is considered a Named Executive Officer of Salisbury for reporting purposes; however, he is an executive officer of the Bank and not an executive officer of Salisbury.
- (11) Includes 1,000 shares of restricted stock granted in 2014 to Richard P. Kelly in accordance with the 2011 Long Term Incentive Plan of Salisbury Bancorp, Inc., which shares shall fully vest on the third anniversary of the grant date and 145 shares issued to Mr. Kelly pursuant to Salisbury's Employee Stock Ownership Plan.
- (12) Includes 8 shares owned by Holly J. Nelson as guardian for a minor child.
- (13) Includes 9,514 shares owned jointly by John F. Perotti and his spouse. Also includes 2,922 shares owned by his spouse with respect to which John F. Perotti has disclaimed beneficial ownership.
- (14) Includes 31,050 shares for the Carmela T. Russo Revocable Trust of which Mr. Russo is the Trustee, for which shares Mr. Russo disclaims beneficial ownership and 16,200 shares held by Heritage Holding Corp., a family-owned corporation of which Mr. Russo owns 25%, for which Mr. Russo disclaims beneficial ownership of 12,150 shares.
- (15) Includes 18,540 shares owned by Michael A. Varet's spouse and 18,546 shares owned by his children, for which shares Michael A. Varet has disclaimed beneficial ownership.
- (16) Includes 2,000 shares of restricted stock granted in 2014 to Donald E. White in accordance with the 2011 Long Term Incentive Plan of Salisbury Bancorp, Inc., which shares shall fully vest on the third anniversary of the grant date and 194 shares issued to Mr. White pursuant to Salisbury's Employee Stock Ownership Plan.

Security Ownership of Certain Beneficial Owners (Principal Shareholders)

Except as set forth below, Management is not aware of any person (including any "group" as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) who owns beneficially more than 5% of Salisbury's Common Stock (a "Principal Shareholder") as of the Record Date (March 27, 2015).

The following table sets forth certain information regarding the shares owned by such Principal Shareholder of Salisbury according to the Schedule 13D filed with the Securities and Exchange Commission ("SEC") on December 12, 2014.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of</u>	<u>Percent of Class(2)</u>
Rudolph P. Russo 35 Market Street Poughkeepsie, NY 12601	<u>Beneficial Ownership(1)</u>	
	164,209(3)	6.02%

The definition of beneficial owner includes any person who, directly or indirectly, through any contract, agreement (1) or understanding, relationship or otherwise, has or shares voting power or investment power with respect to such security.

(2) Percentages are based upon the 2,728,516 shares of Salisbury's Common Stock outstanding and entitled to vote on March 27, 2015.

Includes 116,959 shares for which Mr. Russo has sole voting and investment power, 31,050 shares owned by the Carmela T. Russo Revocable Trust of which Mr. Russo is the Trustee and has voting and investment power, but (3) with respect to which Mr. Russo has disclaimed beneficial ownership, and 16,200 shares held by Heritage Holding Corp., a family-owned corporation of which Mr. Russo owns 25%, for which Mr. Russo disclaims beneficial ownership of 12,150 shares.

Executive Officers

The following table sets forth information regarding the executive officers of Salisbury, and the executive officers of the Bank that are deemed executive officers of the Company pursuant to Rule 3b-7 of the Exchange Act, followed by certain biographical information as of December 31, 2014. Executive officers are generally appointed by the Board each year following the Annual Meeting.

Name	Position	Age	Years of Service
Richard J. Cantele, Jr.(1)	President and Chief Executive Officer of Salisbury and the Bank	55	33
Todd M. Clinton(2)	Executive Vice President and Chief Risk Officer of the Bank	53	28
John M. Davies(3)	President of New York Region and Chief Lending Officer of the Bank	52	<1
Richard P. Kelly(4)	Executive Vice President and Chief Credit Officer of the Bank	56	2
Elizabeth A. Summerville(5)	Executive Vice President and Chief Retail Officer of the Bank	55	11
Donald E. White(6)	Executive Vice President and Chief Financial Officer of Salisbury and the Bank	50	2

Mr. Cantele has been a director of Salisbury and the Bank since 2005. Mr. Cantele graduated from Fairfield University in 1981 with a Bachelor of Science degree in Finance; and graduated from the Stonier Graduate School of Banking in 1997. Mr. Cantele became President and Chief Executive Officer of Salisbury and the Bank in 2009, prior to which he served as President and Chief Operating Officer of Salisbury and the Bank since 2005. Mr. Cantele has been an executive officer of Salisbury since 2001 and the Bank since 1989, serving as Executive Vice President, Treasurer and Chief Operating Officer of the Bank and Salisbury and Secretary of Salisbury.

Mr. Clinton joined the Bank in 1987. He was named Executive Vice President and Chief Risk Officer in May of 2014. Prior to that, he served as Senior Vice President, Chief Technology and Compliance Officer of the Bank since June of 2002. Mr. Clinton served as Operations Officer of the Bank from September of 1997 to June of 2002. He is a graduate of the Connecticut School of Finance and Management and the ABA Compliance Management School with more than 25 years of experience in community banking.

Mr. Davies joined the Bank as President of the New York Region in December of 2014 and subsequently assumed the additional responsibility of Chief Lending Officer. Prior to that, Mr. Davies served as President and Chief Executive Officer of Riverside Bank for 3 years. He is a graduate of Pace University with an MBA in Business Administration and has more than 25 years of commercial lending experience.

Mr. Kelly joined the Bank in April of 2013 as Vice President, Senior Commercial Lender. In October of 2013, he was appointed to serve as Senior Vice President and Chief Lending Officer. He was named Executive Vice President and Chief Lending Officer in May of 2014. In December of 2014, Mr. Kelly was named Executive Vice President and Chief Credit Officer. He is a graduate of Hamilton College with a BA in Economics and has worked in commercial banking for more than 20 years.

Mrs. Summerville joined the Bank in January of 2004 as Vice President, Special Projects. In January of 2007, she was named Senior Vice President, Retail Banking. Most recently, Mrs. Summerville was named Executive Vice President, Chief Retail Officer in May of 2014. She is a graduate of the ABA Compliance Management School, the New England School of Banking, and has received her AIB Applied Banking Certificate. She has more than 35 years of banking experience.

Mr. White joined Salisbury and the Bank as Executive Vice President and Chief Financial Officer on April 1, 2013. Mr. White is a graduate of the University of Connecticut, Storrs, CT with a Master of Business Administration and a Bachelor of Science in Finance. Mr. White previously served as Managing Director of Sandler O'Neill + Partners, L.P., New York, NY, since January 2002. Prior to that time, Mr. White served as an officer of two other community-based depository institutions. He served as Chief Financial Officer of Middlesex Schools Federal Credit Union n/k/a Seasons Federal Credit Union, Middletown, CT from 1998 until December 2001, and served as Vice President of Finance of Eagle Bank, Bristol, CT from 1996 - 1998.

PROPOSAL 1**ELECTION OF DIRECTORS**

The number of directors shall be fixed from time to time by the Board of Directors pursuant to the Corporation's Bylaws. The Board of Directors has set the number of directorships at fifteen (15). The Board of Directors of Salisbury is divided into three (3) classes as nearly equal in number as possible. Classes of directors serve for staggered three (3) year terms. A successor class is elected at each annual meeting of shareholders when the terms of office of the members of that class expire. Vacant directorships may be filled, until the next meeting at which directors are elected, by the vote of a majority of the directors then in office. A plurality of votes cast in favor is necessary for the election of directors. If you do not vote for a nominee, or you indicate "withhold" for any nominee on your Proxy Card, your vote will not count "FOR" or "AGAINST" the nominee.

Directors and Nominees for Election for a Three Year Term and Director Independence

There are four (4) directorships on the Board of Directors up for election this year. The following individuals have been nominated to serve for a three (3) year term: Arthur J. Bassin, Holly J. Nelson, John F. Perotti, and Rudolph P. Russo. The four (4) nominees are presently members of the Board of Directors. Unless otherwise directed, the enclosed Proxy will be voted "**FOR**" such nominees. In the event any one or more nominees is unable or declines to serve (events which are not anticipated), the persons named in the Proxy may vote for some other person or persons as the Board of Directors may recommend.

The following table sets forth certain information, as of March 27, 2015, with respect to Salisbury's directors. All directors are considered "independent" within the meaning of the NASDAQ independence standards with the exception of Richard J. Cantele, Jr., who is an executive officer of Salisbury and the Bank.

Nominees for election for terms expiring in 2018

Name	Age	Position	Director Since
Arthur J. Bassin	70	Director	2010
Holly J. Nelson	61	Director	1998
John F. Perotti	68	Director	1998
Rudolph P. Russo	85	Director	2014

Continuing directors whose terms expire in 2016

Name	Age	Position	Director Since
Louis E. Allyn, II	67	Director	2004
Robert S. Drucker	73	Director	2004
David B. Farrell	59	Director	2012
Michael D. Gordon	69	Director	2014
Polly Diane Hoe	70	Director	2014
Michael A. Varet	73	Chairman of the Board	1998

Continuing directors whose terms expire in 2017

Name	Age	Positon	Director Since
Charles M. Andola	71	Director	2014
George E. Banta	79	Director	2014
Louise F. Brown	71	Director	1998
Richard J. Cantele, Jr.	55	President, Chief Executive Officer, Director	2005
Nancy F. Humphreys	73	Director	2001

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “**FOR**” THE PROPOSAL TO ELECT EACH OF THE FOUR (4) NOMINEES TO THE BOARD OF DIRECTORS FOR A TERM OF THREE (3) YEARS. DIRECTORS ARE ELECTED BY A PLURALITY OF THE VOTES CAST BY THE SHARES ENTITLED TO VOTE AT THE ANNUAL MEETING. PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE SO VOTED UNLESS SHAREHOLDERS SPECIFY A CONTRARY CHOICE ON THE PROXY.

Information about our Directors

The Board of Directors is composed of a diverse group of persons with a variety of experience, qualifications, attributes and skills that enable it to meet the needs of Salisbury’s governance. In particular, the Board of Directors consists of a group of individuals who collectively bring a mix of skills and knowledge in the areas of banking, finance, accounting and business. All members of the Board of Directors have an understanding of finance and accounting, are able to read and understand fundamental financial statements and generally accepted accounting principles and their application to the accounting of Salisbury. Each of the director’s previous experience, analytical aptitude and leadership provide Salisbury with a wealth of knowledge from which it may draw. In addition, members of the Board of Directors are active in, and knowledgeable about, the local communities in which Salisbury and the Bank operate. These are valuable skills and attributes for service as a director of Salisbury and the Bank.

Board Nominees for Terms Ending 2018

Arthur J. Bassin has been a director of the Bank since June, 2010. Mr. Bassin has spent 25 years in consumer, commercial and mortgage banking at Citibank (1969-1983) and Dime Savings Bank of New York (1983-1992), followed by 10 years in private equity, most recently as President and Chief Executive Officer of TVData Technologies (1994-2001). He earned his MBA from Harvard Business School in 1969 and his AB from Harvard College in 1965. Mr. Bassin took office as Ancram Town Supervisor in January 2010. Mr. Bassin has served as a Director on several boards and currently serves on the Boards of Cricket Hill Farm, Inc. and Cricket Hill Academy, Inc. Mr. Bassin previously served on the Board of Amputee Coalition of America. Mr. Bassin also serves on the Ancram Town Board and the Columbia County Board of Supervisors. Mr. Bassin’s experience in board and community service, consumer, commercial and mortgage banking as well as in private equity, in addition to his demonstrated leadership skills, provide valuable insight and skills to Salisbury and the Bank.

Holly J. Nelson has been a director of the Bank since 1995. Ms. Nelson graduated from Cornell University with a B.A. in 1979. Ms. Nelson is a member of Iceland Adventure, LLC, a tour operator, and Sales and Marketing Director for Iceland Tours and Travel. Ms. Nelson has been involved in a variety of public government positions in the Town of North East, New York. Ms. Nelson’s education and experience in successfully operating small businesses in the New York market area served by the Bank provide valuable perspective and leadership skills to the Board.

John F. Perotti has been a director of the Bank since 1985. Mr. Perotti attended University of Connecticut at Storrs; graduated from Hartford Institute of Accounting in 1972; and graduated from Williams College New England School

of Banking and Bank Management. During 2009, he retired as Chairman and Chief Executive Officer of Salisbury and the Bank, in which capacity he had served since 2005. Prior to that, he served as President and Chief Executive Officer of Salisbury and the Bank, Executive Vice President and Chief Operating Officer of the Bank and Vice President and Treasurer of the Bank. Mr. Perotti's lifetime of valuable experience with the Bank and Salisbury, its shareholders, customers and communities served by the Bank provide the Bank and Salisbury with valuable experience.

Rudolph P. Russo has been a director of the Bank since 2014. Mr. Russo graduated from Manhattan College with a B.A. in 1950 and from Columbia Law School in 1953 with an LL.B. Since 1957, Mr. Russo has engaged in the general practice of law in Dutchess County. During that time, he has served at various times as a town judge, as a member of the Dutchess County Legislature, counsel to the Dutchess County Legislature, and counsel to Dutchess Community College, as well as Town Attorney to the Towns of Beekman and Pawling. From 1993 to 2003, Mr. Russo served as Chairman and CEO of Colorocs Information Technologies, Inc., a public company engaged in the color imaging business. Mr. Russo's legal background, municipal government and public company experience provide the board with valuable insight into corporate finances and governance.

Continuing Directors with Terms Ending 2016

Louis E. Allyn, II has been a director of the Bank since 2004. Mr. Allyn is a 1972 graduate of the University of Connecticut School of Business and has been President and General Manager of Allyndale Corporation, Canaan, CT since 1990. Allyndale Corporation mines and processes limestone into a variety of agricultural and lawn and garden products that are distributed throughout southern New England and New York state. Mr. Allyn was a Director of Canaan National Bank for approximately 13 years prior to its acquisition by Salisbury in 2004. Mr. Allyn has served as a member of the Board of Finance for the Town of North Canaan and previously served as its Chair. Mr. Allyn's experience as a small business owner, as well as his service to the Board of Finance, brings a unique and valuable perspective to his position on the Board.

Robert S. Drucker has been a director of the Bank since 2004. Mr. Drucker studied Accounting at Pace College and has been in the retail business for more than 45 years. He is presently proprietor of Barrington Outfitters, Great Barrington, MA and former proprietor of Bob's Clothing and Shoes, Canaan, CT. Mr. Drucker was a Director of Canaan National Bank for approximately 10 years prior to its acquisition by Salisbury in 2004. Mr. Drucker's experience operating successful businesses in Connecticut and Massachusetts and his prior experience as a director of another financial institution provide valuable knowledge to the Board.

David B. Farrell has been a director of the Bank since June, 2012. Mr. Farrell graduated from St. Bonaventure University, NY, cum laude, in 1977 with a B.S. degree in Business and Accounting. Mr. Farrell is the Chief Executive Officer of NAPPI International, an organization providing behavioral training through customized counseling and support. Mr. Farrell is also Chief Executive Officer and Founder of Farrell & Company, LLC, a management consulting firm. Mr. Farrell previously served as President and Chief Executive Officer and member of the board of directors of Bob's Stores (1999-2008) and previously served as an officer and director of Berkshire Hills Bancorp (2005-2009). Mr. Farrell's education and experience in the retail and financial services industries as well as his prior experience as a director of another financial institution provides valuable knowledge and insight to Salisbury and the Bank. In particular, his extensive background in accounting and financial oversight provides a unique set of skills to the Board.

Michael D. Gordon has been a director of the Bank since 2014. Mr. Gordon is a U.S. Navy Vietnam veteran. He attended Merrimack College and the Connecticut School of Broadcasting. After graduating from broadcasting school, he joined WKIP radio in Poughkeepsie as a rock n' roll disc jockey and then WHVW in Hyde Park. In July 1970, he married Debby Zimmer and joined her family's business, Zimmer Brothers Jewelers in 1971. He is now President of the 121 year old firm. Mr. Gordon is co-founder and past President of the Arlington Business Improvement District and a current board member. An eleven year member of the Pleasant Valley Planning Board, he is Vice President of the Dutchess County Historical Society and Chairman of the Society's endowment fund campaign. Mr. Gordon was a founding director of Riverside Bank and his 26 years of experience on Riverside's board and committees, as well as his community service, provide valuable insight and experience to the Board.

Polly Diane Hoe has been a director of the Bank since 2014. Ms. Hoe graduated cum laude from Vassar College in 1966 and later from NYU School of Law, where she served as an editor of the Law Review. In the early 1990s, after practicing banking law with a prominent New York City firm, she returned to Dutchess County as President and Chief Executive Officer of a family bowling and real estate business. Ms. Hoe served as a director of Riverside Bank from 2000 to 2014. Her experience as a lawyer and businesswoman, as well as her involvement in the local community, enables her to provide valuable insight into regulatory issues, corporate governance, customer and financial services, and business opportunities.

Michael A. Varet has been a director of the Bank since 1997. Mr. Varet graduated with a B.S. in Economics from the University of Pennsylvania, Wharton School in 1962 and from Yale Law School with an LL.B. in 1965. Mr. Varet was elected Chairman of the Board in 2010 before which Mr. Varet had served as Presiding Director since 2007. Mr. Varet is a Senior Counsel to the law firm of DLA Piper LLP (US), New York, NY. Mr. Varet's education and experience enables him to provide valuable knowledge to the Board and his legal background and analytical skills provide insight into financial services and corporate governance matters.

Continuing Directors with Terms Ending 2017

Charles M. Andola has been a director of the Bank since 2014. Mr. Andola graduated from Cornell University in 1965, returning to the Hudson Valley to become the Chief Operating Officer of Costa Apple Products, a family owned company. After purchasing Costa Apple from the family in 1974, he joined two others as a partner in United Apple Sales. Campbell Soup bought Costa Apple from United for its Pepperidge Farm division in 1982. Mr. Andola served as a consultant to Pepperidge Farm for three years. During this period, he led United Apple's efforts establishing direct routes for their export sales division worldwide. Mr. Andola founded the US Apple Export Council and served as the New York State representative from 1988 until 2004. He was elected chairman in 1996, and again in 2004. He has also served on the board of the Processed Apples Institute in Washington, DC, and on the board of Saint Francis Hospital in Poughkeepsie, NY. Mr. Andola was one of the fifteen founders of Riverside Bank. He formerly served on the board of Riverside since 1988, and served as chairman from August 2012 to December 2014. Mr. Andola's extensive experience in business and corporate management, as well as his service on the Riverside board, provide him with qualifications and skills to serve as a director of Salisbury.

George E. Banta has been a director of the Bank since 2014. Mr. Banta is a graduate of Cornell University, School of Hotel Administration and has over 25 years of experience in the restaurant, hotel, and real estate businesses. Mr. Banta owns the Beekman Arms Inn in Rhinebeck, New York, and serves as President of Banta Properties, Inc., which owns and operates three restaurants. Mr. Banta is also President of Banta Motel Co. Inc., which owns and operates 20 franchise hotels in New York, Connecticut, Pennsylvania, and New Jersey. He is also a partner in several real estate holdings. Mr. Banta's expansive knowledge of real estate and related business experience are valuable to the Salisbury boards' overall capabilities.

Louise F. Brown has been a director of the Bank since 1992. Mrs. Brown graduated from Harvard cum laude in 1965 with a B.A.; Columbia Teachers College in 1966 with an M.A.; and cum laude from Boston University School of Law in 1972. She is a partner in the Sharon, CT office of the law firm of Ackerly Brown, LLP. Mrs. Brown's education and experience in real estate, as well as trust and estate administration, provide an additional set of skills to the Board.

Richard J. Cantele, Jr. has been a director of Salisbury and the Bank since 2005. Mr. Cantele graduated from Fairfield University in 1981 with a Bachelor of Science degree in Finance; and graduated from the Stonier Graduate School of Banking in 1997. Mr. Cantele became President and Chief Executive Officer of Salisbury and the Bank in 2009, prior to which he served as President and Chief Operating Officer of Salisbury and the Bank since 2005. Mr. Cantele has been an executive officer of Salisbury since 2001 and the Bank since 1989, serving as Executive Vice President, Treasurer and Chief Operating Officer of the Bank and Salisbury and Secretary of Salisbury. Mr. Cantele's positions as President and Chief Executive Officer along with his extensive years of service to Salisbury and the Bank provide him with thorough knowledge of the Bank and the markets which it serves.

Nancy F. Humphreys has been a director of the Bank since 2001. Mrs. Humphreys graduated from Chatham College in 1963 and from Syracuse University, Maxwell Graduate School in 1965. Mrs. Humphreys retired from Citigroup New York, Citibank, in February of 2000 as Managing Director and Treasurer of Global Corporate Investment Bank North America. Mrs. Humphreys' finance and treasury knowledge and experience are great assets, particularly in the area of asset and liability management as well as with respect to the financial services industry generally.

CORPORATE GOVERNANCE

Meetings and Committees of the Board of Directors

The Board of Directors met thirteen (13) times during 2014, and has various committees including an Executive Committee, Human Resources and Compensation Committee, Nominating and Governance Committee and Audit Committee. The members of the committees are appointed by the Board of Directors at least annually.

During 2014, no director attended fewer than 75% of the aggregate of (1) the total number of meetings held by Salisbury's Board of Directors during the period that the individual served; and (2) the total number of meetings held by all committees of Salisbury's Board of Directors on which he/she served. Salisbury does not maintain a policy for directors' attendance at Salisbury's Annual Meetings of Shareholders, but encourages all directors to attend. All directors of Salisbury attended Salisbury's Annual Meeting of Shareholders on May 14, 2014.

Executive Committee

The Executive Committee has general supervision over the affairs of Salisbury between meetings of the Board of Directors. The members of the Executive Committee are Louis E. Allyn, II, Charles M. Andola, Louise F. Brown, Richard J. Cantele, Jr., and Michael A. Varet (Chair). The Executive Committee met one (1) time during 2014.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for assisting the Board of Directors in identifying and evaluating potential nominees for director and recommending qualified nominees to the Board for consideration. The Nominating and Governance Committee selects the director nominees to stand for election at Salisbury's annual meetings of shareholders. The Nominating and Governance Committee's process for identifying and evaluating nominees for director, including nominees recommended by shareholders, has historically operated informally and without any differences in the manner in which nominees recommended by shareholders are evaluated.

The Nominating and Governance Committee and the Board of Directors consider factors such as those summarized below in evaluating director candidates, including any nominee submitted by shareholders, and believe that Salisbury's Bylaws, Nominating and Governance Committee Charter and the qualifications and considerations such as those enumerated below provide adequate guidance and flexibility in evaluating candidates. The Nominating and Governance Committee does not have a policy with regard to the consideration of diversity in identifying director nominees.

• Sound business judgment and financial sophistication in order to understand Salisbury's financial and operating performance and to provide strategic guidance to management.