

SBT Bancorp, Inc. Merges With Liberty Bank



March 21, 2019

Transaction Overview

Terms / Structure	Description
Transaction	<ul style="list-style-type: none"> SBT Bancorp, Inc. will merge with and into Liberty Bank, with Liberty Bank as the surviving company
Consideration	<ul style="list-style-type: none"> 100% cash
Price Per Share / Aggregate Transaction Value	<ul style="list-style-type: none"> \$51.32 per share / \$71.4 million⁽¹⁾
Stock Options	<ul style="list-style-type: none"> Cashed out (\$0.4 million)
Board Seats / Corporators	<ul style="list-style-type: none"> Liberty Bank will invite two current Directors of SBT Bancorp, Inc. to become Corporators of Liberty Bank
Break-Up Fee	<ul style="list-style-type: none"> \$2,765,100 (approximately 3.9% of aggregate transaction value)
Voting Agreements	<ul style="list-style-type: none"> SBT Bancorp, Inc. board of directors and executive management required to sign standard voting agreements
Approvals	<ul style="list-style-type: none"> Subject to regulatory approval and the approval of SBT Bancorp, Inc. Shareholders
Other	<ul style="list-style-type: none"> Liberty Bank to create a paid Advisory Board to include all current Directors of SBT Bancorp, Inc.
Estimated Transaction Close	<ul style="list-style-type: none"> Third Quarter 2019

(1) Based on 1,382,340 shares of common stock outstanding and 20,000 options outstanding with a weighted average exercise price of \$30.00

Liberty Bank Overview

Company Highlights

- **Liberty Bank, first chartered in 1825, is the oldest bank in Connecticut**
- **Voted a Hartford Courant Top Workplace from 2012-2018 and ranked by Forbes as one of “America’s Best Banks” in 2018**
- **Ranked by Forbes as one of the “World’s Best Banks”, ranking 4th in the United States**
- **Experienced management team with history of success**
- **Proven track record of successful acquisitions**

Financial Highlights 2018

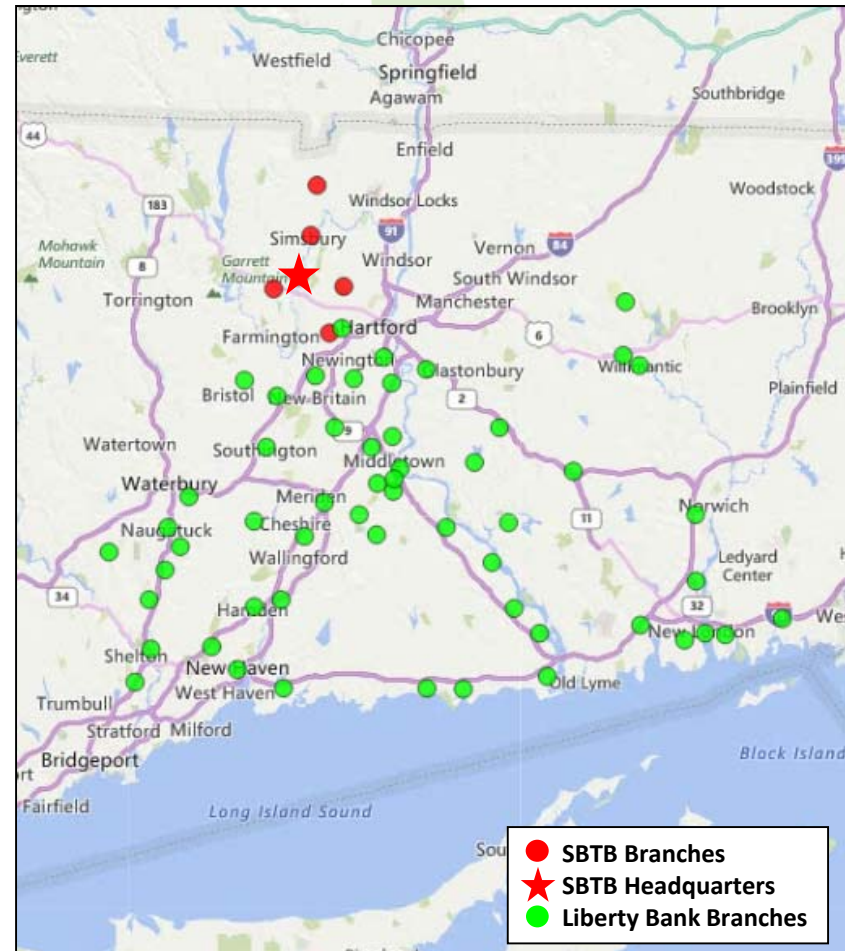
Balance Sheet Data (MRQ)

Total Assets (\$000s)	5,093,375
Total Net Loans (\$000s)	3,860,917
Total Deposits (\$000s)	3,704,433
Total Equity Capital (\$000s)	738,876
Loans/ Deposits (%)	105.2
Securities/ Assets (%)	14.8
Tang Common Equity/ TA (%)	14.00
Total RBC Ratio (%)	17.45
NPAs/ Assets (%)	0.29

Profitability Data (LQA)

Net Income (\$000s)	119,720
ROAA (%)	2.44
ROAE (%)	16.01
Net Interest Margin (%)	3.18
Efficiency Ratio (%)	83.9
Noninterest Inc./ Op. Rev (%)	20.7

Pro Forma Geographic Footprint



Liberty Bank / SBT Bancorp, Inc. (SBTB)

	Liberty Bank Offer	Comparable Transactions ⁽¹⁾		
		Low	Median	High
Price per Share	\$51.32			
Deal Value (\$M)	\$71.4			
Market Premium	44.0%	9.8%	30.5%	74.4%
P/ TBV	202%	124%	164%	204%
P/ LTM EPS	17.0x	13.2x	20.3x	29.9x
Core Deposit Premium	9.0%	2.8%	9.1%	14.6%

Pro Forma Deposit Market Share

Hartford MSA				
2018 Rank	Institution (ST)	2018 Branches	2018 Deposits (\$000)	2018 Market Share (%)
1	Bank of America Corporation (NC)	40	20,105,016	43.70%
2	People's United Financial Inc. (CT)	50	4,773,739	10.38%
3	Webster Financial Corp. (CT)	44	4,487,031	9.75%
4	United Financial Bancorp (CT)	28	3,707,147	8.06%
5	Toronto-Dominion Bank	23	3,022,959	6.57%
	Pro Forma Company	33	2,630,563	5.72%
6	Liberty Bank (CT)	28	2,190,919	4.76%
7	KeyCorp (OH)	32	1,897,466	4.12%
8	Banco Santander	22	1,455,724	3.16%
9	Citizens Financial Group Inc. (RI)	12	925,285	2.01%
10	Wells Fargo & Co. (CA)	8	721,047	1.57%
12	SBT Bancorp Inc. (CT)	5	439,644	0.96%
Total For Institutions In Market		363	46,110,713	

Connecticut				
2018 Rank	Institution (ST)	2018 Branches	2018 Deposits (\$000)	2018 Market Share (%)
1	Bank of America Corporation (NC)	118	32,042,513	23.65%
2	People's United Financial Inc. (CT)	157	19,802,472	14.62%
3	Webster Financial Corp. (CT)	111	18,559,257	13.70%
4	Wells Fargo & Co. (CA)	70	8,349,780	6.16%
5	Toronto-Dominion Bank	63	6,677,841	4.93%
6	JPMorgan Chase & Co. (NY)	49	5,767,338	4.26%
7	Citigroup Inc. (NY)	14	5,605,000	4.14%
8	KeyCorp (OH)	63	4,307,262	3.18%
9	United Financial Bancorp (CT)	37	4,093,332	3.02%
	Pro Forma Company	60	4,061,633	3.00%
10	Liberty Bank (CT)	55	3,621,989	2.67%
31	SBT Bancorp Inc. (CT)	5	439,644	0.32%
Total For Institutions In Market		1,135	135,487,903	

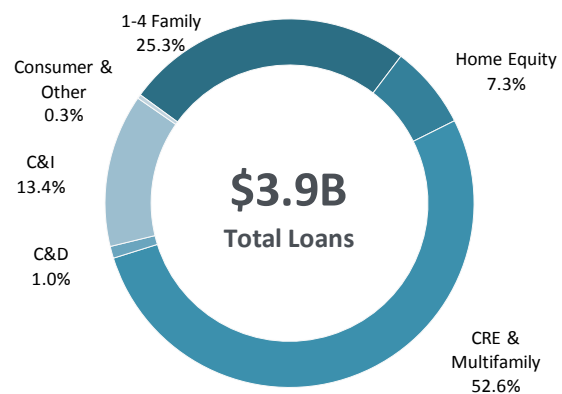
Source: SNL Financial

Note: Deposit market share as of June 30, 2018

(1) New England & Mid-Atlantic bank and thrift M&A transactions since the beginning of 2016 where target at announcement had assets between \$250M - \$1.0B, TCE/TA less than 11.0% and LTM ROAA between 0.50% - 1.25%

Pro Forma Loan Composition

Liberty Bank

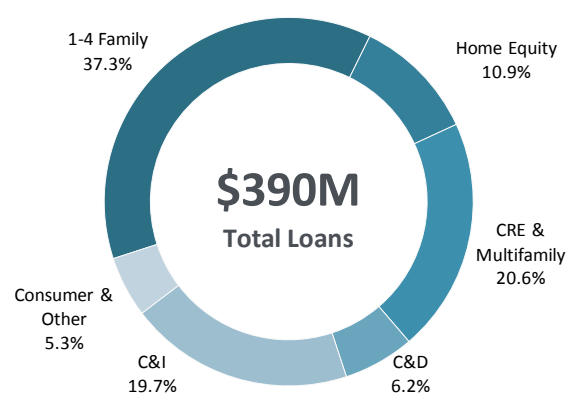


Loans (\$000)		
1-4 Family	\$ 986,119	25.3%
Home Equity	284,454	7.3%
CRE & Multifamily	2,047,405	52.6%
C&D	40,855	1.0%
C&I	523,184	13.4%
Consumer & Other	13,407	0.3%
Total	\$ 3,895,424	100.0%

MRQ Yield on Loans: 4.30%

CRE Concentration: 292%

SBTB

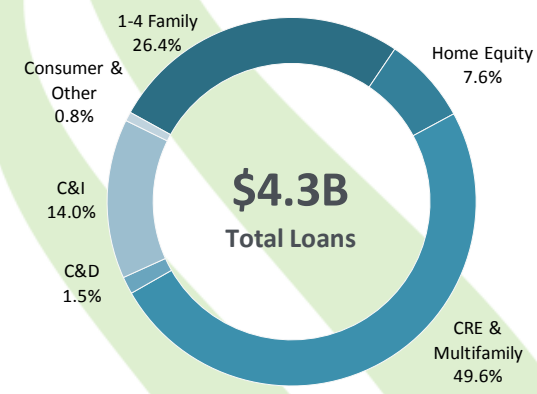


Loans (\$000)		
1-4 Family	\$ 145,388	37.3%
Home Equity	42,410	10.9%
CRE & Multifamily	80,360	20.6%
C&D	24,337	6.2%
C&I	76,920	19.7%
Consumer & Other	20,872	5.3%
Total	\$ 390,287	100.0%

MRQ Yield on Loans: 4.15%

CRE Concentration: 88%

Pro Forma Company



Loans (\$000)		
1-4 Family	\$ 1,131,507	26.4%
Home Equity	326,864	7.6%
CRE & Multifamily	2,127,765	49.6%
C&D	65,192	1.5%
C&I	600,104	14.0%
Consumer & Other	34,279	0.8%
Total	\$ 4,285,711	100.0%

MRQ Yield on Loans: 4.29%

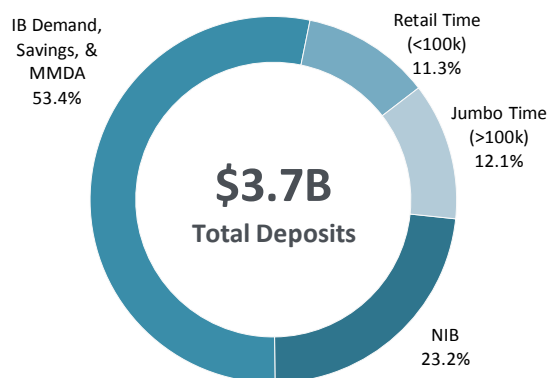
CRE Concentration: 280%

Source: SNL Financial

Note: Liberty Bank and SBTB loan compositions exclude HFS loans; SBTB loan composition and CRE concentration shown at the bank level

Pro Forma Deposit Composition

Liberty Bank



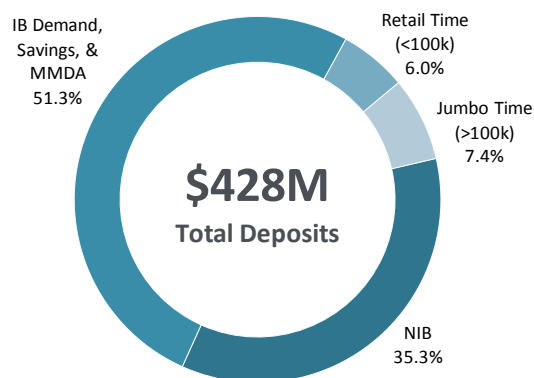
Deposits (\$000)

NIB	\$	858,917	23.2%
IB Demand, Savings, & MMDA		1,976,748	53.4%
Retail Time (<100k)		420,127	11.3%
Jumbo Time (>100k)		448,641	12.1%
Total	\$	3,704,433	100.0%

MRQ Cost of Deposits: 0.70%

Loans / Deposits: 105.2%

SBTB



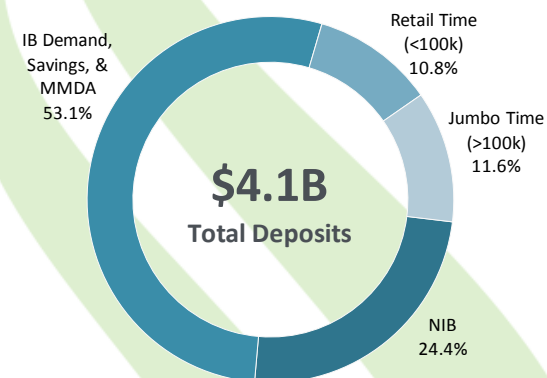
Deposits (\$000)

NIB	\$	151,292	35.3%
IB Demand, Savings, & MMDA		219,448	51.3%
Retail Time (<100k)		25,560	6.0%
Jumbo Time (>100k)		31,745	7.4%
Total	\$	428,045	100.0%

MRQ Cost of Deposits: 0.35%

Loans / Deposits: 90.7%

Pro Forma Company



Deposits (\$000)

NIB	\$	1,010,209	24.4%
IB Demand, Savings, & MMDA		2,196,196	53.1%
Retail Time (<100k)		445,687	10.8%
Jumbo Time (>100k)		480,386	11.6%
Total	\$	4,132,478	100.0%

MRQ Cost of Deposits: 0.66%

Loans / Deposits: 103.7%