

OFFICERS

Salisbury Bancorp, Inc.

John F. Perotti, *Chairman & CEO*

Richard J. Cantele, Jr., *President & COO*

John F. Foley, *CFO, Treasurer & Secretary*

DIRECTORS

Salisbury Bancorp, Inc.

and Salisbury Bank and Trust Company

Louis E. Allyn II

Robert S. Drucker

John R. H. Blum

Nancy F. Humphreys

Louise F. Brown

John F. Perotti, *Chairman*

Richard J. Cantele, Jr.

Holly J. Nelson

Michael A. Varet, *Presiding Director*

SBT ADVISORY BOARD

Mary Cooper

Jean R. Perotti

Edward O. Heacox

Barclay Prindle

Mary T. Kirby

Richard Rennia

Eileen M. Mulligan

John P. Tuke

TELEPHONE NUMBERS

(860) 435-9801

(860) 824-5423

(860) 364-0500

1-800-222-9801 Toll Free from CT, NY, MA

SBT Link

Toll Free 1-877-SBT-1212

Local 824-8262

STOCK LISTING:

Salisbury Bancorp, Inc.'s common stock is traded on the American Stock Exchange under the symbol "SAL"

WEBSITE:

www.salisburybank.com

SHAREHOLDER INFORMATION

Stock Transfer Agent & Registrar

Registrar and Transfer Company

10 Commerce Drive

Cranford, New Jersey 07016

1-800-368-5948

MAIN OFFICE

5 Bissell Street

Lakeville, Connecticut 06039

Facsimile (860) 435-0631

CANAAN OFFICE

100 Main Street

Canaan, Connecticut 06018

Facsimile (860) 824-7506

SALISBURY OFFICE

18 Main Street

Salisbury, Connecticut 06068

Facsimile (860) 435-5216

SHARON OFFICE

29 Low Road

Sharon, Connecticut 06069

Facsimile (860) 364-4318

SOUTH EGREMONT OFFICE

51 Main Street

South Egremont, Massachusetts 01258-0313

Telephone (413) 528-5100

Facsimile (413) 528-8868

SHEFFIELD OFFICE

73 Main Street

Sheffield, Massachusetts 01257-1069

Telephone (413) 229-5000

Facsimile (413) 229-2388

DOVER PLAINS OFFICE

5 Dover Village Plaza

Dover Plains, New York 12522

Telephone (845) 877-9850

Facsimile (845) 877-9858

SBT TRUST & INVESTMENT SERVICES OFFICE

19 Bissell Street

Lakeville, Connecticut 06039

Facsimile (860) 435-5224

SBT MORTGAGE MAKERS

18A Main Street

Salisbury, Connecticut 06068

Facsimile (860) 435-4005

Third Quarter Report September 30, 2007



SALISBURY BANCORP, INC.

the holding company for

Salisbury Bank and Trust Company

To Our Shareholders, Customers and Friends:

The Company's net income for the third quarter of 2007 totaled \$917,000 which represents earnings per average share outstanding of \$.54. This compares to \$1,160,000 or \$.69 cents per average share outstanding for the third quarter of 2006. The decrease is primarily due to increased interest expense and reduced gains from sales of investment securities for the period, as well as some one-time, non-recurring expense in conjunction with the start up of our Dover Plains office in New York State.

Net income for the nine months ended September 30, 2007 totaled \$2,800,000 or \$1.66 per share as compared to \$3,313,000 or \$1.97 per share for the same period in 2006. As we continue with our long range strategic plan for controlled growth and enhanced long term profitability and shareholder value, I am pleased to report continuing progress in our core business initiatives. The Company's assets at September 30, 2007 totaled \$456,486,000 compared to total assets of \$427,429,000 at September 30, 2006. Net loans have increased from \$231,317,000 to \$262,310,000. Total assets under management in our Trust/Investment Services division have increased from \$304.8 million to \$347.7 million during the same period. The quality of the loan portfolio is consistently monitored to ensure that loan quality is not sacrificed for growth. Non-performing loans totaled .66% of total loans outstanding at September 30, 2007 and consist of real estate secured loans with conservative loan to value ratios. The portfolio does not include any sub-prime loans. Likewise, the Bank's Investment portfolio is of very high quality and has no sub-prime mortgage collateral in any of its securities. As of September 30, 2007, the most recent notification from the FDIC categorized the bank as "well capitalized."

Your Board of Directors has declared a third quarter cash dividend of \$.27 per common share outstanding. This compares to a third quarter cash dividend of \$.26 that was paid for the third quarter of 2006. Year to date dividends total \$.81 compared to \$.78 per common share one year ago. The dividend is payable on October 31st to shareholders of record as of September 28th.

We have experienced challenging credit and market conditions during the past several months, yet we have been able to show continued progress in our core business initiatives. We believe our New York state initiative will reap rewards over the long term. Thank you for your interest and confidence in Salisbury Bank and please refer us to your friends and neighbors. Special thanks to the Bank's business partners, the SBT Advisory Board and the Board of Directors for their efforts and dedication. The Officers and Staff continue to enhance relationships, working as a cohesive team to provide exemplary service and value to the Bank's various constituencies. I could not be more pleased with their efforts.


John F. Perotti
Chairman & CEO

CONSOLIDATED STATEMENTS OF CONDITION

	September 30	
	2007	2006
<i>(unaudited)</i>		
Assets		
Cash and due from banks	\$ 7,070,756	\$ 6,974,584
Federal funds sold	547,000	347,000
Money market mutual funds	1,322,484	1,043,414
Investments in available-for-sale securities at fair value	153,233,886	158,049,320
Investments in held-to-maturity securities at amortized cost	71,816	75,953
Federal Home Loan Bank Stock	5,158,800	4,553,000
Loans, net	262,310,191	231,316,899
Investment in real estate	75,000	75,000
Premises & equipment	6,874,961	6,224,053
Goodwill	9,824,512	9,509,305
Core deposit intangible	1,370,337	1,534,553
Accrued interest receivable	2,586,450	2,415,283
Cash surrender value of life insurance policies	3,645,760	3,514,346
Other assets	2,394,102	1,796,494
Total assets	<u>\$456,486,055</u>	<u>\$427,429,204</u>
Liabilities		
Deposits:		
Demand	\$ 65,669,703	\$ 66,231,703
Savings, NOW	71,440,739	72,207,337
Money market	54,297,575	53,466,299
Time deposits	121,680,470	116,002,463
Total deposits	313,088,487	307,907,802
Federal Home Loan Bank advances	95,142,685	72,321,959
Due to broker	0	73,725
Other liabilities	4,215,024	2,287,898
Total liabilities	<u>412,446,196</u>	<u>382,591,384</u>
Shareholders' Equity		
Common stock, par value \$.10 per share Authorized: 3,000,000 shares Issued and outstanding shares 1,685,021 in 2007 and 1,684,181 in 2006	168,502	168,418
Paid-in capital	13,130,247	13,099,881
Retained earnings	35,037,982	33,100,034
Accumulated other comprehensive loss	(4,296,872)	(1,530,513)
Total shareholders' equity	<u>44,039,859</u>	<u>44,837,820</u>
Total liabilities and shareholders' equity	<u>\$456,486,055</u>	<u>\$427,429,204</u>

CONSOLIDATED STATEMENTS OF INCOME

	September 30	
	2007	2006
<i>(unaudited)</i>		
Three Months Ended		
Interest & fees on loans	\$ 13,273,416	\$ 11,470,472
Interest & dividends on securities	6,125,583	5,890,509
Total interest and dividend income	19,398,999	17,360,981
Interest expense on deposits	6,108,969	4,843,103
Interest expense on borrowed funds	3,126,516	2,608,591
Total interest expense	9,235,485	7,451,694
Net interest and dividend income	10,163,514	9,909,287
Provision for loan losses	0	0
Net interest and dividend income after provision for loan losses	10,163,514	9,909,287
Trust/Investment services income	1,508,000	1,410,500
Gains on sales and writedowns of available-for-sale securities, net	222,289	293,632
Other noninterest income	1,569,441	1,534,566
Other noninterest expense	10,025,281	8,929,940
Provision for income taxes	638,331	905,270
Net income	<u>\$ 2,799,632</u>	<u>\$ 3,312,775</u>

CONSOLIDATED STATEMENTS OF INCOME

	September 30	
	2007	2006
<i>(unaudited)</i>		
Three Months Ended		
Interest & fees on loans	\$4,537,590	\$3,999,093
Interest & dividends on securities	2,064,865	2,112,505
Total interest and dividend income	6,602,455	6,111,598
Interest expense on deposits	2,087,420	1,885,931
Interest expense on borrowed funds	1,080,296	867,999
Total interest expense	3,167,716	2,753,930
Net interest and dividend income	3,434,739	3,357,668
Provision for loan losses	0	0
Net interest and dividend income after provision for loan losses	3,434,739	3,357,668
Trust/Investment services income	475,000	475,500
Gains on sales and writedowns of available-for-sale securities, net	41,942	232,950
Other noninterest income	543,383	504,205
Other noninterest expense	3,400,817	3,100,989
Provision for income taxes	177,581	309,460
Net income	<u>\$ 916,666</u>	<u>\$1,159,874</u>

SELECTED FINANCIAL DATA

	At or for the nine months ended September 30		
	2007	2006	2005
<i>(unaudited)</i>			
Total risk based capital	15.23%	16.36%	15.82%
Tier 1 risk based capital	14.27%	15.23%	14.57%
Leverage ratio	8.37%	8.46%	7.87%
Earnings per average share outstanding	\$1.66	\$ 1.97	\$ 2.24

Dividends declared per share Year to Date

