

## OFFICERS

### Salisbury Bancorp, Inc.

John F. Perotti, *Chairman & CEO*

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

John F. Foley, *CFO & Treasurer*

## DIRECTORS

### Salisbury Bancorp, Inc.

#### and Salisbury Bank and Trust Company

Louis E. Allyn II

Dana A. Bartholomew

John R. H. Blum, *Presiding Director*

Louise F. Brown

Richard J. Cantele, Jr.

Robert S. Drucker

Nancy F. Humphreys

John F. Perotti, *Chairman*

Walter C. Shannon, Jr.

Holly J. Nelson

Michael A. Varet

## SBT ADVISORY BOARD

Mary Cooper

Edward O. Heacox

Mary T. Kirby

Eileen M. Mulligan

Jean R. Perotti

Barclay Prindle

Richard Rennia

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](http://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

## SBT TRUST OFFICE

19 Bissell Street  
Lakeville, Connecticut 06039  
Facsimile (860) 435-5224

## SBT MORTGAGE MAKERS

18A Main Street  
Salisbury, CT 06068  
Facsimile (860) 435-4005

Third Quarter Report  
September 30, 2005

# SALISBURY BANCORP, INC.

*the holding company for*



SALISBURY BANK  
AND TRUST COMPANY

with offices in Canaan,  
Lakeville, Salisbury and Sharon,  
Connecticut, South Egremont and  
Sheffield, Massachusetts

Member FDIC  Equal Housing Lender

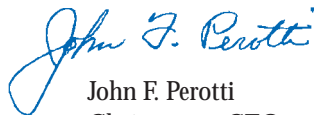
To Our Shareholders, Customers and Friends:

I am pleased to report 2005 third quarter net income of \$1,131,000 or \$.67 per share. This reflects an increase of \$335,000 or 42.09% when compared to net income of \$796,000 or \$.54 per share for the third quarter of 2004. For the nine months ended September 30, 2005, net income totaled \$3,768,000 or \$2.24 per share which compares to \$2,964,000 or \$2.05 per share for the corresponding period in 2004. This is an increase of \$804,000 or 27.13%.

As a result of the Company's financial performance in the third quarter of 2005, your Board of Directors declared a cash dividend of \$.25 per share. This compares to a third quarter cash dividend of \$.24 that was paid in 2004. Year-to-date dividends total \$.75 per share for the year 2005, which compares to dividends totaling \$.72 for the nine month period ended September 30, 2004. The dividend will be paid on October 28, 2005 to shareholders of record as of September 30, 2005.

I am also pleased to report on the continuing development of our website (www.salisburybank.com). It is becoming the bulletin board for important information about the Company. Our newest addition of information on the website will be this publication of our third quarter financials. Going forward the website will be updated each quarter. We encourage you to visit our website frequently. We also welcome your thoughts and suggestions as to how we can enhance communications to shareholders.

I would like to thank our customers and shareholders for their continuing support. Special thanks to our officers, staff, board members and advisory board for their tireless efforts on the Bank's behalf. We strive to be the leading community bank in the Tri-State area as we continue our work to deliver ever-higher standards of service and performance.

  
John F. Perotti  
Chairman & CEO

### CONDENSED CONSOLIDATED STATEMENTS OF CONDITION

	September 30	
	2005 <i>(unaudited)</i>	2004 <i>(unaudited)</i>
<b>Assets</b>		
Cash and due from banks	\$ 10,966,568	\$ 17,646,842
Federal funds sold	0	30,000
Money market mutual funds	1,107,407	479,512
Investments in available-for-sale securities at fair value	151,709,658	177,094,196
Investments in held-to-maturity securities at amortized cost	154,737	220,700
Federal Home Loan Bank Stock	5,413,200	5,413,200
Loans, net	207,543,726	202,003,549
Investment in real estate	75,000	75,000
Premises & equipment	6,427,896	5,734,573
Goodwill	9,509,305	9,762,729
Core deposit intangible	1,698,768	1,863,827
Accrued interest receivable	2,016,881	2,247,026
Cash surrender value of life insurance policies	3,385,038	3,271,044
Other Assets	2,261,067	1,512,142
Total assets	<u>\$402,269,251</u>	<u>\$427,354,340</u>
<b>Liabilities</b>		
Deposits:		
Demand	\$ 65,474,610	\$ 65,961,497
Savings, NOW	81,308,625	96,595,566
Money market	55,659,236	43,270,543
Time deposits	81,965,307	92,873,959
Total deposits	284,407,778	298,701,565
Federal Home Loan Bank advances	72,451,725	81,217,879
Other liabilities	2,828,933	6,178,403
Total liabilities	<u>359,688,436</u>	<u>386,097,847</u>
<b>Shareholders' Equity</b>		
Common stock, par value \$.10 per share		
Authorized: 3,000,000 shares		
Issued and outstanding shares		
1,683,341 in 2005		
and 1,682,401 in 2004	168,334	168,240
Paid-in capital	13,068,045	13,031,573
Retained earnings	30,728,345	27,571,017
Accumulated other comprehensive income (loss)	(1,383,909)	485,663
Total shareholders' equity	<u>42,580,815</u>	<u>41,256,493</u>
Total liabilities and shareholders' equity	<u>\$402,269,251</u>	<u>\$427,354,340</u>

### CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	September 30	
	2005 <i>(unaudited)</i>	2004 <i>(unaudited)</i>
Interest & fees on loans	\$ 9,811,037	\$ 6,699,894
Interest & dividends on securities	5,564,810	4,974,710
Total interest income	15,375,847	11,674,604
Interest expense on deposits	2,961,922	1,876,289
Interest expense on borrowed funds	2,333,341	2,055,093
Total interest expense	5,295,263	3,931,382
Net interest income	10,080,584	7,743,222
Provision for loan losses	270,000	180,000
Net interest income after provision	9,810,584	7,563,222
Trust department income	1,119,129	1,007,400
Other non interest income	2,770,924	2,330,853
Other non interest expense	9,059,365	7,323,004
Provision for income taxes	873,124	614,755
Net income	<u>\$ 3,768,148</u>	<u>\$ 2,963,716</u>

### CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended September 30	2005	2004
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest & fees on loans	\$ 3,362,146	\$ 2,375,594
Interest & dividends on securities	1,910,582	1,728,957
Total interest income	5,272,728	4,104,551
Interest expense on deposits	1,074,906	660,324
Interest expense on borrowed funds	831,616	728,552
Total interest expense	1,906,522	1,388,876
Net interest income	3,366,206	2,715,675
Provision for loan losses	90,000	60,000
Net interest income after provision	3,276,206	2,655,675
Trust department income	342,399	300,000
Other non interest income	932,542	824,666
Other non interest expense	3,067,499	2,986,503
Provision (Benefit) for income taxes	352,437	(2,064)
Net income	<u>\$ 1,131,211</u>	<u>\$ 795,902</u>

### SELECTED FINANCIAL DATA

	For the nine months ended September 30		
	2005	2004	2003
Total risk based capital	15.82%	13.69%	16.26%
Tier 1 risk based capital	14.57%	12.57%	15.31%
Leverage ratio	7.87%	8.82%	7.83%
Basic earnings per share	\$2.24	\$2.05	\$ 2.14
Diluted earnings per share	\$2.24	\$2.05	\$ 2.14

### Dividends per share Year to Date

