

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, *Presiding Director*

Nancy E. Humphreys

Louise F. Brown

John F. Perotti, *Chairman*

Richard J. Cantele, Jr.

Holly J. Nelson

Michael A. Varet

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

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(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

SBT TRUST & INVESTMENT SERVICES OFFICE

19 Bissell Street

Lakeville, Connecticut 06039

Facsimile (860) 435-5224

SBT MORTGAGE MAKERS

18A Main Street

Salisbury, CT 06068

Facsimile (860) 435-4005

4914099

Third Quarter Report September 30, 2006



SALISBURY BANCORP, INC.

the holding company for

**Salisbury Bank and Trust
Company**

Filings Services

November 6, 2006

SNL Financial, LC

1-800-969-4121

Member FDIC  Equal Housing Lender

To Our Shareholders, Customers and Friends:

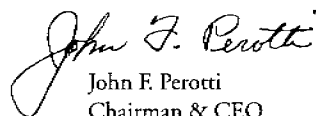
I am pleased to report continuing progress in our core business initiatives. Specifically, as of September 30, 2006 net loans have increased by \$23,773,173 to \$231,316,899 or 11.5% when compared to the same period in 2005. Total deposits have increased by \$23,500,024 to \$307,907,802 or 8.3%. The trust and investment services division continues to perform, posting revenues of \$1,410,500 or a 26% increase from the \$1,119,129 reported for the first nine months of 2005.

Net income for the third quarter of 2006 totaled \$1,159,874 (\$.69 per average share outstanding) compared to \$1,131,211 (\$.67 per average share outstanding) for the third quarter of 2005. Net income for the first nine months of 2006 totaled \$3,312,775 (\$1.97 per average share outstanding) compared to \$3,768,148 (\$2.24 per average share outstanding) for the corresponding period in 2005. Continuing efforts to control operating expenses have resulted in a \$129,425 decrease in other noninterest expenses for the first nine months of 2006.

Your Board of Directors has declared a third quarter cash dividend of \$.26 per common share, which will be paid to shareholders of record as of September 29, 2006 on October 31st. This compares to a \$.25 per common share cash dividend for the third quarter of 2005.

On October 6th, the Bank announced that it had entered into a purchase and assumption agreement to acquire certain assets and liabilities of a small branch of New York Community Bank. The acquisition is subject to state and federal regulatory approvals and will open the door for us to operate additional branches in New York State. This is part of an overall strategy to allow us to better serve our current and future customers in the tri-state area and further enhance shareholder value.

Thank you for your interest and confidence in Salisbury Bank and Trust Company. We will continue to implement programs which we feel will result in the most significant improvement in shareholder value and customer satisfaction. Special thanks to the Bank's business partners, the Board of Directors, the SBT Advisory Board, our officers and staff for their dedication for providing exemplary service to the Bank's various constituencies.


John F. Perotti
Chairman & CEO

CONSOLIDATED STATEMENTS OF CONDITION

	September 30	
	2006	2005
	<i>(unaudited)</i>	
Assets		
Cash and due from banks	\$ 6,974,584	\$ 10,966,568
Federal funds sold	347,000	0
Money market mutual funds	1,043,414	1,107,407
Investments in available-for-sale securities at fair value	158,049,320	151,709,658
Investments in held-to-maturity securities at amortized cost	75,953	154,737
Federal Home Loan Bank stock	4,553,000	5,413,200
Loans, net	231,316,899	207,543,726
Investment in real estate	75,000	75,000
Premises & equipment	6,224,053	6,427,896
Goodwill	9,509,305	9,509,305
Core deposit intangible	1,534,553	1,698,768
Accrued interest receivable	2,415,283	2,016,881
Cash surrender value of life insurance policies	3,514,346	3,385,038
Other assets	1,796,494	2,261,067
Total assets	<u>\$427,429,204</u>	<u>\$402,269,251</u>
Liabilities		
Deposits:		
Demand	\$ 66,231,703	\$ 65,474,610
Savings, NOW	72,207,337	81,308,625
Money market	53,466,299	55,659,236
Time deposits	116,002,463	81,965,307
Total deposits	307,907,802	284,407,778
Federal Home Loan Bank advances	72,321,959	72,451,725
Due to broker	73,725	0
Other liabilities	2,287,898	2,828,933
Total liabilities	<u>382,591,384</u>	<u>359,688,436</u>
Shareholders' Equity		
Common stock, par value \$.10 per share		
Authorized: 3,000,000 shares		
Issued and outstanding shares		
1,684,181 in 2006		
and 1,683,341 in 2005	168,418	168,334
Paid-in capital	13,099,881	13,068,045
Retained earnings	33,100,034	30,728,345
Accumulated other comprehensive loss	(1,530,513)	(1,383,909)
Total shareholders' equity	<u>44,837,820</u>	<u>42,580,815</u>
Total liabilities and shareholders' equity	<u>\$427,429,204</u>	<u>\$402,269,251</u>

CONSOLIDATED STATEMENTS OF INCOME

	September 30	
	2006	2005
	<i>(unaudited)</i>	
Three Months Ended		
Interest & fees on loans	\$ 11,470,472	\$ 9,811,037
Interest & dividends on securities	5,890,509	5,564,810
Total interest and dividend income	<u>17,360,981</u>	<u>15,375,847</u>
Interest expense on deposits	4,843,103	2,961,922
Interest expense on borrowed funds	2,608,591	2,333,341
Total interest expense	<u>7,451,694</u>	<u>5,295,263</u>
Net interest and dividend income	9,909,287	10,080,584
Provision for loan losses	0	270,000
Net interest and dividend income after provision for loan losses	<u>9,909,287</u>	<u>9,810,584</u>
Trust/Investment services income	1,410,500	1,119,129
Gains on sales of available-for-sale securities, net	293,632	1,227,436
Other noninterest income	1,534,566	1,543,488
Other noninterest expense	8,929,940	9,059,365
Provision for income taxes	905,270	873,124
Net income	<u>\$ 3,312,775</u>	<u>\$ 3,768,148</u>

CONSOLIDATED STATEMENTS OF INCOME

	September 30	
	2006	2005
	<i>(unaudited)</i>	
Three Months Ended		
Interest & fees on loans	\$ 3,999,093	\$ 3,362,146
Interest & dividends on securities	2,112,505	1,910,582
Total interest and dividend income	<u>6,111,598</u>	<u>5,272,728</u>
Interest expense on deposits	1,885,931	1,074,906
Interest expense on borrowed funds	867,999	831,616
Total interest expense	<u>2,753,930</u>	<u>1,906,522</u>
Net interest and dividend income	3,357,668	3,366,206
Provision for loan losses	0	90,000
Net interest and dividend income after provision for loan losses	<u>3,357,668</u>	<u>3,276,206</u>
Trust/Investment services income	475,500	342,399
Gains on sales of available-for-sale securities, net	232,950	390,914
Other noninterest income	504,205	541,628
Other noninterest expense	3,100,989	3,067,499
Provision for income taxes	309,460	352,437
Net income	<u>\$ 1,159,874</u>	<u>\$ 1,131,211</u>

SELECTED FINANCIAL DATA

	At or for the nine months ended September 30		
	2006	2005	2004
	<i>(unaudited)</i>		
Total risk based capital	16.36%	15.82%	13.69%
Tier 1 risk based capital	15.23%	14.57%	12.57%
Leverage ratio	8.46%	7.87%	8.82%
Earnings per average share outstanding	\$ 1.97	\$ 2.24	\$ 2.05

Dividends declared per share Year to Date

