

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 F. 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 Renna

Eileen M. Mulligan

John P. Tuke

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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, Connecticut 06068

Facsimile (860) 435-4005

**First Quarter Report
March 31, 2007**



SALISBURY BANCORP, INC.

the holding company for

**Salisbury Bank and Trust
Company**

Filings Services

May 1, 2007

SNL Financial, LC


1-800-969-4121

To Our Shareholders, Customers and Friends:

I am pleased to report that the first quarter results of 2007 reflect continuing progress as we focus on developing our core business initiatives. Net loans outstanding at March 31, 2007 totaled \$246,052,740 which represents an increase of 12.61% when compared to net loans outstanding of \$218,509,482 at March 31, 2006. The Bank continues to monitor the quality of the loan portfolio to ensure that loan quality will not be sacrificed for growth or otherwise compromise the Company's objectives. It is important to note that the portfolio does not include any sub-prime loans. Deposits totaled \$305,017,112 which compared to deposits of \$289,681,941 at March 31, 2006. Assets in our Trust and Investment Services division have increased with the addition of new accounts under management resulting in an increase in revenue of \$45,000 or 9.3% to \$530,000 for the first quarter of the year. Compression pressures impact interest margins as we continue to face the challenges of an inverted yield curve. The effect, however, has been partially offset by loan portfolio growth, resulting in an increase in net interest income of \$72,727 when comparing 2007 to 2006. Other noninterest expenses have increased, primarily the result of an increase in staff to support new marketing strategies, growth and our branch expansion into New York State which is expected to be completed during the year. Overall, net income totaled \$934,243 or \$.55 per average outstanding share for the first quarter of 2007. This compares to net income of \$1,146,922 or \$.68 per average outstanding share for the first quarter of 2006. Your Board of Directors has declared a first quarter cash dividend of \$.27 per common share which compares to a cash dividend of \$.26 per common share that was paid for the first quarter of 2006. The dividend will be paid on April 30, 2007 to shareholders of record as of March 30, 2007. We are encouraged by these accomplishments and feel the financial results of the first quarter are a solid performance in a very challenging interest rate environment.

We have begun the process of enhancing our internet website. As the Company's bulletin board for communications and important information to shareholders and customers, we want www.salisburybank.com to be inviting, user friendly and informative. Through development of new products and more convenient delivery channels of existing products we strive to enhance shareholder value and improve customer satisfaction.

Thank you for your interest and confidence in Salisbury Bank and Trust Company. Special thanks to the Bank's business partners, the Board of Directors, SBT Advisory Board, our officers and staff for their dedication to provide exemplary service to the Bank's various constituencies.


John F. Perotti
Chairman & CEO

CONSOLIDATED STATEMENTS OF CONDITION

	March 31	
	2007	2006
	<i>(unaudited)</i>	
Assets		
Cash and due from banks	\$ 7,115,297	\$ 7,943,722
Federal funds sold	200,000	4,981,000
Money market mutual funds	1,228,807	705,999
Investments in available-for-sale securities at fair value	146,631,999	142,399,699
Investments in held-to-maturity securities at amortized cost	73,893	78,052
Federal Home Loan Bank Stock	4,946,100	5,413,200
Loans, net	246,052,740	218,509,482
Investment in real estate	75,000	75,000
Premises & equipment	6,295,742	6,345,071
Goodwill	9,509,305	9,509,305
Core deposit intangible	1,452,445	1,616,661
Accrued interest receivable	2,289,719	2,075,364
Cash surrender value of life insurance policies	3,584,775	3,454,008
Other assets	1,661,426	2,126,921
Total assets	<u>\$431,117,248</u>	<u>\$405,233,484</u>
Liabilities		
Deposits:		
Demand	\$ 65,263,288	\$ 63,065,604
Savings, NOW	69,682,317	74,716,144
Money market	55,908,398	52,200,248
Time deposits	114,163,109	99,699,945
Total deposits	305,017,112	289,681,941
Federal Home Loan Bank advances	76,862,883	70,853,606
Due to broker	699,498	0
Other liabilities	4,094,955	1,795,961
Total liabilities	<u>386,674,448</u>	<u>362,331,508</u>
Shareholders' Equity		
Common stock, par value \$.10 per share		
Authorized: 3,000,000 shares		
Issued and outstanding shares		
1,684,181 in 2007	168,418	168,334
and 1,683,341 in 2006		
Paid-in capital	13,099,881	13,068,045
Retained earnings	34,082,505	32,247,625
Accumulated other comprehensive loss	(2,908,004)	(2,582,028)
Total shareholders' equity	<u>44,442,800</u>	<u>42,901,976</u>
Total liabilities and shareholders' equity	<u>\$431,117,248</u>	<u>\$405,233,484</u>

CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended March 31	2007	2006
	<i>(unaudited)</i>	
Interest & fees on loans	\$4,387,545	\$3,627,916
Interest & dividends on securities	2,049,471	1,832,302
Total interest and dividend income	6,437,016	5,460,218
Interest expense on deposits	2,029,868	1,337,583
Interest expense on borrowed funds	1,040,735	828,949
Total interest expense	3,070,603	2,166,532
Net interest and dividend income before provision for loan losses	3,366,413	3,293,686
Provision for loan losses	0	0
Net interest and dividend income after provision for loan losses	3,366,413	3,293,686
Trust/Investment services income	530,000	485,000
Gains on sales and writedowns of available-for-sale securities, net	117,064	74,367
Other noninterest income	477,327	466,454
Other noninterest expense	3,319,467	2,837,368
Provision for income taxes	237,094	335,217
Net income	<u>\$ 934,243</u>	<u>\$1,146,922</u>

SELECTED FINANCIAL DATA

	At or for the three months ended March 31		
	2007	2006	2005
	<i>(unaudited)</i>		
Total risk based capital	13.38%	16.15%	14.78%
Tier 1 risk based capital	12.52%	14.92%	13.58%
Leverage ratio	8.28%	8.68%	7.67%
Earnings per average share outstanding	\$.55	\$.68	\$.79

Dividends declared per share Year to Date

