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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. Tukey

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**

**Filings Services
November 5, 2007
SNL Financial, LC
1-800-969-4121**



Member FDIC Equal Housing Lender

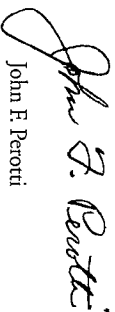
To Our Shareholders, Customers and Friends:

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>\$456,486,005</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 | | |
| Paid-in capital | 168,502 | 168,418 |
| Retained earnings | 13,130,247 | 13,099,881 |
| Accumulated other comprehensive loss | 35,037,982 | 33,100,034 |
| | (4,296,872) | (1,530,513) |
| Total shareholders' equity | 44,039,859 | 44,837,820 |
| Total liabilities and shareholders' equity | <u>\$456,486,005</u> | <u>\$427,429,204</u> |

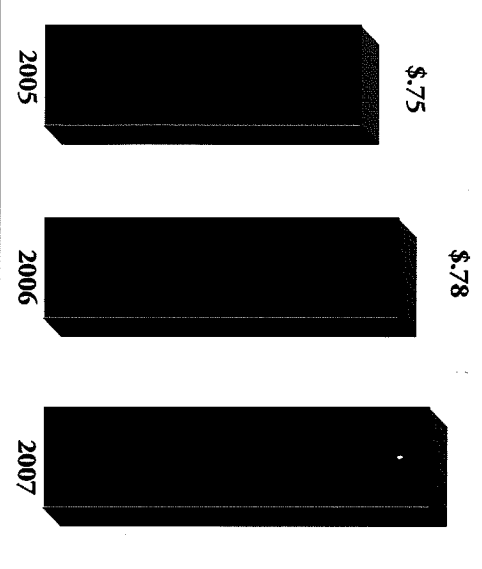
CONSOLIDATED STATEMENTS OF INCOME

| | Three Months Ended | | |
|---|--------------------|--------------------|--|
| | September 30 | | |
| | 2007 | 2006 | |
| | <i>(unaudited)</i> | | |
| 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



CONSOLIDATED STATEMENTS OF INCOME

| | September 30 | |
|---|---------------------|---------------------|
| | 2007 | 2006 |
| | <i>(unaudited)</i> | |
| 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> |