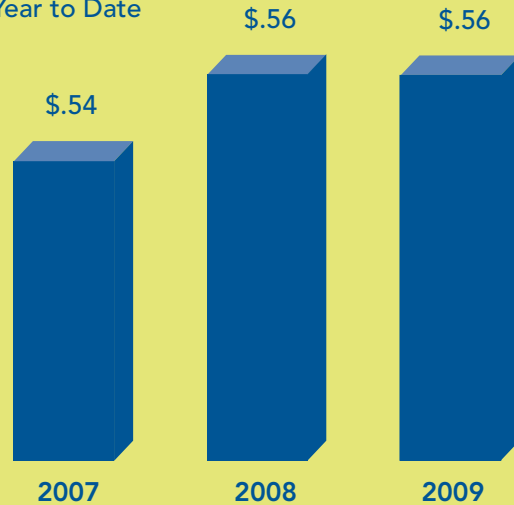


Selected Financial Data

At or for the six months
ended June 30

	2009	2008 <i>(unaudited)</i>	2007
Total risk based capital	14.27%	14.14%	15.76%
Tier 1 risk based capital	13.30%	13.21%	14.69%
Leverage ratio	9.02%	8.21%	8.51%
Earnings per average share outstanding	\$.45	\$ 1.23	\$ 1.12

Dividends declared per share Year to Date



Officers of Salisbury Bancorp, Inc.

Richard J. Cantele, Jr.
President and Chief
Executive Officer

John F. Foley
Chief Financial Officer,
Secretary and Treasurer

Kathleen H. Hawley
Assistant Secretary

Salisbury Bank and Trust Company Advisory Board

Mary Cooper
Edward O. Heacox
Mary T. Kirby
Eileen M. Mulligan
Jean R. Perotti
Barclay Prindle
Richard Renna
John P. Tuke

Transfer Agent

**Registrar and
Transfer Company**
10 Commerce Drive
Cranford, NJ 07016
1-800-368-5948
www.rtco.com

**Dividend Reinvestment
and Stock Purchase Plan**
For more information and
enrollment form, visit
www.salisburybank.com
and click on Shareholder
Relations.

Stock Symbol: "SAL"
Salisbury Bancorp, Inc.'s
common stock is traded
under the symbol "SAL"
on the NYSE AMEX US.

Salisbury Bancorp, Inc. and Salisbury Bank and Trust Company Board of Directors

Louis E. Allyn II
President,
Allyndale Corporation

John R.H. Blum
Attorney (retired)

Louise F. Brown
Attorney, Partner,
Ackerly Brown LLP

Richard J. Cantele, Jr.
President and
Chief Executive Officer,
Salisbury Bancorp, Inc.
and Salisbury Bank and
Trust Company

Robert S. Drucker
Proprietor,
Barrington Outfitters

Nancy F. Humphreys
Citigroup New York,
Citibank, as Managing
Director and Treasurer
of Global Corporate
Investment Bank
North America
(retired)

Holly J. Nelson
Tour Operator,
Horses North LLC,
Member in Oblong
Property Management, LLC

John F. Perotti
Chairman and
Chief Executive Officer,
Salisbury Bancorp, Inc.
and Salisbury Bank and
Trust Company (retired)

Michael A. Varet
Attorney, Senior Counsel
DLA Piper LLP (US),
Presiding Director,
Salisbury Bancorp, Inc.
and Salisbury Bank and
Trust Company

branch offices:

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5 Bissell Street
Post Office Box 1868
Lakeville, CT 06039
860.435.9801

Canaan Office
100 Main Street
Post Office Box 757
Canaan, CT 06018
860.824.5423

Dover Plains Office
5 Dover Village Plaza
Post Office Box 693
Dover Plains, NY 12522
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Post Office Box 407
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860.435.9801

Sharon Office
29 Low Road
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Sheffield Office
73 Main Street
Post Office Box 1069
Sheffield, MA 01257
413.229.5000

South Egremont Office
51 Main Street
Post Office Box 313
South Egremont,
MA 01258
413.528.5100

**Salisbury Trust
Wealth Advisory
Services**
19 Bissell Street
Post Office Box 1868
Lakeville, CT 06039
860.435.9801

Off-site ATMs

Sharon Hospital
50 Hospital Hill Road
Sharon, CT 06069
*Located on the
first floor*

Geer Village
77 South Canaan Road
Canaan, CT 06018
*Located on the
first floor*



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Second Quarter Report June 30, 2009



SALISBURY BANCORP, INC.

Salisbury Bancorp, Inc.
is the holding company for
Salisbury Bank and Trust Company

To Our Shareholders, Customers and Friends:

As you are aware, John F. Perotti, Chairman and CEO, retired from the Bank and the Company on June 8, 2009. John had been with the Bank since 1973 and had been CEO of the Bank and the Company since 1998. The Bank prospered under John's leadership, and we are pleased that he will continue to serve on the Boards of Directors of both the Bank and the Company.

These are challenging times and the Company reported a second quarter loss of (\$183,360) or (\$.19) per average share outstanding, compared to earnings of \$983,552 or \$.58 per average share outstanding in the second quarter of 2008. For the six months ending June 30, 2009 earnings totaled \$897,815 or \$.45 per share as compared to \$2,064,486 or \$1.23 per share for the period ending June 30, 2008.

The decrease in earnings for the second quarter is primarily attributable to the accounting adjustments involving a few investments within the Bank's investment portfolio to reflect the Other Than Temporary Impairment (OTTI) described below, as well as an increased provision for loan loss, and the special assessment imposed by the Federal Deposit Insurance Corporation (FDIC) upon the banking industry. The additional expenses related to these items were \$1,127,889, \$315,000 and \$244,000 respectively.

Net interest and dividend income through June 30, 2009 totaled \$8,280,778 as compared to \$7,541,387 through June 30, 2008, an increase of \$739,391 or 9.8%. Net interest and dividend income for the second quarter totaled \$4,077,946 as compared to \$3,881,881 for the second quarter of 2008. Net interest and dividend income increased \$196,065 or 5.05% on a year over year quarterly comparison.

Non-interest income, less the net gains/losses in the investment portfolio, totaled \$1,315,339 for the quarter ending June 30, 2009, as compared to \$1,116,821, for the same time period in 2008, an increase of \$198,518 or 17.8%. Year-to-date 2009, non-interest income not including the net gains/losses on the investment portfolio, was \$2,593,385 as compared to \$2,231,503 through June of 2008, an increase of \$361,882 or 16.2%.

Non-interest expense for the quarter ending June 30, 2009 is \$4,490,982 as compared to \$3,696,944 for the second quarter of 2008. The increase of \$794,038 or 21.5% is primarily the result of increased FDIC insurance premiums and an increase in salary expenses related to increased loan production from our mortgage originators during the quarter. The increased salary expense is offset by increased income in the gain on sales of loans which was \$339,819 for the quarter ending June 30, 2009 as compared to \$86,201 during the same period last year. The provision for loan loss for the quarter ending June 30, 2009, was \$315,000 as compared to \$110,000 for the second quarter of 2008. Through June 30, 2009, the provision for loan loss expense is \$745,000 as compared to a 2008 year-to-date provision of \$170,000. Net charged off loans through June 30, 2009, totaled \$160,406 as compared to \$20,087 for the corresponding period in 2008.

Total non-performing loans, which consist of other real estate owned and non-accrual loans were \$6,707,477 or 2.25% of total loans at June 30, 2009. This compares to non-performing loans of \$2,265,149 or .78% of total loans at June 30, 2008. Included in these totals is a loan relationship in the amount of \$3,022,958 that is considered to be well secured by a first mortgage position, but is currently in litigation. While non-performing assets have increased, the vast majority of the non-performing assets are considered to be fully collateralized with real estate. The Company believes that the allowance for loan losses is adequate to provide for possible loan losses inherent within the loan portfolio.

The Company's investment portfolio is analyzed for impairment on a quarterly basis. At June 30, 2009, Management determined that five securities exhibited varying levels of impairment which in the aggregate totaled \$1,127,889. This determination necessitated a write-down of that amount, which after taxes netted out to approximately \$740,000.

At June 30, 2009, total assets amounted to \$542,180,789 as compared to \$495,754,160 in assets at December 31, 2008. This growth of \$46,426,629 or 9.4% is primarily attributable to the significant inflow of deposits. At June 30, 2009, deposits stood at \$402,032,606 as compared to \$344,925,232 at December 31, 2008, representing an increase of \$57,107,374 or 16.6%. This significant growth in deposits is due to a combination of the uncertainty in the equity markets, the increase in the savings rate from a consumer standpoint, and a concerted effort by our own staff to expand deposit relationships with our customers.

The loan portfolio declined modestly as net loans (including loans held-for-sale) stood at \$294,575,033 on June 30, 2009 as compared to \$299,681,684 at December 31, 2008, which represents a decrease of \$5,106,651 or 1.7%.

The capital levels of the Bank and the Company continue to exceed all regulatory requirements to be "well capitalized".

The Board of Directors and Management Team remain committed to prudently guiding your Company through these difficult times.

Finally, it is with a heavy heart that I am writing to inform you that John F. Foley, our Chief Financial Officer passed away unexpectedly at the age of 58 on July 7, 2009. John had been with the Bank since 1982 and served as Chief Financial Officer of both the Bank and the Company since 1998. John will be missed by his many friends at the Bank and throughout the communities which we serve. John dedicated much of his life to serving the people and communities of our region in various capacities. Our thoughts and prayers are with his family.

Richard J. Cantele, Jr.
President & CEO

Condensed Consolidated Statements of Condition

	June 30	
	2009	2008
	<i>(unaudited)</i>	
Assets		
Cash and due from banks	\$ 41,058,323	\$ 9,661,340
Federal funds sold	0	200,000
Money market mutual funds	4,601,031	1,390,029
Interest bearing time deposits with other banks	5,000,000	0
Investments in available-for-sale securities at fair value	158,902,378	145,745,382
Investments in held-to-maturity securities at amortized cost	64,086	68,710
Federal Home Loan Bank stock	5,742,800	5,266,600
Loans, net	294,575,033	289,349,643
Investment in real estate	75,000	75,000
Other Real Estate Owned	418,024	0
Premises & equipment	8,259,290	7,382,660
Goodwill	9,828,712	9,828,712
Core deposit intangible	1,082,960	1,247,176
Accrued interest receivable	2,341,363	2,630,360
Cash surrender value of life insurance policies	3,994,980	3,748,763
Other assets	6,236,809	3,111,073
Total assets	<u>\$542,180,789</u>	<u>\$479,705,448</u>
Liabilities		
Deposits:		
Demand	\$ 64,781,251	\$ 69,227,449
Savings, NOW	114,871,661	90,636,836
Money market	68,445,264	61,350,842
Time deposits	153,934,430	111,572,064
Total deposits	402,032,606	332,787,191
Borrowed funds	87,500,032	99,246,470
Other liabilities	4,653,255	4,164,869
Total liabilities	<u>494,185,893</u>	<u>436,198,530</u>
Shareholders' Equity		
Preferred stock, par value \$.01 per share		
Authorized: 25,000 shares		
Issued and outstanding shares		
8,816 in 2009	88	0
and 0 in 2008		
Common stock, par value \$.10 per share		
Authorized: 3,000,000 shares		
Issued and outstanding shares		
1,686,701 in 2009	168,670	168,586
and 1,685,861 in 2008		
Unissued common stock warrants outstanding	111,998	0
Paid-in-capital	21,883,898	13,157,883
Retained earnings	34,864,904	36,421,018
Accumulated other comprehensive loss	(9,034,662)	(6,240,569)
Total shareholder's equity	<u>47,994,896</u>	<u>43,506,918</u>
Total liabilities and shareholder's equity	<u>\$542,180,789</u>	<u>\$479,705,448</u>

Condensed Consolidated Statements of Income

	2009		2008	
	<i>(unaudited)</i>		<i>(unaudited)</i>	
Six Months Ended June 30				
Interest & fees on loans	\$ 8,989,464		\$ 9,231,687	
Interest & dividends on securities	3,883,661		4,027,528	
Total interest and dividend income	<u>12,873,125</u>		<u>13,259,215</u>	
Interest expense on deposits	2,994,686		3,639,485	
Interest expense on borrowed funds	1,597,661		2,078,343	
Total interest expense	<u>4,592,347</u>		<u>5,717,828</u>	
Net interest and dividend income before provision for loan losses	8,280,778		7,541,387	
Provision for loan losses	745,000		170,000	
Net interest and dividend income after provision for loan losses	7,535,778		7,371,387	
Trust Wealth Advisory Services (Write-down) gains on available-for-sale securities, net	970,000		1,140,735	
Other noninterest income	(691,679)		354,405	
Other noninterest expense	1,623,385		1,090,768	
Other noninterest expense	8,624,772		7,346,940	
Provision for income taxes	(85,103)		545,869	
Net income	<u>\$ 897,815</u>		<u>\$ 2,064,486</u>	
Net income available to shareholders	<u>\$ 763,061</u>		<u>\$ 2,064,486</u>	

Condensed Consolidated Statements of (Loss) Income

	2009		2008	
	<i>(unaudited)</i>		<i>(unaudited)</i>	
Three Months Ended June 30				
Interest & fees on loans	\$ 4,479,794		\$ 4,600,100	
Interest & dividends on securities	1,906,373		1,991,219	
Total interest and dividend income	<u>6,386,167</u>		<u>6,591,319</u>	
Interest expense on deposits	1,511,104		1,666,256	
Interest expense on borrowed funds	797,117		1,043,182	
Total interest expense	<u>2,308,221</u>		<u>2,709,438</u>	
Net interest and dividend income before provision for loan losses	4,077,946		3,881,881	
Provision for loan losses	315,000		110,000	
Net interest and dividend income after provision for loan losses	3,762,946		3,771,881	
Trust Wealth Advisory Services (Write-down) gains on available-for-sale securities, net	430,000		540,735	
Other noninterest income	(1,119,017)		36,435	
Other noninterest expense	885,339		576,086	
Other noninterest expense	4,490,982		3,696,944	
Provision for income taxes	(348,354)		244,641	
Net (loss) income	<u>\$ (183,360)</u>		<u>\$ 983,552</u>	
Net (loss) income available to shareholders	<u>\$ (318,114)</u>		<u>\$ 983,552</u>	