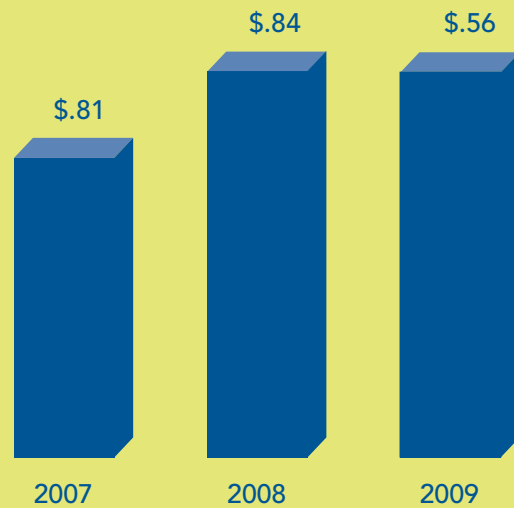


Selected Financial Data

At or for the nine months
ended September 30

	2009	2008	2007
	(unaudited)		
Total risk based capital	12.37%	13.15%	15.23%
Tier 1 risk based capital	11.50%	12.08%	14.27%
Leverage ratio	8.57%	7.54%	8.37%
Earnings per average share outstanding	\$.81	\$.09	\$ 1.66

Dividends declared per share Year to Date



Officers of Salisbury Bancorp, Inc.

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

B. Ian McMahon
Chief Financial Officer

Shelly Humeston
Secretary

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

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Post Office Box 1868
Lakeville, CT 06039
860.435.9801

Canaan Office
100 Main Street
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860.824.5423

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Post Office Box 693
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860.435.9801

Sharon Office
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Post Office Box 7
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860.364.0500

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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Third Quarter Report September 30, 2009



SALISBURY BANCORP, INC.

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

To Our Shareholders, Customers and Friends:

Net income available to common shareholders for Salisbury Bancorp, Inc. ("Salisbury") was \$549,000, or \$.33 per common share, for the third quarter ended September 30, 2009, compared to a net loss of \$(1,912,000), or \$(1.13) per common share, for the third quarter of 2008. Annualized return on average common shareholder's equity was 5.40% for the third quarter of 2009 compared with -18.03% for the third quarter of 2008. Third quarter 2008 included a securities loss arising from a \$2,856,000 write-down of Freddie Mac preferred stock following the U.S. Government placing FHLMC into conservatorship.

Net interest and dividend income for the quarter increased \$321,000 due primarily to a \$78.6 million increase in average earning assets, which more than offset a 33 basis point decrease in the net interest margin to 3.52%. Excluding securities losses, all other non-interest income decreased \$68,000 as a result of a decrease in credit card fees, attributable to the sale of the credit card portfolio in 2008, and lower Trust/Wealth Advisory Services income, offset in part by a \$130,000 one-time life insurance benefit arising from the passing of John F. Foley, CFO, and increased banking service fees. Non-interest expense increased \$967,000 due primarily to a \$637,000 increase in compensation expense and \$67,000 in other operating expenses. The increase in compensation expense included \$378,000 in additional pension expense related to the retirement of John F. Perotti, CEO. The increase in other operating expense included \$186,000 in additional FDIC deposit insurance premiums due to an increase in assessments and deposit growth.

For the nine month period ended September 30, 2009 net income available to common shareholders was \$1,368,000, or \$.81 per common share, compared to \$152,000, or \$.09 per common share, for the nine month period ended September 30, 2008. Annualized return on average common shareholder's equity was 4.59% for the 2009 period compared with 0.55% for the 2008 period. Net interest and dividend income increased \$1,061,000 due primarily to a \$58.1 million increase in average earning assets, which more than offset a 14 basis point decrease in the net interest margin to 3.58%. Securities losses for 2009 result from a \$1,128,000 write-down for other than temporary impairment on five non-agency issued CMO securities in June 2009, offset in part by securities gains. Securities losses for 2008 result from the aforementioned \$2,856,000 write-down of Freddie Mac preferred stock. Excluding securities losses, all other non-interest income increased \$293,000 due to increases in gains on mortgage sales, mortgage servicing income, banking service fees and other income, including the aforementioned \$130,000 one-time life insurance death benefit, offset in part by a \$251,000 decrease in Trust/Wealth Advisory Services income due to the decline in the market value of assets under management, and a decrease in credit card fees, attributable to the sale of the credit card portfolio in 2008. Non-interest expense increased \$2,245,000 due primarily to a \$1,107,000 increase in compensation expense, \$181,000 in professional services and \$957,000 in other operating expenses. The

increase in compensation expense included \$530,000 in pension expense and \$477,000 in salaries. The increase in other operating expense included \$701,000 in additional FDIC deposit insurance premiums due to the 2009 special assessment, deposit growth and an increase in premiums.

Salisbury's assets increased to \$564 million, up \$69 million since December 31, 2008. Total net loans, including loans held for sale, were \$312 million at September 30, 2009 reflecting an increase of \$13 million, or 4.25%, since December 31, 2008. Non-performing assets increased \$0.5 million during the quarter to \$7.2 million at September from \$7.5 million at June 30, 2009, compared with \$2.5 million at December 31, 2008. A single loan relationship accounts for \$3.0 million of the 2009 increase. Reserve coverage, as measured by the ratio of the allowance for loan losses to gross loans, increased slightly to 1.09% at September 30, 2009 compared with 0.90% at December 31, 2008 and 1.05% at September 30, 2008.

Deposits increased \$70 million to \$415 million from \$345 million at December 31, 2008. This significant growth in deposits stems from customer preference for the safety of insured deposits versus market risk in the equity markets and a concerted effort by the Bank's staff to expand deposit relationships with customers. At September 30, 2009, book value per common share was \$25.89 and tier 1 leverage and total risk-based capital ratios were 8.57% and 12.37%, respectively. In March 2009 Salisbury issued \$8.8 million of preferred stock pursuant to the U.S. Treasury's TARP CPP.

As previously announced, the Board of Directors declared a third quarter dividend of \$.28 per common share payable on November 6, 2009 to shareholders of record on October 23, 2009. In response to changes in regulatory requirements we are changing the timing of future dividend announcements to coincide with quarterly earnings announcements. Dividends, when declared, will generally be paid the last business day of February, May, August and November.

Despite the challenges presented by current economic conditions, income from core operations remains strong. Our net interest margin improved from the previous quarter as a result of management's efforts to manage our assets and liabilities in today's interest rate environment. The growth in both loans and deposits primarily reflects our focus on doing what we do best, making loans and gathering deposits in the communities we serve. I believe the fundamentals of our core business remain solid and are reflected in the growth of our balance sheet.

Richard J. Cantele, Jr.
President & CEO

Condensed Consolidated Statements of Condition

	September 30 2009	2008 (unaudited)
Assets		
Cash & due from banks	\$30,983,462	\$8,360,286
Federal funds sold	0	2,958,000
Money market mutual funds	4,318,710	1,422,463
Certificates of deposit	5,000,000	0
Investments in available-for-sale securities at fair value	174,765,913	144,481,985
Investments in held-to-maturity securities at amortized cost	62,697	67,596
Federal Home Loan Bank stock	5,892,500	5,323,000
Loans, net	312,424,252	293,861,858
Investment in real estate	75,000	75,000
Other Real Estate Owned	418,024	204,534
Premises and equipment	8,890,361	7,269,020
Goodwill	9,828,712	9,828,712
Core deposit intangible	1,041,906	1,206,122
Accrued interest receivable	2,466,989	2,394,844
Cash surrender value of life insurance policies	3,636,083	3,779,910
Other assets	4,482,258	4,416,193
Total assets	<u>\$564,286,867</u>	<u>\$485,649,523</u>
Liabilities		
Deposits:		
Demand	\$64,718,228	\$69,197,742
Savings, NOW	123,719,303	96,844,239
Money market	65,251,857	60,578,216
Time deposits	161,110,034	117,988,341
Total deposits	414,799,422	344,608,538
Borrowed funds	92,228,405	98,860,319
Other liabilities	4,781,351	3,461,335
Total liabilities	<u>511,809,178</u>	<u>446,930,192</u>
Shareholder's equity		
Preferred stock, par value \$.01 per share		
Authorized: 25,000 shares		
Issued and outstanding shares		
8,816 in 2009 and 0 in 2008	88	0
Common stock, par value \$.10 per share		
Authorized: 3,000,000 shares		
Issued and outstanding shares		
1,686,701 in 2009 and 1,685,861 in 2008	168,670	168,586
Unissued common stock warrants outstanding	111,998	0
Paid-in capital	21,888,891	13,157,883
Retained earnings	34,997,326	34,036,732
Accumulated other comprehensive loss	(4,689,284)	(8,643,870)
Total shareholder's equity	<u>52,477,689</u>	<u>38,719,331</u>
Total liabilities and shareholder's equity	<u>\$564,286,867</u>	<u>\$485,649,523</u>

Condensed Consolidated Statements of Income

Nine Months Ended September 30	2009 (unaudited)	2008 (unaudited)
Interest & fees on loans	\$13,632,683	\$13,917,620
Interest & dividends on securities	5,943,845	6,053,370
Total interest and dividend income	<u>19,576,528</u>	<u>19,970,990</u>
Interest expense on deposits	4,428,043	5,124,151
Interest expense on borrowed funds	2,421,546	3,180,446
Total interest expense	<u>6,849,589</u>	<u>8,304,597</u>
Net interest and dividend income before provision for loan losses	12,726,939	11,666,393
Provision for loan losses	925,000	690,000
Net interest and dividend income after provision for loan losses	11,801,939	10,976,393
Trust Wealth Advisory Services	1,433,000	1,683,735
(Write-down) gains on available-for-sale securities, net	(691,679)	(2,316,865)
Other noninterest income	2,418,533	1,874,144
Other noninterest expense	13,426,771	11,182,504
Provision for income taxes	(82,684)	882,661
Net income	<u>\$1,617,706</u>	<u>\$ 152,242</u>
Net income available to shareholders	<u>\$1,368,213</u>	<u>\$ 152,242</u>

Condensed Consolidated Statements of Income (Loss)

Three Months Ended September 30	2009 (unaudited)	2008 (unaudited)
Interest & fees on loans	\$4,643,219	\$ 4,685,933
Interest & dividends on securities	2,060,184	2,025,842
Total interest and dividend income	<u>6,703,403</u>	<u>6,711,775</u>
Interest expense on deposits	1,433,358	1,484,666
Interest expense on borrowed funds	823,884	1,102,103
Total interest expense	<u>2,257,242</u>	<u>2,586,769</u>
Net interest and dividend income before provision for loan losses	4,446,161	4,125,006
Provision for loan losses	180,000	520,000
Net interest and dividend income after provision for loan losses	4,266,161	3,605,006
Trust Wealth Advisory Services	463,000	543,000
(Write-down) gains on available-for-sale securities, net	0	(2,671,270)
Other noninterest income	795,147	783,376
Other noninterest expense	4,801,998	3,835,564
Provision for income taxes	2,419	336,792
Net income (loss)	<u>\$ 719,891</u>	<u>\$ (1,912,244)</u>
Net income (loss) available to shareholders	<u>\$ 549,146</u>	<u>\$ (1,912,244)</u>