

Officers of Salisbury Bancorp, Inc.

John F. Perotti
Chairman and Chief
Executive Officer

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

John F. Foley
Chief Financial Officer,
Secretary and Treasurer

Lana J. Morrison
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 Rennia
John P. Tuke

Transfer Agent

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

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

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 Operating 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

Michael A. Varet
Attorney,
Partner, DLA Piper US LLP,
Presiding Director,
Salisbury Bancorp, Inc.
and Salisbury Bank and
Trust Company

branch offices:

Lakeville Office
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
845.877.9850

Salisbury Office
18 Main Street
Post Office Box 407
Salisbury, CT 06068
860.435.9801

Sharon Office
29 Low Road
Post Office Box 7
Sharon, CT 06069
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*



SALISBURY BANK
enriching.

860.435.9801 | 800.222.9801
www.salisburybank.com

e-Banking and Bill Pay: www.salisburybank.com
Bank-By-Phone: 860.824.8262 | 877.728.1212

Second Quarter Report June 30, 2008



SALISBURY BANCORP, INC.

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

To Our Shareholders, Customers and Friends:

I am pleased to report a very satisfactory performance through the first half of 2008. Our core business initiatives have provided additional profitability and continuing growth during the period.

Total net loans including loans held-for-sale, have increased by 15.06% to \$289,349,643. Non-performing assets totaled .77% of total assets and net charge-offs totaled \$20,087 for the first six months of 2008. The portfolio does not include any sub-prime loans and our allowance for loan losses is .90% of total loans outstanding.

The Bank's total risk-based capital ratio was 14.14%; the Tier 1 capital ratio was 13.21% and the leverage ratio was 8.21%. These strong capital levels are critical in these times of continuing economic uncertainty.

Performance during the past twelve months has shown solid growth in deposits to \$332,787,191.

The Bank's investment portfolio continues to perform well, providing good monthly cash flow and a return that places us in the top quartile of Connecticut banks. We continue to purchase only high quality investments and the portfolio has no sub-prime collateral or collateralized debt obligations in any of its securities.

Earnings per average share outstanding for the first six months of 2008 increased to \$1.23 from \$1.12 for the corresponding period in 2007. Specifically, total interest and dividend income increased 3.62% while total interest expense decreased 5.77%. Income from our Trust/Wealth Advisory Services division increased 10.43% during the period. Other noninterest income increased 19.79%, bolstered by gains in securities transactions of \$354,405. Other noninterest expense increased 10.91%. This increase was primarily the result of growth and new marketing strategies. Overall, net income increased 9.64% to \$2,064,486 for the first six months of 2008.

During the second quarter, total interest and dividend income increased 3.64% while total interest expense decreased 9.60%. Income from Trust/Wealth Advisory Services increased 7.50% while other noninterest income was virtually identical to the previous period. Noninterest expense increased 11.86%. Overall, net income for the second quarter was \$983,552 or \$.58 per average share outstanding, representing an increase of \$.02 per share compared to the same period in 2007.

The Board of Directors has declared a second quarter cash dividend of \$.28 per common share. The dividend will be paid on July 31st to shareholders of record as of June 30th.

The year 2008 has provided for a challenging financial environment thus far. Your management team has provided the bank with a firm footing on which to "weather the storm." I believe we are positioned well to take advantage of opportunities in the future, both near and long-term. With the safety of FDIC insurance, a community bank such as ours will be foremost in the minds of both current and future potential customers as they consider where they want to keep their money. In these times, we are reminded of the wisdom expressed years ago by Will Rogers when he said, "I am more concerned about the return of my money than the return on my money."

Thank you for your continued interest and confidence. I want to acknowledge the efforts of our business partners, the SBT Advisory Board and the Board of Directors. Special thanks to the Officers and Staff of the Bank who are working very hard to meet my expectations. I continue to be impressed with their dedication and esprit de corps and am pleased to have them on my team, as we continually strive to make Salisbury Bank and Trust Company the leading community bank in the tri-state area.


John F. Perotti
Chairman & CEO

Consolidated Statements of Condition

	June 30	
	2008	2007
	(unaudited)	
Assets		
Cash and due from banks	\$ 9,661,340	\$ 6,950,214
Federal funds sold	200,000	200,000
Money market mutual funds	1,390,029	1,292,644
Investments in available-for-sale securities at fair value	145,745,382	150,847,516
Investments in held-to-maturity securities at amortized cost	68,710	72,840
Federal Home Loan Bank stock	5,266,600	5,082,900
Loans, net	289,349,643	251,486,586
Investment in real estate	75,000	75,000
Premises & equipment	7,382,660	6,626,497
Goodwill	9,828,712	9,509,305
Core deposit intangible	1,247,176	1,411,391
Accrued interest receivable	2,630,360	2,505,297
Cash surrender value of life insurance policies	3,748,763	3,615,205
Other assets	3,111,073	2,777,780
Total assets	<u>\$479,705,448</u>	<u>\$442,453,175</u>
Liabilities		
Deposits:		
Demand	\$ 69,227,449	\$ 66,554,006
Savings NOW	90,636,836	69,834,687
Money market	61,350,842	51,763,384
Time deposits	111,572,064	120,400,919
Total deposits	332,787,191	308,552,996
Federal Home Loan Bank advances	99,246,470	87,216,829
Other liabilities	4,164,869	4,072,750
Total liabilities	436,198,530	399,842,575
Shareholders' Equity		
Common stock, par value \$.10 per share		
Authorized: 3,000,000 shares		
Issued and outstanding shares		
1,685,861 in 2008		
and 1,685,021 in 2007	168,586	168,502
Paid-in capital	13,157,883	13,130,247
Retained earnings	36,421,018	34,576,273
Accumulated other comprehensive loss	(6,240,569)	(5,264,422)
Total shareholders' equity	43,506,918	42,610,600
Total liabilities and shareholders' equity	<u>\$479,705,448</u>	<u>\$442,453,175</u>

Consolidated Statements of Income

	Six Months Ended June 30	
	2008	2007
	(unaudited)	
Interest & fees on loans	\$ 9,231,687	\$ 8,735,826
Interest & dividends on securities	4,027,528	4,060,718
Total interest and dividend income	13,259,215	12,796,544
Interest expense on deposits	3,639,485	4,021,549
Interest expense on borrowed funds	2,078,343	2,046,220
Total interest expense	5,717,828	6,067,769
Net interest and dividend income before provision for loan losses	7,541,387	6,728,775
Provision for loan losses	170,000	0
Net interest and dividend income after provision for loan losses	7,371,387	6,728,775
Trust/Wealth Advisory Services	1,140,735	1,033,000
Gains on sales available-for-sale securities, net	354,405	180,347
Other noninterest income	1,090,768	1,026,058
Other noninterest expense	7,346,940	6,624,464
Provision for income taxes	545,869	460,750
Net income	<u>\$ 2,064,486</u>	<u>\$ 1,882,966</u>

Consolidated Statements of Income

	Three Months Ended June 30	
	2008	2007
	(unaudited)	
Interest & fees on loans	\$4,600,100	\$4,348,281
Interest & dividends on securities	1,991,219	2,011,247
Total interest and dividend income	6,591,319	6,359,528
Interest expense on deposits	1,666,256	1,991,681
Interest expense on borrowed funds	1,043,182	1,005,485
Total interest expense	2,709,438	2,997,166
Net interest and dividend income before provision for loan losses	3,881,881	3,362,362
Provision for loan losses	110,000	0
Net interest and dividend income after provision for loan losses	3,771,881	3,362,362
Trust/Wealth Advisory Services	540,735	503,000
Gains on sales of available-for-sale securities, net	36,435	63,283
Other noninterest income	576,086	548,731
Other noninterest expense	3,696,944	3,304,997
Provision for income taxes	244,641	223,656
Net income	<u>\$ 983,552</u>	<u>\$ 948,723</u>

Selected Financial Data

	At or for the Six months ended June 30		
	2008	2007	2006
	(unaudited)		
Total risk based capital	14.14%	15.67%	16.13%
Tier 1 risk based capital	13.21%	14.69%	15.00%
Leverage ratio	8.21%	8.51%	8.54%
Earnings per average share outstanding	\$ 1.23	\$ 1.12	\$ 1.28

Dividends declared per share Year to Date

