

first quarter **shareholders report** March 31, 2010

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



Dear Shareholders, Customers and Friends:

It is hard to believe that summer is only a few weeks away. It seems like just a couple of weeks ago we were digging out from another snowstorm.

In addition to the spring leaves and flowers, it feels like there are also signs of life in the local economy. Many of the contractors I have spoken to are cautiously optimistic regarding their prospects for business this summer. Although no where near the level of a couple of years ago, many have indicated that business is looking better than last year. Our local restaurants appear busier, and the traffic by the Bank seems heavier than it's been in months. Although anecdotal, I take these as positive signs that we are starting to see improvement in our local economy.

That would be good news indeed as our markets and our customers have not been immune to the effects of the weakness in the regional and national economies over the past several months. As a community bank we are committed to working with our small business and retail customers during these difficult times, while at the same time protecting the interests of our shareholders.

Our earnings for the first quarter were somewhat disappointing. For the first quarter ended March 31, 2010, net income available to common shareholders was \$479,000, or \$0.28 per common share, as compared with \$1,081,000, or \$0.64 per common share, for the first quarter of 2009.

On a more positive note, loans receivable grew \$2.5 million, or 0.77%, while deposits grew \$4.3 million, or 1% during the quarter ended March 31, 2010. Assets were up from \$506 million at the end of the same period last year to \$563 million at this quarter's end.

Following are some non-financial highlights of the first quarter:

Grand opening of our eighth full-service branch in Millerton, New York. The success of our Millerton branch is immediately evident in the warm welcome we have received from our customers and the community who appreciate our personal service coupled with a state-of-the-art banking experience. The Millerton success story speaks for itself as deposits have grown by \$1.25 million since the branch opened on January 19. This environmentally friendly branch meets LEED® building standards.

Continued deposit growth. Our competitive deposit product programs continue to attract new business and personal accounts to the Bank as deposits grew \$4.3 million during the quarter. We work hard to provide outstanding service which we believe will lead to further growth as we continue to build market share.

Salisbury Bank U seminar and workshop series. Employee specialists from all disciplines within the Bank continued to enhance our monthly seminar and workshop series on timely topics relevant to the needs of small businesses, individuals and families. Further proof that at Salisbury Bank, we pledge to educate, inspire and enrich the lives of our customers.

Financial Planning Service introduced. Offered through our Trust and Wealth Advisory Division, clients plan for college, retirement, and wealth transfer through a sophisticated financial planning process. We are one of just a few select banks that offer a dedicated team committed to helping clients meet their short and long term goals through portfolio diversification, asset allocation, and customization.

Our management team and staff will continue our long standing tradition of doing our best to serve our customers and build value for you, our shareholders. Thank you for your continued confidence and support.

Sincerely,

A handwritten signature in blue ink, appearing to read 'RJC', is placed over the word 'Sincerely'.

Richard J. Cantele, Jr., President and CEO



We opened our eighth full-service branch in Millerton, New York on January 19, 2010.



Our reputation for outstanding service contributed to continued deposit growth during the quarter.



Salisbury Bank U offers monthly seminars on timely topics relevant to small businesses, individuals and families.



Our Trust and Wealth Advisory Services Division offers clients financial peace of mind through a sophisticated financial planning process.

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Shareholder Information

Transfer Agent

Registrar and Transfer Company
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1.800.368.5948
www.rtco.com

Stock Symbol: SAL

Salisbury Bancorp, Inc.'s common stock is traded under the symbol SAL on the NYSE AMEX Equities. For more information, call us at 860.435.9801 or visit our website at www.salisburybank.com and click on Shareholder Relations.

Dividend Reinvestment and Stock Purchase Plan

For more information and enrollment form, visit www.salisburybank.com and click on Shareholder Relations.

For our Annual Report or other Information

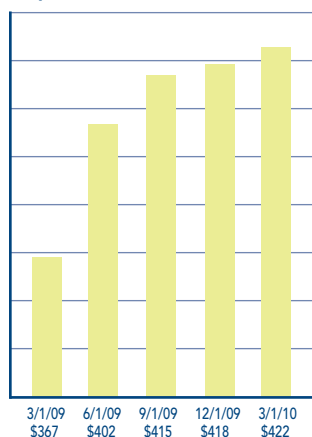
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Visit www.salisburybank.com and click on Shareholder Relations.

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Deposits (in millions)



Selected Consolidated Financial Data (in thousands except ratios and per share amounts) (unaudited)

STATEMENT OF INCOME	Three month period ended March 31,		
	2010	2009	
Interest and dividend income	\$6,019	\$6,460	
Interest expense	1,983	2,284	
Net interest income	4,036	4,176	
Provision for loan losses	180	430	
Gains on securities, net	-	427	
Trust and wealth advisory	545	540	
Service charges and fees	469	398	
Gains on sales of mortgage loans, net	60	82	
Mortgage servicing, net	15	42	
Other	57	137	
Non-interest income	1,146	1,626	
Compensation	2,217	2,191	
Premises and equipment	515	484	
Data processing	408	383	
Professional fees	402	356	
FDIC insurance	171	114	
Marketing and community contributions	88	76	
Amortization of core deposit intangibles	56	41	
Other	472	383	
Non-interest expense	4,329	4,028	
Income before income taxes	673	1,344	
Income tax provision	79	263	
Net income	594	1,081	
Net income available to common shareholders	479	1,081	
Per common share			
Basic and diluted earnings	\$0.28	\$0.64	
Common dividends paid	0.28	0.28	
Statistical data			
Net interest margin (fully tax equivalent)	3.25%	3.77%	
Efficiency ratio (fully tax equivalent)	78.13	65.82	
Return on average assets	0.34	0.87	
Return on average common shareholders' equity	4.34	11.07	
Weighted average equivalent common shares outstanding, diluted	1,687	1,686	
FINANCIAL CONDITION	March 31, 2010	December 31, 2009	March 31, 2009
Total assets	\$563,118	\$562,347	\$506,140
Loans receivable, net	329,599	327,257	298,333
Allowance for loan losses	3,649	3,473	3,005
Securities	172,271	151,125	155,009
Cash and cash equivalents	19,729	43,298	7,601
Goodwill and intangible assets, net	11,238	11,293	10,953
Demand (non-interest bearing)	68,852	70,026	63,449
Demand (interest bearing)	50,148	43,845	22,938
Money market	68,317	64,477	67,741
Savings and other	88,699	86,316	73,265
Certificates of deposit	146,473	153,539	139,371
Deposits	422,489	418,203	366,764
Federal Home Loan Bank advances	75,356	76,364	78,598
Repurchase agreements	7,973	11,415	9,081
Shareholders' equity	53,023	52,355	46,258
Non-performing assets	12,339	7,720	6,693
Per common share			
Book value	\$26.21	\$25.81	\$22.21
Tangible book value	19.55	19.12	15.71
Statistical data			
Non-performing assets to total assets	2.19%	1.37%	1.32%
Allowance for loan losses to total loans	1.10	1.05	1.00
Allowance for loan losses to non-performing loans	30.25	46.65	47.89
Common shareholders' equity to assets	9.42	9.31	9.14
Tangible common shareholders' equity to assets	5.85	7.30	6.98
Tier 1 leverage capital	8.40	8.39	9.54
Total risk-based capital	12.75	12.86	14.55
Common shares outstanding, net (period end)	1,687	1,686	1,686