

OFFICERS

Salisbury Bancorp, Inc.

John F. Perotti, *Chairman & CEO*

Richard J. Cantele, Jr., *President, COO & Secretary*

John F. Foley, *CFO & Treasurer*

DIRECTORS

Salisbury Bancorp, Inc.

and Salisbury Bank and Trust Company

Louis E. Allyn II

Robert S. Drucker

John R. H. Blum, *Presiding Director*

Nancy F. Humphreys

Louise F. Brown

John F. Perotti, *Chairman*

Richard J. Cantele, Jr.

Holly J. Nelson

Michael A. Varet

SBT ADVISORY BOARD

Mary Cooper

Jean R. Perotti

Edward O. Heacox

Barclay Prindle

Mary T. Kirby

Richard Rennia

Eileen M. Mulligan

John P. Tuke

TELEPHONE NUMBERS

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(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

SBT TRUST & INVESTMENT SERVICES OFFICE

19 Bissell Street

Lakeville, Connecticut 06039

Facsimile (860) 435-5224

SBT MORTGAGE MAKERS

18A Main Street

Salisbury, CT 06068

Facsimile (860) 435-4005

414 0646

**First Quarter Report
March 31, 2006**



SALISBURY BANCORP, INC.

the holding company for

**Salisbury Bank and Trust
Company**

Filings Services

MAY 02 2006

SNL Financial, LC

1-800-260-1121

Member FDIC  Equal Housing Lender

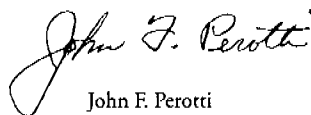
To Our Shareholders, Customers and Friends:

Net income for the first quarter of 2006 totaled \$1,146,922 which represents earnings per average share outstanding of \$.68. This compares to net income of \$1,328,566 or \$.79 per average share outstanding for the first quarter of 2005. The drop in 1st quarter profits is primarily attributable to a decrease in noninterest income; specifically, reduced income from gains in securities transactions when comparing the two periods. Higher short-term interest rates and stagnant long-term rates have narrowed the gap between the two, creating a flat and sometimes inverted yield curve. In such an environment, the cost of borrowing money as well as the cost of deposits climbs faster than the yield provided by the company's securities and loan portfolios. This environment of generally increasing interest rates has slowed the activity in the secondary mortgage market, which has also resulted in what we believe is a temporary decrease in income from sales of mortgage loans. Total non-interest expense for the period which includes all salaries and employee benefits, premise and equipment, as well as data processing is actually 6.2% below the first quarter of 2005, evidencing the strong budget controls management has implemented. Overall, as our core business continues to strengthen and our trust and investment services division continues to grow, we remain confident that the Bank is well positioned to meet our goals and objectives that have been established to enhance long-term shareholder value. Increased loan demand has produced reasonable, quality growth in our loan portfolio which has resulted in an increase in interest income. Our trust and investment services division produced an increase in income of \$97,000 over the same period in 2005. We are encouraged by these accomplishments and feel the financial results of the first quarter are a solid performance in a very challenging interest rate environment.

Your Board of Directors has declared a first quarter cash dividend of \$.26 per common share, which compares to a cash dividend of \$.25 per common share that was declared for the first quarter of 2005. The dividend will be paid on April 28th to shareholders of record as of March 31st.

We encourage you to visit our website (www.salisburybank.com), the Company's bulletin board for communicating important information to shareholders. Additionally, we welcome your thoughts and suggestions on how to improve communications to shareholders.

I'd like to take this opportunity to thank our shareholders and customers for their confidence in Salisbury Bank and Trust Company. Please continue to refer us to your friends and neighbors. Special thanks to the Board of Directors, SBT Advisory Board, our officers and staff for their dedication and to providing exemplary service to the Bank's various constituencies.



John F. Perotti
Chairman & CEO

CONSOLIDATED STATEMENTS OF CONDITION

	March 31	
	2006	2005
	<i>(unaudited)</i>	
Assets		
Cash and due from banks	\$ 7,943,722	\$ 7,930,049
Federal funds sold	4,981,000	845,000
Money market mutual funds	705,999	991,943
Investments in available-for-sale securities at fair value	142,399,699	151,669,063
Investments in held-to-maturity securities at amortized cost	78,052	214,076
Federal Home Loan Bank Stock	5,413,200	5,413,200
Loans, net	218,509,482	202,943,030
Investment in real estate	75,000	75,000
Premises & equipment	6,345,071	6,431,094
Due from broker	0	1,089,973
Goodwill	9,509,305	9,509,305
Core deposit intangible	1,616,661	1,780,877
Accrued interest receivable	2,075,364	1,895,086
Cash surrender value of life insurance policies	3,454,008	3,323,414
Other assets	2,126,921	2,197,023
Total assets	<u>\$405,233,484</u>	<u>\$396,308,133</u>
Liabilities		
Deposits:		
Demand	\$ 63,065,604	\$ 61,802,087
Savings, NOW	74,716,144	117,187,012
Money market	52,200,248	26,562,638
Time deposits	99,699,945	89,251,937
Total deposits	289,681,941	294,803,674
Federal Home Loan Bank advances	70,853,606	58,738,645
Other liabilities	1,795,961	2,453,636
Total liabilities	<u>362,331,508</u>	<u>355,995,955</u>
Shareholders' Equity		
Common stock, par value \$.10 per share		
Authorized: 3,000,000 shares		
Issued and outstanding shares		
1,683,341 in 2006		
and 1,682,401 in 2005	168,334	168,240
Paid-in capital	13,068,045	13,031,573
Retained earnings	32,247,625	29,130,434
Accumulated other comprehensive loss	(2,582,028)	(2,018,069)
Total shareholders' equity	<u>42,901,976</u>	<u>40,312,178</u>
Total liabilities and shareholders' equity	<u>\$405,233,484</u>	<u>\$396,308,133</u>

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended	
	2006	2005
	<i>(unaudited)</i>	
March 31		
Interest & fees on loans	\$ 3,627,916	\$ 3,210,080
Interest & dividends on securities	1,832,302	1,824,027
Total interest and dividend income	5,460,218	5,034,107
Interest expense on deposits	1,337,583	908,019
Interest expense on borrowed funds	828,949	737,584
Total interest expense	2,166,532	1,645,603
Net interest and dividend income	3,293,686	3,388,504
Provision for loan losses	0	90,000
Net interest and dividend income after benefit for loan losses	3,293,686	3,298,504
Trust/Investment services income	485,000	388,365
Gains on sales of available-for-sale securities, net	74,367	485,962
Other non interest income	466,454	514,973
Other non interest expense	2,837,368	3,026,313
Provision for income taxes	335,217	332,925
Net income	<u>\$ 1,146,922</u>	<u>\$ 1,328,566</u>

SELECTED FINANCIAL DATA

	At or for the three months ended March 31		
	2006	2005	2004
	<i>(unaudited)</i>		
Total risk based capital	16.15%	14.78%	17.06%
Tier 1 risk based capital	14.92%	13.58%	15.94%
Leverage ratio	8.68%	7.67%	8.10%
Earnings per average share outstanding	\$.68	\$.79	\$.75

Dividends declared per share Year to Date

