

SALISBURY BANCORP, INC.

AUDIT COMMITTEE CHARTER

Organization

There shall be a committee of the Board of Directors of Salisbury Bancorp, Inc. (the "Corporation") to be known as the Audit Committee. Such Committee shall serve as the Audit Committee for the Corporation and its subsidiaries. The Audit Committee shall be composed of at least three (3) directors.

All Audit Committee members shall be "independent directors" within the meaning of Section 802A of the NYSE Amex Company Guide ("NYSE Amex Rules") and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "1934 Act"), including but not limited to that no member of the Audit Committee may, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board committee, accept directly or indirectly any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries or be an "affiliated person" of the Corporation or any of its subsidiaries.

All members of the Audit Committee shall at the time of their appointment be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. At least one member of the Audit Committee shall be "financially sophisticated," that is, have employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background which results in the individual's financial sophistication, including but not limited to being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

In addition, at least one member of the Audit Committee may be an "Audit Committee Financial Expert" as defined in Item 401(h)(2) of Regulation S-K under the rules and regulations of the Securities and Exchange Commission to mean a person who has the following attributes acquired in the manner specified in Item 401(h)(3): (i) an understanding of generally accepted accounting principles and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities; (iv) an understanding of internal controls and procedures for financial reporting; and (v) an understanding of audit committee functions. In compliance with Item 401(h)(1), the Corporation will disclose whether it has any Audit Committee Financial Experts, and if so, the names(s) of such person(s) and whether they are independent under the NYSE Amex standard for audit committee independence. If at least one member is not an Audit Committee Financial Expert, the Corporation will disclose why it does not consider it necessary to have an Audit Committee Financial Expert.

Statement of Policy

The Audit Committee shall provide assistance to the Board of Directors in fulfilling its responsibility to the shareholders, potential shareholders, and investment community relating to corporate accounting, reporting practices of the Corporation, and the quality and integrity of the financial reports of the Corporation. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the directors, the independent auditors, the internal auditors, and the financial management of the Corporation.

Responsibilities

In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible in order to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting practices of the Corporation are in accordance with all requirements and are of the highest quality.

The Audit Committee in its capacity as a committee of the Board of Directors shall be directly responsible for the appointment, compensation and oversight of the work of any registered public accounting firm employed by the Company (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, and each such accounting firm shall report directly to the Audit Committee.

The Audit Committee is responsible for ensuring its receipt from the Company's independent auditor a formal written statement concerning independence, and that the Committee has discussed with the independent auditor the independent auditor's independence as required by applicable requirements of Public Company Accounting Oversight board (PCAOB).

The Audit Committee shall be responsible for actively engaging in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and for taking or recommending that the full board take appropriate action to oversee the independence of the Company's independent auditor.

The Audit Committee shall meet with the independent auditors and financial management of the Corporation to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof review such audit, including any comments or recommendations of the independent auditors.

The Audit Committee shall review with the independent auditors, the Corporation's internal auditor(s), and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Corporation, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper. Further, the Committee periodically should review company policy statements to determine their adherence to the code of conduct.

The Audit Committee shall review the internal audit function of the Corporation including the independence and authority of its reporting obligations, the proposed audit

plans for the coming year, and the coordination of such plans with the independent auditors.

The Audit Committee shall review summaries of findings from completed internal audits and progress reports on the proposed internal audit plan, with explanations for any deviations from the original plan.

The Audit Committee shall review the financial statements contained in the annual report to shareholders with management and the independent auditors to determine that the independent auditors are satisfied with the disclosure and content of the financial statements to be presented to the shareholders.

The Audit Committee shall review and discuss with management and the independent auditors any changes in accounting principles.

The Audit Committee shall provide sufficient opportunity for the internal and independent auditors to meet with the members of the Audit Committee without members of management present. Among the items to be discussed in these meetings are the independent auditors' evaluation of the Corporation's financial, accounting, and auditing personnel, and the cooperation that the independent auditors received during the course of the audit.

All auditing services and non-audit services, other than those which are subject to the *de minimus* exception of the applicable rules of the Securities and Exchange Commission (the "Commission"), which an auditor provides to the Corporation shall be authorized and pre-approved in advance by the Audit Committee. The Audit Committee must document all non-audit services performed by the auditor which the Audit Committee pre-approves. The Audit Committee may delegate to one or more of its members the authority to grant such required pre-approvals. The decisions of any member to whom authority is delegated to pre-approve an activity requiring pre-approval shall be presented to the full Audit Committee at each of its meetings.

The Audit Committee shall review human resources and succession planning within the accounting, financial reporting and audit functions of the Corporation.

The Audit Committee shall submit the minutes of all meetings of the Audit Committee to, or discuss the matters discussed at each committee meeting with, the Board of Directors.

The Audit Committee shall investigate any matter brought to its attention within the scope of its duties, with the power to engage independent counsel and other advisors as it determines necessary to carry out its duties.

The Audit Committee shall determine the appropriate funding to be provided by the Corporation for payment of compensation to the registered public accounting firm employed by the Corporation for purposes of rendering an audit report and to any advisors employed by the Audit Committee.

The Audit Committee shall have the authority and funding to engage independent counsel and any other advisors as the Audit Committee may determine to be necessary to carry out its duties and responsibilities.

The Audit Committee shall receive, and act upon as appropriate, the disclosures made by the Chief Executive Officer and the Chief Financial Officer concerning internal controls and fraud required by Rule 13a-14 of the 1934 Act.

Reports of the Audit Committee

The Audit Committee shall prepare a report suitable for appropriate disclosure as may be required in the Corporation's annual meeting proxy statement concerning the Audit Committee's review of the Corporation's financial statements and disclosing whether the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Corporation's annual report and addressing such other issues as may be required by the NYSE Amex Rules or the 1934 Act, or the regulations of the Commission promulgated pursuant thereto including Item 7(d)(3) of Regulation 14A of the Commission.

In addition, the Audit Committee shall report to the Board of Directors which will make appropriate disclosures regarding whether each member of the Audit Committee is an "independent director", whether each member is "financially sophisticated" and whether any member is an "Audit Committee Financial Expert" under Item 401(h) of Regulation S-K of the Commission.

Annual Review and Appropriate Disclosure by the Board of Directors of the Charter of the Audit Committee

The Board of Directors will review the charter of the Audit Committee on an annual basis and will cause the Corporation to make appropriate disclosure of and regarding same in accordance with applicable law.

Whistle-blower Procedure

The Audit Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Adopted by the Board of Directors on October 24, 2005.

Last reviewed and approved by the Board of Director's on July 30, 2010.