



Second Quarter Shareholder Report | June 30, 2012

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

Salisbury Bancorp's second quarter operating results reflect continued year-over-year improvement resulting from top line revenue growth and stable operating expenses. Our second quarter 2012 earnings per share of \$0.63 represent a 40.0% increase over second quarter 2011 results. Excluding three non-recurring items, second quarter 2012 earnings were comparable to first quarter 2012, and reflect the continued growth of our core business.

Richard J. Cantele, Jr., President and CEO

Financial Highlights

- Net income available to common shareholders was \$1,069,000, or \$0.63 per common share, for the quarter ended June 30, 2012, compared to \$1,167,000, or \$0.69 per common share, for the quarter ended March 31, 2012, and \$766,000, or \$0.45 per common share, for the quarter ended June 30, 2011.
- Earnings per common share decreased \$0.06, or 8.7%, to \$0.63 versus first quarter 2012, and increased \$0.18, or 40.0%, versus second quarter 2011. Second quarter 2012 results included three non-recurring items: 1) Pension plan curtailment expense of \$341,000 from retiree lump-sum withdrawals, 2) Litigation expense of \$250,000, and 3) Securities gain of \$267,000 from sale of US Treasury bonds to partially offset the two non-recurring expenses.
- Preferred stock dividends declined to \$48,000, versus \$84,000 for first quarter 2012 and \$115,000 for second quarter 2011.
- Tax equivalent net interest income decreased \$10,000, or 0.2%, versus first quarter 2012, and increased \$48,000, or 1.0%, versus second quarter 2011.
- Provision for loan losses was \$180,000, unchanged versus first quarter 2012 and down from \$350,000 for second quarter 2011. Net loan charge-offs were \$138,000, compared to \$90,000 for first quarter 2012 and \$349,000 for second quarter 2011.
- Non-interest income increased \$231,000, or 13.9%, compared to the first quarter 2012 and \$660,000, or 53.7%, versus second quarter 2011. Second quarter 2012 included a \$267,000 securities gain.
- Non-interest expense increased \$526,000, or 11.7%, versus first quarter 2012 and \$594,000, or 13.4%, compared to second quarter 2011. However, second quarter 2012 included non-recurring expenses aggregating \$591,000 consisting of a \$341,000 pension plan curtailment expense and a \$250,000 litigation expense.
- Non-performing assets increased \$0.8 million, or 10.6%, to \$8.4 million, or 1.4% of total assets, at June 30, 2012 compared to March 31, 2012 and decreased \$6.6 million versus June 30, 2011. Accruing loans receivable 30-to-89 days past due decreased \$1.7 million to \$2.5 million, or 0.65% of gross loans receivable, at June 30, 2012 versus March 31, 2012 and increased \$1.3 million versus June 30, 2011.
- Trust and Wealth Advisory revenues decreased \$20,000 versus first quarter 2012 and increased \$139,000 versus second quarter 2011. The year-over-year revenue increase results from growth in managed assets and higher estate fees collected in second quarter 2012.
- Both Salisbury and the Bank's regulatory capital ratios remain in compliance with regulatory "well capitalized" requirements.
- The Board of Directors declared a \$0.28 per common share quarterly cash dividend at their July 27, 2012 meeting. The dividend will be paid on August 31, 2012 to shareholders of record as of August 8, 2012.

Happenings

Company Appoints new Director

David B. Farrell was appointed a Director of the Bank and the Company effective June 29, 2012. Mr. Farrell brings a wealth of experience, having spent more than 30 years in retail and financial services serving in the capacity of CEO and CFO. He is currently the CEO of NAPPI International and CEO and Founder of Farrell & Company, LLC. Mr. Farrell graduated from St. Bonaventure University, NY, and lives with his wife in Sheffield, Massachusetts.

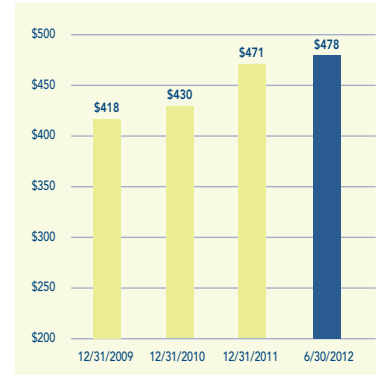
Free Community Shred-It Days Help Protect Customers from Identity Theft

Salisbury Bank hosted two free Community Shred-it Days during the second quarter. The events were open to the public, and were held to help members of the community safely dispose of unwanted personal documents. After material is shredded on site, it is subsequently baled and recycled. This ensures that private information is disposed of safely, and the paper shredding helps save the environment in the process.

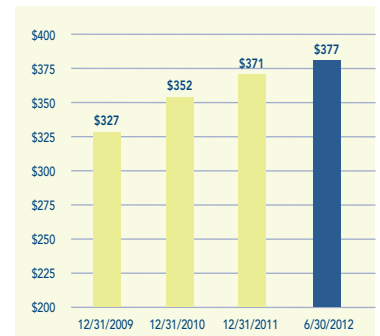
Homeowners Learn about Creating Accessory Apartments

Affordable housing is a critical issue in our market and Salisbury Bank is committed to working with local non-profits to assist families with creative solutions. During the quarter, the Bank partnered with HousingUs to present an informational workshop: "Creating an Apartment in your Home." Participants learned how to turn under-utilized space in their homes into accessory apartments.

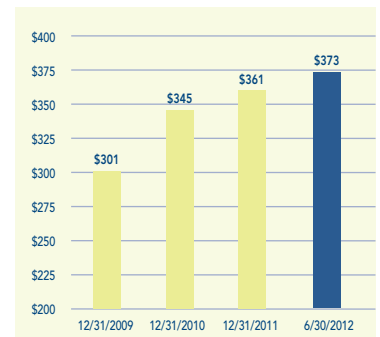
Deposits (in millions)



Loans Receivable, Net (in millions)



Wealth Advisory Assets (in millions)



Common Share Data

At 8/6/12

Closing Price	\$25.50
Market Capitalization	\$42.5 mm
Dividend Yield	4.46%
Common Shares Outstanding	1,689,691
Institutional Ownership	11.08%

About Salisbury Bank

Connecticut state-chartered bank and trust company.

Formed in 1925 by a merger of the Salisbury Savings Society, founded in 1848, and the Robbins Burrall Trust Company founded in 1874.

Provides personal banking, commercial banking and wealth management services.

Eight banking offices serving:

- Litchfield County, CT
- Berkshire County, MA
- Dutchess County, NY

Shareholder Information

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 NYSE AMEX Equities.

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

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

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

Salisbury Bancorp, Inc. and Subsidiary

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

At or for the three month periods ended	06/30/12	03/31/12	12/31/11	09/30/11	06/30/11
Total assets	\$600,857	\$598,950	\$609,284	\$618,958	\$588,315
Loans receivable, net	377,212	371,709	370,766	362,879	364,854
Total securities	141,409	151,666	161,876	157,162	145,492
Deposits	477,910	472,686	471,306	478,591	459,029
FHLBB advances	42,801	43,207	54,615	55,033	55,460
Shareholders' equity	69,126	68,067	66,862	67,387	58,109
Wealth assets under management	372,506	377,259	360,700	332,400	357,200
Non-performing loans	8,409	7,606	8,076	13,911	14,563
Non-performing assets	8,409	7,606	10,820	13,948	15,015
Accruing loans past due 30-89 days	2,459	4,180	2,460	2,398	1,203
Net interest and dividend income	4,687	4,683	4,738	4,623	4,617
Net interest and dividend income, tax equivalent	4,923	4,933	4,993	4,882	4,875
Provision for loan losses	180	180	580	180	350
Non-interest income	1,890	1,659	1,691	1,334	1,230
Non-interest expense	5,026	4,500	4,249	4,535	4,432
Income before income taxes	1,370	1,661	1,600	1,243	1,065
Income tax provision	254	412	352	204	183
Net income	1,116	1,250	1,248	1,039	882
Net income available to common shareholders	1,069	1,167	1,184	810	766
Per share data					
Basic and diluted earnings per common share	\$0.63	\$0.69	\$0.70	\$0.48	\$0.45
Dividends per common share	0.28	0.28	0.28	0.28	0.28
Book value per common share	31.44	30.83	30.12	30.43	29.23
Tangible book value per common share - Non-GAAP	25.09	24.44	23.69	23.97	22.74
Weighted average equivalent common shares outstanding, diluted	1,689	1,689	1,689	1,689	1,689
Common shares outstanding at end of period	1,690	1,689	1,689	1,689	1,689
Profitability ratios					
Net interest margin (tax equivalent)	3.53%	3.52%	3.49%	3.43%	3.56%
Efficiency ratio ¹	66.99	67.17	62.83	70.93	69.43
Non-interest income to operating revenue	25.73	26.02	26.30	22.39	21.04
Effective income tax rate	18.54	24.82	21.99	16.43	17.18
Return on average assets	0.72	0.78	0.77	0.57	0.53
Return on average common shareholders' equity	8.06	9.05	9.21	6.61	6.38
Credit quality ratios					
Net charge-offs to average loans receivable, gross	0.15%	0.10%	0.57%	0.14%	0.38%
Non-performing loans to loans receivable, gross	2.21	2.03	2.16	3.80	3.96
Accruing loans past due 30-89 days to loans receivable, gross	0.64	1.11	0.66	0.65	0.33
Allowance for loan losses to loans receivable, gross	1.10	1.11	1.09	1.10	1.08
Allowance for loan losses to non-performing loans	50.04	54.77	50.47	28.95	27.32
Non-performing assets to total assets	1.40	1.27	1.78	2.25	2.55
Capital ratios					
Common shareholders' equity to assets	8.84%	8.69%	8.35%	8.30%	8.39%
Tangible common shareholders' equity to assets - Non-GAAP	7.18	7.02	6.69	6.66	6.65
Tier 1 leverage capital	9.92	9.69	9.45	9.49	8.45
Total risk-based capital	16.65	16.34	15.97	15.98	13.93

¹ Calculated using SNL's methodology: Noninterest expense before OREO expense, amortization of intangibles, and goodwill impairments as a percent of net interest income (fully taxable equivalent) and noninterest revenues, excluding gains from securities transactions and nonrecurring pension plan curtailment and litigation expenses.