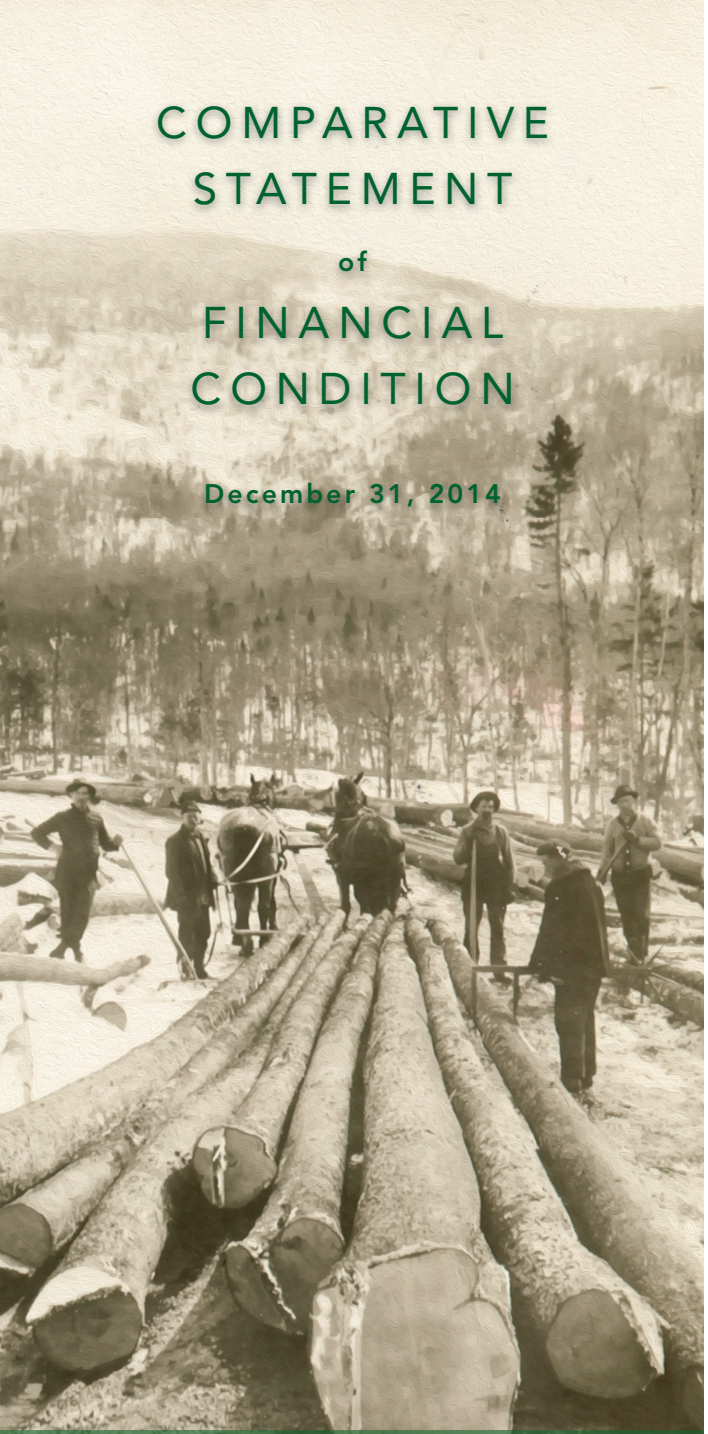
COMPARATIVE STATEMENT of FINANCIAL CONDITION

December 31, 2014



FIRST COLEBROOK BANCORP, INC.

Dear Shareholder:

I am pleased to report our financial results (unaudited) for 2014. Net Income before preferred dividends was $1,581,910 for the twelve months ending December 31, 2014 compared to $1,247,640 the prior year, an increase of $334,270, or 26.79%. Earnings per common share were $2.00 in 2014 up from $1.55 in 2013.

In 2014, net interest income before provision for loan losses was $8,317,869, up slightly from the prior year's $8,314,429. The net interest margin in 2014 was 3.29%, down from 3.35% in 2013. Interest and fees on loans were 3.1% lower than 2013. The low rate environment caused existing and new loans to price at lower rates. Commercial loan volume increased while residential lending decreased. Plans are underway to address residential lending in 2015.

While investments were down at year end, the average throughout the year was higher than 2013 resulting in higher income of $111,267. In December 2014 several investments were sold resulting in security gains that helped improve net income. Total deposits decreased 1.6% to $220 million at year-end 2014 compared to $223 million at year end 2013. The lower balances in deposits resulting in lower interest expense helped to offset the reduction in interest income. With the changes in investments and loans, total assets decreased 2% from 2013.

In 2014, non-interest income was $1,476,233, an improvement of $151,943, from $1,324,290 in 2013 as a result of higher gains on the sale of securities. Also contributing to the growth of net income was a reduced provision to the loan loss reserve due to improving credit quality. Non-interest expense increased modestly compared to 2013.

Although asset growth did not occur in 2014, it was another year of improved earnings and we were able to increase our dividend. We are taking steps to improve growth and we expect 2015 to see that occur. On behalf of our directors, officers, and employees we appreciate your investment in First Colebrook Bancorp and we are committed to enhancing shareholder value. Please do not hesitate to contact me at 603-237-7026 or ldollins@firstcolebrookbank.com if you have any questions or comments.

Sincerely,

Loyd W. Dollins
President and Chief Executive Officer

First Colebrook Bancorp, Inc.

BOARD OF DIRECTORS

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Jonathan S. Frizzell
Sharon B. Lane
Jon R. Lang
John E. Lyons, Jr.
James E. Tibbetts

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John J. Pratt, Jr. *Executive Vice President/Chief Operating Officer*
Avis E. Brosseau *SVP/Finance*
Susan K. Robidas *SVP/Operations/Security/Safety Officer*
Robert A. Davis *SVP/Sr. Commercial Loan Officer*

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Ernest Carrier
Daryl Kent
Jonathan Springer

Consolidated Balance Sheets

ASSETS	DECEMBER 31 2014	2013
Cash and due from banks	$8,703,007	$8,101,857
Federal funds sold and overnight deposits	247,958	59,426
	8,950,964	8,161,283
Interest-bearing time deposits with other banks	6,959,000	11,380,000
Investments in available-for-sale securities (at fair value)	40,003,324	45,825,268
Federal Home Loan Bank stock, at cost	751,100	712,900
Loans, net	189,589,802	185,691,217
Premises and equipment, net	4,945,206	4,412,198
Accrued interest receivable	661,845	680,693
Cash surrender value of life insurance policies	3,754,587	3,645,081
Other assets	3,241,275	3,656,340
TOTAL ASSETS	$258,857,105	$264,164,980
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	40,907,216	38,681,779
Interest-bearing	179,036,037	184,724,940
TOTAL DEPOSITS	219,943,254	223,406,719
Borrowings	7,000,000	11,000,000
Securities sold under agreements to repurchase	1,539,547	1,344,539
Other liabilities	1,831,789	1,678,506
TOTAL LIABILITIES	230,314,590	237,429,764
Stockholders' equity:		
Preferred stock	86	86
Common stock	1,132,461	1,120,956
Paid-in capital	11,957,205	11,923,712
Retained earnings	15,635,939	14,522,904
Treasury stock, at cost	-	-
Accumulated other comprehensive income	(183,176)	(832,442)
TOTAL STOCKHOLDERS' EQUITY	28,542,515	26,735,216
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$258,857,105	$264,164,980

Consolidated Statements of Income

TWELVE MONTHS ENDING	DECEMBER 31 2014	2013
Interest and dividend income:		
Interest and fees on loans	$8,582,439	$8,853,143
Taxable Interest on Investments	464,451	461,008
Tax-exempt Interest on Investments	407,057	354,022
Dividends on stocks	40,196	31,729
Interest on federal funds sold and overnight deposits	68,931	22,508
TOTAL INTEREST AND DIVIDEND INCOME	9,563,074	9,722,410
Interest expense:		
Interest on deposits	1,152,628	1,305,416
Interest on Borrowings	89,530	99,025
Interest on capital lease	1,801	2,433
Interest on securities sold under repurchase agreements	1,246	1,107
TOTAL INTEREST EXPENSE	1,245,205	1,407,981
NET INTEREST AND DIVIDEND INCOME	8,317,869	8,314,429
Provision for loan losses	-	288,990
Net interest and dividend income after provision for loan losses	8,317,869	8,025,439
Noninterest income:		
Service fees	519,051	540,546
Gain on sales and calls of available-for-sale securities, net	481,023	118,023
Other income	476,159	665,721
TOTAL NONINTEREST INCOME	1,476,233	1,324,290
Noninterest expense:		
Salaries and employee benefits, net	3,844,344	3,878,362
Occupancy expense	794,769	770,017
Equipment expense	308,487	287,877
Other noninterest expense	2,755,571	2,672,295
TOTAL NONINTEREST EXPENSE	7,703,171	7,608,551
INCOME BEFORE INCOME TAXES	2,090,931	1,741,178
Income tax expense:	509,021	493,538
NET INCOME	$1,581,910	$1,247,640
Earnings per share of Common Stock	$2.00	$1.55

For further information, contact Avis Brosseau,
Senior Vice President – Finance

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For shareholder services contact the
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Market: **OTCQX**

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