

FIRST COLEBROOK BANCORP, INC.

COMPARATIVE STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2015

GraniteBank

To Our Shareholders:

We are pleased to report that total assets increased in 2015 by $4.4 million to $263.2 million. Our loan portfolio increased by $8.3 million to $197.9 million. We believe this performance is due to the addition of well known and experienced bankers to our lending staff and to some extent the improving economic conditions in our principal markets. Deposits also increased in 2015 primarily in non interest bearing accounts which grew by $6.7 million to $47.6 million.

Net Income before preferred dividends was $1,072,508 for the twelve months ending December 31, 2015 compared to $1,581,910 the prior year. This decrease was attributable to several factors including a significant rebranding expenditure as a result of the name change of our subsidiary bank and a reduction in the amount of gains on sale of securities from 2014.

In 2015, net interest income before provision for loan losses was $8,404,225, up slightly from the prior year's $8,317,869. Total Interest and Dividend income was $9,454,484 compared to $9,563,074 in 2014, a slight decrease of 1.14%. The decline in Interest and Dividend income was due to a lower earning asset yield of 3.75% vs. 3.80% in 2014. The prolonged low interest rate environment continued to erode yields on earning assets. However, our net interest margin was 3.33%, which was a modest increase from 3.29% in 2014. This margin improvement was due to lower interest cost and an increase in the level of non interest bearing deposits.

Total Common Shareholders' Equity increased in 2015 by $700,333. Book Value per share increased by $.93 to $27.52 per share.

In addition to the name change, Granite Bank acquired a payroll processing company in 2015 which is a valued addition to our line of services for small businesses. We are marketing this new service to all of our existing business customers and non customers. We believe it will be well received in our markets and will provide an additional source of non interest revenue.

On behalf of our directors, officers, and employees we appreciate your investment in First Colebrook Bancorp, Inc. Please do not hesitate to contact me at 603-237-7026 or ldollins@granitebank.com if you have any questions or comments.

Sincerely,

Loyd W. Dollins
President and Chief Executive Officer

First Colebrook Bancorp, Inc.

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Consolidated Balance Sheets

Unaudited

ASSETS	DECEMBER 31 2015	2014
Cash and due from banks	$6,052,351	$8,703,007
Federal funds sold and overnight deposits	402,140	247,958
	6,454,491	8,950,964
Interest-bearing time deposits with other banks	7,219,000	6,959,000
Investments in available-for-sale securities (at fair value)	38,145,458	40,003,324
Federal Home Loan Bank stock, at cost	624,000	751,100
Loans, net	197,957,792	189,589,802
Premises and equipment, net	4,817,688	4,945,206
Accrued interest receivable	702,341	661,845
Cash surrender value of life insurance policies	3,847,195	3,754,587
Other assets	3,486,109	3,241,275
TOTAL ASSETS	$263,254,074	$258,857,105
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	47,650,018	40,907,216
Interest-bearing	175,791,697	179,036,037
TOTAL DEPOSITS	223,441,715	219,943,254
Borrowings	7,000,000	7,000,000
Securities sold under agreements to repurchase	1,697,078	1,539,547
Other liabilities	1,872,433	1,831,789
TOTAL LIABILITIES	234,011,226	230,314,590
Stockholders' equity:		
Preferred stock	86	86
Common stock	1,123,864	1,132,461
Paid-in capital	11,957,296	11,957,205
Retained earnings	16,256,102	15,635,939
Treasury stock, at cost	-	-
Accumulated other comprehensive income	(94,500)	(183,176)
TOTAL STOCKHOLDERS' EQUITY	29,242,848	28,542,515
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$263,254,074	$258,857,105

FIRST COLEBROOK BANCORP, INC.

Consolidated Statements of Income

Unaudited

TWELVE MONTHS ENDING	DECEMBER 31 2015	2014
Interest and dividend income:		
Interest and fees on loans	$8,551,756	$8,582,439
Taxable Interest on Investments	352,715	464,451
Tax-exempt Interest on Investments	431,031	407,057
Dividends on stocks	109,889	40,196
Interest on federal funds sold and overnight deposits	9,093	68,931
TOTAL INTEREST AND DIVIDEND INCOME	9,454,484	9,563,074
Interest expense:		
Interest on deposits	971,104	1,152,628
Interest on borrowings	76,718	89,530
Interest on capital lease	1,127	1,801
Interest on securities sold under repurchase agreements	1,310	1,246
TOTAL INTEREST EXPENSE	1,050,259	1,245,205
NET INTEREST AND DIVIDEND INCOME	8,404,225	8,317,869
Provision for loan losses	30,000	-
Net interest and dividend income after provision for loan losses	8,374,225	8,317,869
Noninterest income:		
Service fees	525,085	519,051
Gain on sales and calls of available-for-sale securities, net	11,696	481,023
Other income	557,534	476,159
TOTAL NONINTEREST INCOME	1,094,315	1,476,233
Noninterest expense:		
Salaries and employee benefits, net	4,042,859	3,844,344
Occupancy expense	839,760	794,769
Equipment expense	354,118	308,487
Other noninterest expense	2,837,911	2,755,571
TOTAL NONINTEREST EXPENSE	8,074,648	7,703,171
INCOME BEFORE INCOME TAXES	1,393,892	2,090,931
Income tax expense:	321,384	509,021
NET INCOME	$1,072,508	$1,581,910
Earnings per share of Common Stock	$1.32	$2.00

For further information, contact:
Avis E. Brosseau, SVP/Finance
abrosseau@granitebank.com | 603-237-7016

For shareholder services, contact:
ComputerShare, Registrar and Transfer Agent
www.computershare.com
web.queries@computershare.com | 800-368-5948

Ticker Symbol: FCNH
Market: OTCQX

GraniteBank.com

1.888.225.1782

COLEBROOK
132 Main Street
603.237.5551

CONCORD
100 Loudon Road
603.228.1300

AMHERST
69 Route 101A
603.673.1440

PORTSMOUTH
2400 Lafayette Road
603.436.2324

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