Helping New Hampshire Prosper



FIRST COLEBROOK BANCORP, INC.

COMPARATIVE STATEMENT OF FINANCIAL CONDITION

June 30, 2016

GraniteBank 1889

To Our Shareholders:

First Colebrook Bancorp, Inc.'s (FCNH) consolidated unaudited financial results for the six months ended June 30, 2016 report a 2.4% increase in total assets to $270.7 million from $264.4 million for the quarter ended June 30, 2015. Net investments as of June 30, 2016 decreased $19.5 million from a year ago, in large part due to a recent sale of securities yet to be reinvested. Net loans at June 30, 2016 increased to $200.5 million, a 1.27% increase over the $198.0 million on June 30, 2015. Deposits increased by 1.35% to $227.9 million over the same period in 2015.

Consolidated unaudited net income for the six months ended June 30, 2016 was $465,170 compared to $495,028 for the June 2015 ended quarter. Net interest income in the first six months was consistent with the first six months 2015 at $4.1 million. Non-interest income increased to $936,053 from $523,019 as a result of the security gains of $345,355 received from the recent sale of investments. Non-interest expense increased to $4.37 million from $3.99 million for six months ended June 30, 2016 and June 30, 2015, respectively. The largest increase in non-interest expense was seen in net salaries and benefits. In anticipation of future loan growth and other initiatives, the Company has increased staffing accordingly. During the first six months 2016, a provision of $100,000 was made to the Allowance for Loan Losses to accommodate this loan growth.

Net income per share of common stock decreased to $.48 compared to $.60 in June 2015. Common shareholder equity (total equity less issued preferred stock) increased to $21,040,086 from $19,912,561 which increased book value per share of common stock to $28.08 at June 30, 2016 from $26.58 per share a year earlier.

As always, we appreciate your support and if you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Loyd W. Dollins
President and Chief Executive Officer

First Colebrook Bancorp, Inc.

BOARD OF DIRECTORS

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Judith E. Dalton
Loyd W. Dollins
Jonathan S. Frizzell
Sharon B. Lane
Jon R. Lang
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James E. Tibbetts

Granite Bank

SENIOR MANAGEMENT

Loyd W. Dollins *Chief Executive Officer/President*
Scott A. Cooper *Executive Vice President/Chief Operating Officer*
Avis E. Brosseau *Chief Financial Officer/Corporate Secretary*
Robert A. Davis *Senior Vice President/Senior Lender*
Susan K. Robidas *Senior Vice President/Operations/Security & Safety*

ADVISORY BOARD

Amherst

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Daryl Kent
Michelle Kurtz
Alec McEachern
Timothy Phoenix
William Powers
Jonathan Springer
Eric Weinreib
Peter Weeks

Consolidated Balance Sheets

Unaudited

ASSETS	JUNE 30 2016	2015
Cash and due from banks	$25,854,536	$4,933,936
Federal funds sold and overnight deposits	939,419	112,934
	26,793,955	5,046,870
Interest-bearing time deposits with other banks	7,967,000	6,458,000
Investments in available-for-sale securities (at fair value)	21,765,936	41,245,946
Federal Home Loan Bank stock, at cost	821,900	751,100
Loans, net	200,457,603	197,950,555
Premises and equipment, net	4,837,850	4,958,508
Accrued interest receivable	485,175	720,012
Cash surrender value of life insurance policies	3,901,966	3,796,092
Other assets	3,636,282	3,468,658
TOTAL ASSETS	$270,667,667	$264,395,741
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	46,444,633	48,704,067
Interest-bearing	181,411,571	176,107,714
TOTAL DEPOSITS	227,856,204	224,811,781
Borrowings	11,000,000	8,000,000
Subordinated Debenture	4,870,190	-
Securities sold under agreements to repurchase	792,546	1,245,873
Other liabilities	1,485,641	1,802,526
TOTAL LIABILITIES	246,004,581	235,860,180
Stockholders' equity:		
Preferred stock	36	86
Common stock	1,123,864	1,123,864
Paid-in capital	6,957,347	11,957,297
Retained earnings	16,474,889	15,909,045
Treasury stock, at cost	-	-
Accumulated other comprehensive income	106,950	(454,731)
TOTAL STOCKHOLDERS' EQUITY	24,663,086	28,535,561
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$270,667,667	$264,395,741

FIRST COLEBROOK BANCORP, INC.

Consolidated Statements of Income

Unaudited

SIX MONTHS ENDING	JUNE 30 2016	2015
Interest and dividend income:		
Interest and fees on loans	$4,304,391	$4,187,631
Taxable Interest on Investments	153,349	187,604
Tax-exempt Interest on Investments	204,663	214,233
Dividends on stocks	56,494	16,709
Interest on federal funds sold and overnight deposits	349	43,789
TOTAL INTEREST AND DIVIDEND INCOME	4,719,246	4,649,966
Interest expense:		
Interest on deposits	447,635	507,394
Interest on borrowings	163,554	36,892
Interest on capital lease	171	650
Interest on securities sold under repurchase agreements	556	620
TOTAL INTEREST EXPENSE	611,916	545,556
NET INTEREST AND DIVIDEND INCOME	4,107,330	4,104,410
Provision for loan losses	100,000	-
Net interest and dividend income after provision for loan losses	4,007,330	4,104,410
Noninterest income:		
Service fees	219,220	257,942
Gain on sales and calls of available-for-sale securities, net	409,455	1,499
Other income	307,378	263,578
TOTAL NONINTEREST INCOME	936,053	523,019
Noninterest expense:		
Salaries and employee benefits, net	2,376,436	1,921,456
Occupancy expense	399,948	438,567
Equipment expense	208,491	175,865
Other noninterest expense	1,382,040	1,455,780
TOTAL NONINTEREST EXPENSE	4,366,915	3,991,668
INCOME BEFORE INCOME TAXES	576,468	635,761
Income tax expense:	111,298	140,733
NET INCOME	$465,170	$495,028
Earnings per share of Common Stock	$0.48	$0.60

For further information, contact:
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