

FIRST COLEBROOK BANCORP, INC

Board of Directors:

Malcolm R. Washburn - Chairman
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Jonathan S. Frizzell
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Jon R. Lang
John E. Lyons, Jr.
James E. Tibbetts

Senior Officers - First Colebrook Bank:

Lloyd W. Dollins - President and Chief Executive Officer
John J. Pratt, Jr. - Executive Vice President
Peter H. Winship - Chief Financial Officer/Treasurer
Susan K. Robidas - SVP/Operations/Security/Safety
Avis E. Brosseau - SVP/Chief Credit Administration Officer

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Jack Bronnenberg
Witmer Jones
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Jack Porter
Stephen Robinson

Amherst Advisory Board:

Roger Chappell
Linda Jacobson
Ryan Hanson
Christopher Rogers
Bob Sager
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Portsmouth Advisory Board:

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Paul Careno
Shelly Cross
Richard Donhauser
Nick Genimatas
Michelle Kurtz
Alec McEachern
William Powers
Maureen Sullivan
Eric Weinreib

For further information contact
Peter Winship, CFO at:

pwinship@firstcolebrookbank.com

For shareholder services contact
the Registrar and Transfer Company:

www.rtc.com

Ticker symbol: FCNH
Market: OTCBB

Colebrook Office:
132 Main Street
Colebrook, NH 03576

Concord Branch:
100 Loudon Road
Concord, NH 03301

Amherst/Milford Branch:
69 Route 101 A
Amherst, NH 03031

Portsmouth Branch:
2400 Lafayette Road
Portsmouth, NH 03801

Toll Free: 1-888-225-1782
24 Hour Tele-Banking: 1-877-346-6673

www.FirstColebrookBank.com



COMPARATIVE STATEMENT - of - FINANCIAL CONDITION

September 30, 2013



Dear Shareholder:

Consolidated (unaudited) financial results for the nine months ending September 30, 2013 reflect continued improvement in operating performance over the same period in 2012. Net income before preferred dividends through September 30, 2013 was \$1,009,919, compared to \$941,320 in 2012, a 7.2% increase. On a per share basis, fully diluted net income increased to \$1.26 per share from \$1.07 per share a year earlier.

Improved net income was realized despite a reduction of net interest income. The effects of persistent low interest rates continue to erode asset yields and interest margins. Net interest income declined to \$6,247,050 through September 30 compared to \$6,456,327 over the same nine months in 2012. Contributing to the reported increase of net income was a reduction in the provision to the loan loss reserve and reduced operating expenses. Improved credit conditions allowed for a \$152,554 reduction in the provision, while operating expenses were reduced by \$256,425 from 2012.

Loans and Deposits both increased from a year earlier. Loans increased 1.3% to \$180,336,170 on September 30, 2013. Our analysis indicates that the modest loan growth so far this year is a result of some of our business customers' reduced use of established credit facilities and a general moderating of commercial and consumer loan demand. Deposits at September 30, 2013 were \$224,903,706 which was a 6.0% increase over the \$212,104,643 reported a year earlier.

Looking ahead, it is very difficult to predict how the economy will perform. Key measures monitored by the Federal Reserve, such as employment and inflation, have not yet led to a change in monetary policy. For the foreseeable future we expect interest rates to remain low, credit demands to be modest, and overall business and consumer confidence to reflect uncertainty.

We appreciate your ongoing support and loyalty. Many of our shareholders are our best customers, and for that we thank you very much.



Sincerely,

Loyd W. Dollins, President & CEO

FIRST COLEBROOK BANCORP, INC AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET

	Unaudited	
	September 30	
	2013	2012
ASSETS		
Cash and due from banks	\$ 18,564,869	\$ 13,962,803
Federal funds sold and overnight deposits	24,667	62,414
Cash and cash equivalents	18,589,536	14,025,217
Interest-bearing time deposits with other banks	10,405,000	7,763,000
Investments in available-for-sale securities (at fair value)	41,483,645	33,663,088
Federal Home Loan Bank stock, at cost	632,900	652,400
Loans, net	180,336,170	177,998,181
Premises and equipment, net	4,419,391	4,730,434
Accrued interest receivable	594,248	755,017
Cash surrender value of life insurance policies	3,616,735	3,504,948
Other assets	3,777,507	4,310,919
Total Assets	\$ 263,855,507	\$ 247,403,204
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	37,652,032	35,461,429
Interest-bearing	187,251,674	176,643,214
Total deposits	224,903,706	212,104,643
Borrowings	9,000,000	4,000,000
Securities sold under agreements to repurchase	1,232,514	2,307,447
Other liabilities	1,955,686	1,903,329
Total liabilities	237,091,906	220,315,419
Stockholders' equity:		
Preferred stock	86	86
Common stock	1,129,596	1,129,596
Paid-in capital	12,008,385	12,008,385
Retained earnings	14,491,485	13,632,901
Treasury stock, at cost	(179,040)	(179,040)
Accumulated other comprehensive income	(686,911)	495,857
Total stockholders' equity	26,763,601	27,087,785
Total liabilities and stockholders' equity	\$ 263,855,507	\$ 247,403,204

FIRST COLEBROOK BANCORP, INC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Unaudited	
	Nine Months Ended September 30	
	2013	2012
Interest and dividend income:		
Interest and fees on loans	\$ 6,707,300	\$ 7,053,232
Taxable Interest on Investments	299,876	334,019
Tax-exempt Interest on Investments	268,650	284,274
Dividends on stocks	24,011	23,457
Interest on federal funds sold and overnight deposits	14,401	9,411
Total interest and dividend income	7,314,238	7,704,393
Interest expense:		
Interest on deposits	990,769	1,166,338
Interest on Borrowings	73,778	76,944
Interest on capital lease	1,883	2,323
Interest on securities sold under repurchase agreements	758	2,461
Total interest expense	1,067,188	1,248,066
Net interest and dividend income	6,247,050	6,456,327
Provision for loan losses	288,646	441,200
Net interest and dividend income after provision for loan losses	5,958,404	6,015,127
Noninterest income:		
Service fees	397,008	363,341
Gain on sales and calls of available-for-sale securities, net	119,739	184,062
Other income	542,194	579,957
Total noninterest income	1,058,941	1,127,360
Noninterest expense:		
Salaries and employee benefits, net	2,910,772	2,905,098
Occupancy expense	534,098	677,575
Equipment expense	217,693	232,547
Other noninterest expense	1,961,500	2,065,268
Total noninterest expense	5,624,063	5,880,488
Income before income taxes	1,393,282	1,261,999
Income tax expense	383,363	320,679
Net income	\$ 1,009,919	\$ 941,320
Earnings per share of Common Stock	\$ 1.26	\$ 1.07