



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Colebrook Bank/First Colebrook Bancorp

Person to be contacted regarding this report:	Peter H. Winship
UST Sequence Number:	661
CPP Funds Received:	4,500,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	3/20/2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	1132636
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	6212
City:	Colebrook
State:	New Hampshire

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Total loans outstanding increased 3.70% or \$5,863,114 from 3/20/09 through 12/31/09. This represented 514 new loan originations. This was accomplished in a market where there was substantial contraction in overall bank loans.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Business loans increased 4.88% or by \$5,373,316 outstanding. Of this amount SBA loans increased \$4,150,404. First Colebrook Bank was named 2009 SBA Top Lender-7(a) program in NH. Residential mortgage loans increased 1.81% or \$777,258.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Mortgage Backed Securities outstanding increased 10.5% or \$400,000 between 3/31/09 and 12/31/09.

<input checked="" type="checkbox"/>	Make other investments	Other investments increased 1.6% or \$1,822,513. In addition, we opened our 4th branch location and made an investment of \$1,500,000 in property improvements, and equipment.
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Reserves for loan losses increased \$154,000.
<input checked="" type="checkbox"/>	Reduce borrowings	Borrowings reduced by \$5,012,000.
<input checked="" type="checkbox"/>	Increase charge-offs	Charge-offs were \$1,255,000 during the period from 3/20/09 to 12/31/09.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Capital Ratios for First Colebrook Bank increased between 12/31/08 and 12/31/09 as follows: Tier One Leverage from 6.92% to 8.00%; Tier One RBC from 8.51% to 9.99 ; Total RBC from 9.76% to 11.25%

What actions were you able to avoid because of the capital infusion of CPP funds?

First Colebrook Bank was able to avoid contraction in our lending to small businesses and residential loan customers. This allowed the bank to differentiate ourselves from the very large banks by highlighting our record of supporting the small businesses and consumers in our markets during the economic crisis.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

We were able to increase our employment by 4FTE or a 6% increase in total FTE employed. We were able to continue our practice of providing financial support to small businesses, community non-profits and development organizations. Our active involvement in our markets gave our personnel opportunities to excel. For example, Vice President of Commercial Lending James Pratt was awarded the Small Business Administration's Financial Service Champion of the Year Award for 2009.

We opened our 4th bank branch in Portsmouth in August 2009. The added CPP capital provided the cushion needed to make this investment in a new market area.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

We were able to serve our community and to respond to the criticism of our political leaders and the news media that: 1) our bank wa