PRESS RELEASE

American Banker Names Katahdin Trust Company A Top 200 Bank for Seventh Consecutive Year

(HOULTON, ME. May 28, 2013) - *American Banker* magazine has named Katahdin Bankshares Corp. **(OTCQB:KTHN),** parent company of Katahdin Trust Company a Top 200 Community Bank in the United States, for a seventh consecutive year.

Jon Prescott, President and Chief Executive Officer of Katahdin Trust Company, was quick to express his appreciation for the recognition, noting, "This acknowledgement and rating is significant to us in two ways. First, not only have we been identified as one of the Top 200 community banks in the country, but secondly, we have been consistent in our performance to have earned this honor for seven straight years."

The rating was based on the Bank's three-year average Return on Equity (ROE). The ratio is utilized in the banking industry to measures a bank's ability to create profits based on its equity. The review included public banks and thrifts with less than two billion in total assets as of Dec. 31, 2012.

"Our brand of banking is embraced by customers across northern and central Maine and the daily operation of Katahdin Trust Company will continue down the path we have followed for over 95 years," Prescott added. "We believe that financial strength and stability are equally important to the management of our assets and that our shareholders and customers will be well-served by our continued diligence."

Katahdin Trust Company, established in 1918 with nearly $585 million in assets, provides banking services to individuals and businesses from seventeen offices in northern and central Maine, online at katahdintrust.com, and operates a commercial loan office in Scarborough. Stock is quoted on the OTC Markets quote board OTCQB under the symbol KTHN. Current stock information can be found at otcmarkets.com.

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