



## NEWS RELEASE

### **Katahdin Bankshares reports nine month earnings**

For Release: October 20, 2010 at 4:00 p.m.

*Houlton, Maine.* Katahdin Bankshares Corp. (OTCBB:KTHN) parent company of Katahdin Trust Company, today announced earnings through September 30th of \$3,596,000 before preferred stock dividends, an increase of 28.8% over the same period last year. “We are pleased with our nine month performance and anticipate our finish to the year to be a solid one,” said Jon J. Prescott President & CEO of Katahdin Trust Company. Third quarter net income of \$1,133,000, before stock dividends, was up 11.7% over 2009’s. Prescott attributed a large part of the Bank’s increased earnings to strong operating performance which was the result of both loan growth and an increase in net interest spread.

Total loans at \$399,584,000 represented an increase of \$14.2 million over the third quarter of 2009. Deposits at \$386,028,000 were up slightly over the prior year.

Total assets for the end of the quarter were \$498,243,000, an increase of \$5.8 million over the prior year.

Prescott also stated that the Bank had opened its 15<sup>th</sup> branch location at 609 Broadway, Bangor in August and construction would begin for a branch office on Western Avenue, Hampden in late October with a targeted completion date of mid-2011.

The Company issued a second quarter cash dividend of \$.082 per share which was paid on September 27, 2010.

Katahdin Bankshares Corp. stock is quoted on the Over-the-Counter Bulletin Board (OTCBB) under the symbol KTHN. Current stock information can be found on the OTCBB website at [www.otcbb.com](http://www.otcbb.com). Katahdin Bankshares Corp. recently received recognition by U.S. Banker magazine, for the 4<sup>th</sup> consecutive year, as one of the top 200 community banks in the country.

Established in 1918, Katahdin Trust Company provides banking services to individuals and businesses from 15 offices in central and northern Maine, online at [www.katahdintrust.com](http://www.katahdintrust.com), and operates commercial loan offices in Bangor and Scarborough.

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