

# DEAR FELLOW SHAREHOLDERS,

This quarter, I am pleased to share that our Company had a strong financial start to the year, a reflection of the hard work and strategic efforts of our entire team. Every milestone we achieve is a testament to the dedication and passion of our employees.

## First Quarter Financial Results

Net income for the first quarter totaled \$2,380,000, an increase of \$625,000 or 35.6% over the previous quarter, and a 16.5% increase over the first quarter of 2024. When looking closer at operating earnings, pre-tax, pre-provision (PTPP) net income reached \$2,894,000 in the first quarter, exceeding the previous quarter by \$169,000 or 6.2%, and the first quarter of 2024 by \$550,000 or 23.5%.

Net interest income reached \$9,174,000 for the quarter, representing growth over both the last quarter and the same period last year with increased assets and a wider margin. Non-interest income reached \$1,528,000 for the quarter. Non-interest expense totaled \$7,808,000 for the quarter, reflecting rising salary and benefits costs, including a substantial rise in health insurance premiums for staff. Due to a service contract restructuring, both non-interest income and non-interest expense rose during the first quarter, providing a pre-tax one-time net benefit of \$144,000.

On the balance sheet, total assets reached \$1,080,675,000, a \$54,526,000 increase over the same period in 2024. Total loans year over year increased \$55,494,000, almost 7%. Compared to last quarter, loans grew \$28,534,000 or 3.5%. While there appears to be some pullback among commercial borrowers, lending is steady, and we feel that our growth goals for the year are achievable and at favorable rates for our balance sheet. Asset quality remains solid.

Deposits grew \$50,838,000 year over year, with \$39,147,000 from local customers and the remaining from wholesale funding. We continue to prioritize deposit growth and have seen very good results as new customer balances over the last year have accounted for a good portion of this year's growth numbers. Borrowings are modest at \$30,000,000 at the end of March 31, 2025.

Shareholders' equity remains strong at \$94,643,000. Tangible book value was \$28.03 on March 31, 2025. Your board increased the shareholder dividend by 15.7% over the same period in 2024, for a total of \$0.2025 per share during the first quarter. This increase is followed by a 15.1% increase in 2024, resulting in a five-year compound annual growth rate of 11.3%. Bankshares continues to provide shareholder liquidity through our stock buyback program, purchasing 11,147 shares during the first quarter at an average price per share of \$23.60. More information regarding the program can be found on our website.

In summary, we remain cautiously optimistic about the future and are positioned to benefit from opportunities that arise. Capital is strong and growing; our team is talented and committed. We have clear strategic goals and stay devoted to being a local community bank that serves our customers and rewards our shareholders.

## Employee Spotlight

In January, we were pleased to welcome back **Scott Dillon**, who has rejoined the Katahdin Trust team in Scarborough as Vice President, Managed Assets Officer. Scott worked for us from 2011 to 2019, most recently as President of Maine Financial Group – a Katahdin Trust Company affiliate specializing in heavy equipment financing.

Congratulations to **Jennifer Cadigan** on her promotion to Branch Manager and Community Banking Officer of our Caribou and Van Buren branches. Jennifer assumed her new duties in February following the retirement of **Peggy Smith**, who dedicated 44 years to the financial services industry, with 25 of those years spent with Katahdin Trust.

In February, we also celebrated the retirement of two officers, **Pam Ward** and **William Lucy**. Pam retired after 13 years with Katahdin Trust and most recently served as Vice President, Credit Control. Bill spent eight years on our Senior Management Team before transitioning to a part-time role as Vice President, Managed Assets, and recently, after nine years with us and 40 years in banking, he has retired.

*Continued on inside*

# SHAREHOLDER INFORMATION

## SHAREHOLDER RELATIONS

Katahdin Bankshares Corp. and Katahdin Trust Company welcome shareholder and public interest in our services and activities. Questions or comments pertaining to this report and requests for other information should be directed to:

Matthew M. Nightingale  
Executive Vice President, Treasurer & CFO  
PO Box 36 | Houlton, ME 04730  
(207) 521-3200  
m.nightingale@katahdintrust.com

## STOCK

Katahdin Bankshares Corp. stock is quoted on the OTC Markets quote board OTCQX under the symbol KTHN. Current stock information can be found at:  
[www.otcm Markets.com/stock/KTHN/quote](http://www.otcm Markets.com/stock/KTHN/quote)

## TRANSFER AGENT

For shareholder inquiries regarding change of address or title, please contact:

Computershare Trust Company, N.A.  
Regular Mail:  
PO Box 43006 | Providence, RI 02940-3006

Overnight Delivery:  
150 Royall St., Suite 101 | Canton, MA 02021

1-800-368-5948 (U.S. or Canada)  
1-781-575-4223 (outside the U.S. or Canada)  
[www.computershare.com/investor](http://www.computershare.com/investor)

## DIRECT STOCK PURCHASE AND DIVIDEND REINVESTMENT PLAN

Katahdin's transfer agent, Computershare Trust Company, N.A. ("Computershare"), sponsors and administers the Computershare Investment Plan (CIP) for Katahdin Bankshares Corp. Common Stock. This plan offers direct stock purchase and dividend reinvestment options and is available to current Katahdin Bankshares Corp. shareholders as well as new investors. For more information, you may contact Computershare.



# 2025

## FIRST QUARTER



[KatahdinTrust.com](http://KatahdinTrust.com)

MEMBER FDIC EQUAL HOUSING LENDER

# KATAHDIN BANKSHARES CORP.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

## CONSOLIDATED STATEMENT OF CONDITION

(UNAUDITED)

	Mar 31, 2025	Dec 31, 2024	Mar 31, 2024
<b>ASSETS</b>			
Cash & Due from Banks	\$ 20,635	\$ 50,903	\$ 23,273
Investments	155,591	151,767	150,797
Total Loans	853,086	824,552	797,592
Allowance for Credit Losses	(8,523)	(8,298)	(7,895)
Fixed Assets	16,942	17,162	17,178
Other Assets	42,944	44,228	45,204
<b>Total Assets</b>	<b>\$1,080,675</b>	<b>\$1,080,314</b>	<b>\$1,026,149</b>
<b>LIABILITIES</b>			
Deposits	\$ 925,581	\$ 926,998	\$ 874,743
Borrowings	30,000	30,000	20,000
Other Liabilities	30,451	31,519	43,606
Total Liabilities	\$ 986,032	\$ 988,517	\$ 938,349
<b>SHAREHOLDERS' EQUITY</b>			
Common Shareholders' Equity	\$ 103,666	\$ 101,989	\$ 97,993
Net Unrealized Appreciation (Depreciation) on Securities Available-for-Sale, Net of Tax	(11,134)	(13,027)	(13,658)
Net Unrealized Appreciation (Depreciation) on Derivative Investments at Fair Value, Net of Tax	2,934	3,440	4,273
Unearned ESOP Shares	(195)	(195)	(254)
Unearned Comp – Restricted Stock	(628)	(410)	(554)
Total Shareholders' Equity	\$ 94,643	\$ 91,797	\$ 87,800
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$1,080,675</b>	<b>\$1,080,314</b>	<b>\$1,026,149</b>
Letters of Credit	\$ 3,547	\$ 4,006	\$ 3,867

## CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

	For 3 Months Ended		
	Mar 31, 2025	Dec 31, 2024	Mar 31, 2024
Interest Income	\$ 13,638	\$ 13,768	\$ 12,511
Interest Expense	4,427	4,570	4,018
Senior Notes Interest Expense	37	236	213
Net Interest Income	\$ 9,174	\$ 8,962	\$ 8,280
Credit Loss Expense (Benefit)	(36)	620	(129)
Net Interest Income after Credit Loss Expense (Benefit)	\$ 9,210	\$ 8,342	\$ 8,409
Non-Interest Income	1,528	1,245	1,175
Non-Interest Expense	7,808	7,385	7,079
Amortization of Investments in Limited Partnerships <sup>7</sup>	-	97	32
Net Operating Income	\$ 2,930	\$ 2,105	\$ 2,473
Less: Provision for Income Taxes <sup>7</sup>	550	350	430
<b>Net Income Available to Common Shareholders</b>	<b>\$ 2,380</b>	<b>\$ 1,755</b>	<b>\$ 2,043</b>
Earnings Per Common Share	\$ 0.75	\$ 0.55	\$ 0.64
Annualized Return on Average Assets	0.89%	0.65%	0.80%
Annualized Return on Average Common Equity	10.32%	7.59%	9.44%
Book Value Per Share at period end <sup>1</sup>	\$ 29.83	\$ 28.93	\$ 27.55
Tangible Book Value Per Share at period end <sup>2</sup>	\$ 28.03	\$ 27.12	\$ 25.75
Weighted Average Common Shares Outstanding <sup>3</sup>	3,177,018	3,181,704	3,189,053
Common Shares Outstanding period end	3,183,073	3,183,707	3,200,367
Adjusted Common Shares Outstanding period end <sup>4</sup>	3,172,838	3,173,473	3,186,720
Allowance for Loan Losses to period end Loans	1.00%	1.01%	0.99%
Non-Performing Loans to period end Loans <sup>5</sup>	0.16%	0.17%	0.24%
Non-Performing Assets to Total Assets <sup>6</sup>	0.13%	0.13%	0.19%

1) Common equity per common share. Book Value shall be calculated using Adjusted Common Shares Outstanding period end.

2) Tangible common equity per common share. Tangible Book Value shall be calculated using Adjusted Common Shares Outstanding period end.

3) Weighted Average Common Shares Outstanding less weighted average unallocated ESOP shares. Used for calculating Earnings per Common Share.

4) Adjusted Common Shares Outstanding are Common Shares Outstanding period end less unallocated ESOP shares period end. Since unearned ESOP shares are deducted from capital, this adjustment deducts the unallocated shares from shares outstanding for calculating book value and tangible book value.

5) Non-performing loans consist of non-accrual loans and restructured loans, where applicable. Inclusive of any guaranteed portion of non-accrual loans.

6) Non-performing assets consist of non-accrual loans, restructured loans, and foreclosed assets, where applicable. Inclusive of any guaranteed portion of non-accrual loans.

7) The Bank invested in federal historic tax credits in 2024 which were recognized as a reduction of federal tax expense. Amortization of the corresponding investment was accounted for in other expenses through Tax Investment Amortization Expense.

### Thank You

As we continue to grow and evolve, we remain deeply grateful for the unwavering support of our shareholders. Your trust and confidence in our vision empower us to build a stronger future, one that honors our legacy while embracing new opportunities. Together, we will continue to drive excellence, foster innovation, and uphold the values that define our company. Thank you for your commitment to our shared success—we look forward to all that lies ahead.

As always, your comments or questions are welcome. Feel free to contact us at any time.

Sincerely,



Jon J. Prescott  
President & CEO