



2024

# ANNUAL REPORT

COMMITMENT | INTEGRITY | SERVICE | TEAMWORK



## *In Memory*

We dedicate this annual report in memory of Robert E. Anderson of Houlton, a longtime director and steadfast supporter of the Bank. Serving on our Board from 1989 to 2019, Bob brought wisdom, leadership, and an unwavering commitment to our mission.

His career at F.A. Peabody Company, the family-owned insurance and real estate agency he joined in 1961, exemplified his dedication to business and his local community. As President from 1967 to 1994 and later as Chairman, he played a pivotal role in growing FAPCO into what it is today.

We are deeply grateful for his years of service, insight, and generosity. Bob's legacy will always remain a part of Katahdin Trust.





**106** YEARS IN  
BUSINESS  
1918–2024

FINANCIAL HIGHLIGHTS AS OF 12/31/24

KTHN STOCK

**\$25.00**

TOTAL ASSETS

**\$1.08**  
BILLION

NET INCOME

**\$8.06**  
MILLION

RETURN ON AVG EQUITY

**8.96%**

EARNINGS PER SHARE

**\$2.53**

TOTAL DEPOSITS

**\$927**  
MILLION

PHOTOS BY CHRISTOPHER A MILLS



# DEAR FELLOW SHAREHOLDERS,

## 2024 Financial Recap

2024 brought both challenges and opportunities that shaped our performance. We remained committed to our strategic vision, adapting to change while continuing to invest in our future. While net income of \$8,064,000 trailed earnings for the prior year, Katahdin Bankshares Corp. achieved several positive outcomes in 2024, including a record high for total assets, growth in our loan portfolio, increased deposits, the retirement of \$12 million in holding company Senior Notes, and providing liquidity to shareholders of \$632,000 utilizing our Stock Buyback Program. Return on Average Assets equaled 0.77% and Return on Average Common Equity stood at 8.96%.

Net interest income declined by \$520,000 for 2024 from 2023, as funding costs rose faster than our assets could reprice higher. While our net interest margin declined year over year, we started to see a reversal in the second half of 2024, which is a good sign as we begin the new year.

Non-interest income rose \$433,000. Non-interest expense continued to rise, mainly attributable to salary and benefits increases. We are actively managing non-interest expense to reduce the rate of increase.

The balance sheet grew by \$46,068,000 in 2024. Loans rose \$25,559,000, while total deposits grew \$33,617,000. Core deposit growth remains a strong focus of all our employees, as such deposits lower our cost of funds and increase our net interest margin, leading to stronger results. Pricing on the loan portfolio remained quite good, as our staff did a good job of obtaining what we feel are quality assets at positive yields.

Asset quality remained solid for the year. The new Current Expected Credit Losses methodology utilized by banks to provide for potential credit losses has introduced more volatility in the timing and amount of reserves set aside. Still, management feels comfortable with the reserve level.

In addition to returning increased dividends to shareholders in 2024 over 2023, our capital levels remain strong, and we are well-capitalized by regulatory authorities. Our present goal is to further increase dividends in 2025.

Further detailed commentary on our financials appears in this report's Results of Operations section.

## Mission and Values

Throughout 2024, our board and employees worked to update and revise our mission statement to a more concise and pertinent one. In addition, an employee group fleshed out and codified our long-standing core values: commitment, integrity, service, and teamwork. We are further incorporating these values into our culture and daily activities and will continue to do so as we strive to live them each day and through every interaction. This has been a very beneficial exercise for the Company and one I think will lead to a more cohesive and mission-driven workforce.

## Shareholder Meeting and Voting

We are excited to invite you to our Annual Shareholders' Meeting, scheduled for Monday, May 5, 2025, at 11:00 a.m. The event will take place at the Center for Community Health Education at Houlton Regional Hospital. If you are unable to join us in person, we encourage you to take part by casting your proxy vote. Voting is quick and easy, with options available online, by mail, or over the phone. Your participation is important and only takes a few moments.

## Achievements

It is with pride that I share some of our key accomplishments from 2024. For the third time, we were recognized as a Best Place for Working Parents®, and for the seventh consecutive year, we earned a spot on the Best Places to Work in Maine list. Attracting and retaining top talent is essential to our success, and fostering a family-friendly, engaging workplace enables us to build and sustain a strong, dedicated team.

## Supporting Our Team and Communities

Reflecting on the past year, I am delighted to highlight the growth and contributions of our team. In 2024, we promoted 24 employees across various departments into advanced roles and welcomed four new officers to our commercial services, collections, and credit teams. Beyond our workplace, our commitment to the community remained steadfast. Our employees and directors generously volunteered 5,361 hours, supporting 196 organizations throughout Maine. This included financial literacy initiatives that reached nearly 1,100 learners, empowering them with valuable knowledge and skills.

## Looking Ahead

As we move into 2025, our focus remains on approaching each day with integrity and a commitment to better our team, customers, communities, and shareholders. We aim to exceed customer expectations and expand our digital banking services to enhance convenience and accessibility, invest in innovative technologies to improve efficiency, and continue fostering a workplace culture that attracts and retains top talent. Additionally, we will deepen our commitment to community engagement by supporting local initiatives that promote financial education and economic growth. Together, we look forward to achieving new milestones and driving long-term success.

As always, if you have questions regarding the Company or this report, feel free to contact us.

Sincerely,



A handwritten signature in blue ink, appearing to read 'Jon J. Prescott', written over a light blue grid background.

Jon J. Prescott  
President & CEO

## MISSION STATEMENT

Approach each day with integrity and a commitment to better our team, customers, communities, and shareholders.

## OUR CORE VALUES



### Commitment

Seeing what we do to the finish



### Integrity

Trust is in our name



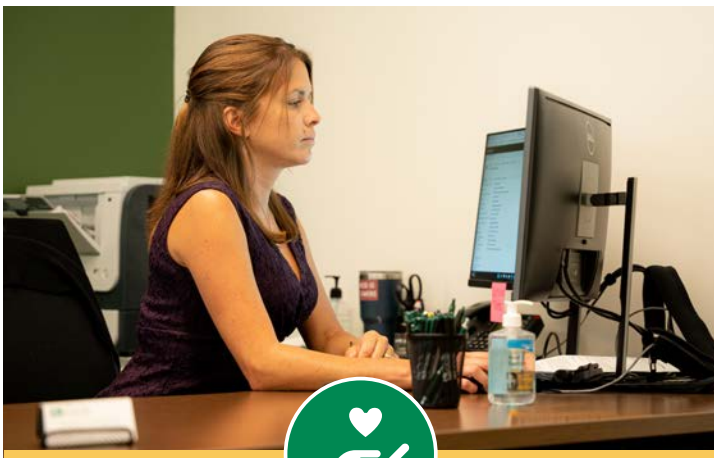
### Service

It is what we do



### Teamwork

Together, we win



# BOARD OF DIRECTORS



**STEVEN L. RICHARDSON**  
**CHAIRMAN**  
*Partner, Richardson's  
Hardware*  
Patten, Maine  
DIRECTOR SINCE 1978



**RICHARD J. YORK, SR.**  
**VICE CHAIRMAN**  
*Owner, York's of Houlton*  
Houlton, Maine  
DIRECTOR SINCE 1997



**JON J. PRESCOTT**  
**PRESIDENT & CEO**  
*Katahdin Bankshares Corp.  
and Katahdin Trust Company*  
Houlton, Maine  
DIRECTOR SINCE 1997



**KEITH P. BOURGOÏN, CPA**  
*Managing Partner, Haverlock,  
Estey & Curran, LLC*  
Hampden, Maine  
DIRECTOR SINCE 2018



**BENJAMIN D. CARLISLE**  
*President, Prentiss & Carlisle*  
Bangor, Maine  
DIRECTOR SINCE 2023



**RICHARD B. HARNUM, JR.**  
*President, Harnum Holdings*  
Hampden, Maine  
DIRECTOR SINCE 2017



**JULIE A. LIBBY**  
*Retired from the asset  
management industry*  
Presque Isle, Maine  
DIRECTOR SINCE 2023



**MARIANNA PUTNAM  
LIDDELL, ESQ.**  
*Partner, Pierce Atwood LLP*  
Yarmouth, Maine  
DIRECTOR SINCE 2018




**KIMBERLEY A. NILES**  
*Owner and Director, State  
of Granite, LLC*  
Atkinson, New Hampshire  
DIRECTOR SINCE 2015



**PAUL R. POWERS**  
*President, Powers Roofing  
& Sheet Metal, Inc. and  
B.J.J. Powers Enterprises*  
Caribou, Maine  
DIRECTOR SINCE 2000

**CORE VALUES**



## Commitment

**SEEING WHAT WE  
DO TO THE FINISH**

- Foster engagement
- Follow through
- Go the extra mile



# EXECUTIVE MANAGEMENT TEAM



**JON J. PRESCOTT**

**PRESIDENT**

Chief Executive Officer



**NATASHA R. MCCARTHY, SHRM-CP**  
**EXECUTIVE VICE PRESIDENT**

Chief Human Resources Officer



**MATTHEW M. NIGHTINGALE**  
**EXECUTIVE VICE PRESIDENT**

Treasurer & Chief Financial Officer



**KRISTA K. PUTNAM, CFMP**  
**EXECUTIVE VICE PRESIDENT**

Chief Marketing Officer



**ANGELA L. TENNETT**  
**EXECUTIVE VICE PRESIDENT**

Chief Banking Officer

## OUR CULTURE

Our 183 employees work together across various departments, including accounting, commercial, customer service, data processing, human resources, information technology, lending, marketing, retail, and operations. Each department strives for a common goal of helping our customers with their financial goals while achieving the highest level of customer satisfaction possible.

We are committed to supporting our employees' professional and personal needs by promoting from within and providing an excellent benefits package and family-friendly policies. It was an honor to be named one of the 2024 Best Places to Work in Maine and Best Place for Working Parents®.

Whether through direct financial support, in-kind donations, or volunteer time by our employees and board of directors, our support of charitable initiatives focuses on programs that we believe can have a meaningful impact on our communities.

### CORE VALUES



## Integrity

TRUST IS IN  
OUR NAME

- Remain accountable for our actions
- Communicate openly and honestly while protecting everyone's privacy
- Adhere to high ethical practices



**Work with us**



**Bank with us**

We're proud to be recognized for our company spirit, benefits package, and family-friendly policies that support our employees and their families.



**Best Places to  
Work in ME**



# OFFICERS

As of 1/31/2025

**James Amabile, VP**  
Commercial Services Officer  
Maine Financial Group

**Tori Barber, VP**  
Training Manager

**Annette Beaton, VP**  
Community Banking Officer

**Bradley Berthiaume, SVP**  
Financial Consultant  
Katahdin Financial Services

**Adam Bither, VP**  
Financial Consultant  
Katahdin Financial Services

**Cindy Boot, AVP**  
Commercial Services Officer

**Alexis Brown**  
Branch Manager &  
Community Banking Officer

**Jennifer Cadigan**  
Branch Manager &  
Community Banking Officer

**Aaron Cannan, SVP**  
Commercial Services Officer

**Lauren Carpenter**  
Branch Manager &  
Community Banking Officer

**Samuel Clockedile, VP**  
Marketing Officer

**Albert "Joe" Clukey II, VP**  
Community Banking Officer

**Tabitha Corey, AVP**  
Quality Control Loan Analyst

**Melissa Dahlgren, VP**  
Community Banking Team Leader

**Jessica Dahms, AVP**  
Commercial Loan Processing Manager

**Tory Delano**  
Senior Credit Analyst &  
Department Manager

**Scott Dillon, VP**  
Managed Assets Officer

**Nicholas DiMatteo, SVP**  
Commercial Services Officer

**Janet Doak, AVP**  
Branch Manager &  
Community Banking Officer

**Thomas Dwyer, AVP**  
Commercial Services Officer

**Eunice Fish**  
Branch Manager &  
Community Banking Officer

**Sue Fox, AVP**  
Appraisal Department Manager

**Whitney Francis**  
Bank Operations Officer

**Angela Franck, AVP**  
Branch Manager &  
Community Banking Officer

**Sarah Gardiner, AVP**  
Bank Financial Analyst

**Leslie Gardner, SVP**  
Retail Lending

**Allissa Given, AVP**  
Branch Manager &  
Community Banking Officer

**Candice Glover**  
Technical Training &  
Implementation Officer

**Alison Gould, AVP**  
Commercial Services Officer

**Casey Gove**  
Data Security Officer

**Billi Griffith, SVP**  
Community Banking

**Blake Hamel, AVP**  
Commercial Services Officer  
Maine Financial Group

**Searra Herbert**  
Community Banking Officer &  
Cash Management Specialist

**Katherine Hill, SVP**  
Bank Operations Manager

**Justin Jamison, SVP**  
Commercial Services Officer

**Russell Johnston, VP**  
Commercial Services Officer

**Michaela King**  
Community Banking Officer &  
Cash Management Specialist

**Rebecca Kord, VP**  
Community Banking Team Leader

**Teresa Lincoln**  
Executive Assistant

**William Lucy, VP**  
Managed Assets

**Tannis Lundin**  
Bank Operations Officer

**Susan Lunn, SVP**  
Compliance Officer

**Jeremy MacArthur**  
Network Administration Officer

**Karyn MacLeod, VP**  
Commercial Services Officer

**Susan McCarthy, VP**  
Commercial Services Officer &  
Maine Financial Group Manager

**James Nelson, VP**  
Commercial Services Officer

**Patricia Perry**  
Accountant

**Kevin Plourde, SVP**  
Credit Administrator

**Joseph Porter, SVP**  
Controller

**Barrett Potter, VP**  
Internal Control &  
Information Security Officer

**Andrew Putnam, SVP**  
Chief Information Officer

**Michelle Ritcheson, SVP**  
Senior Credit Officer

**Craig Robinson, VP**  
Commercial Services Officer

**Jasmine Rockwell, AVP**  
Loan Operations Manager

**Scott Rossignol, AVP**  
System Administrator

**Sarah Silliboy, VP**  
BSA Officer

**Peggy Smith, VP**  
Branch Manager &  
Community Banking Officer

**Craig Staples, VP**  
Commercial Services Officer

**Cynthia Thompson**  
Senior Credit Analyst

**Pamela Ward, VP**  
Credit Control

**Jessica Weeks, AVP**  
Deposit Operations Manager

**Danelle Weston, VP**  
Retail Underwriting Manager

**Julie Winslow**  
Credit Control Officer

**Miranda Wotton, VP**  
Electronic Banking &  
Cash Management

## CORE VALUES



### Service

IT IS WHAT WE DO

- Exceed customer expectations
- Listen to understand, not to respond
- Adapt quickly





# 2024 EMPLOYEE & COMMUNITY IMPACT

**407**  
LOCAL NON-PROFIT  
ORGANIZATIONS  
SUPPORTED

**\$2,500**  
RAISED THROUGH EMPLOYEE  
DONATIONS FOR  
ANAH TEMPLE SHRINERS

**\$102K**  
TOTAL DOWN PAYMENT  
ASSISTANCE FOR  
5 FIRST-TIME HOMEBUYERS

**\$330K**  
TOTAL GIVING

**1,095**  
STUDENTS LEARNED ABOUT  
FINANCIAL LITERACY  
AND GOOD MONEY HABITS  
FROM OUR EMPLOYEES

**5,300+**  
VOLUNTEER HOURS



2024  
COMMITMENT TO COMMUNITY

## Top of the Mountain Award

### Lindsay Corey

Lindsay joined Katahdin Trust in 2005 as a Part-Time Proof Operator at our Operations Center in Houlton and currently serves as Client Services Support Specialist. In her spare time, Lindsay helps with the Houlton Little League and BigRock ski teams in Mars Hill.

Congratulations, Lindsay, on receiving this award and for your commitment to making a positive impact on your local community.

## Community Banking at its Best!

SINCE 1918.



### CORE VALUES



### Teamwork

TOGETHER, WE WIN

- Work together to achieve our goals
- Support one another
- Value all input





# SELECTED FINANCIAL DATA

The summary consolidated financial and other data should be read in conjunction with, and is qualified in its entirety by, the Company's current and prior years' annual reports and regulatory filings. Dollars in thousands, except share and per share data.

As of or for the Years Ended December 31,	2024	2023	2022	2021	2020
<b>Balance Sheet Data</b>					
Total assets	\$ 1,080,314	\$ 1,034,246	\$ 983,538	\$ 940,499	\$ 937,007
Total investments <sup>(1)</sup>	151,766	156,070	147,736	111,739	95,973
Total loans	824,552	798,993	749,522	730,303	746,593
Allowance for credit losses on loans	(8,298)	(7,975)	(7,428)	(7,803)	(7,454)
Total deposits	926,998	893,381	857,566	820,187	809,024
Shareholders' equity	91,797	87,806	79,664	83,604	76,202
<b>Summary of Operations</b>					
Interest and dividend income	\$ 52,686	\$ 46,468	\$ 36,163	\$ 34,735	\$ 36,373
Interest expense	18,779	12,041	4,169	4,066	6,443
Net interest income	33,907	34,427	31,994	30,669	29,930
Credit loss expense (benefit) - loans and off-balance sheet credit exposures	550	106	(500)	135	1,260
Net interest income after credit loss expense (benefit)	33,357	34,321	32,494	30,534	28,670
Non-interest income	5,190	4,757	4,786	5,099	5,833
Amortization of investments in limited partnerships <sup>(11)</sup>	194	236	236	236	1,166
Non-interest expense	28,609	26,769	25,233	23,856	22,803
Income before income taxes	9,744	12,073	11,811	11,541	10,534
Income taxes <sup>(11)</sup>	1,680	2,166	2,087	2,068	1,015
Net income	\$ 8,064	\$ 9,907	\$ 9,724	\$ 9,473	\$ 9,519
Less dividends on preferred stock	-	-	-	-	-
Net income available to common shareholders	\$ 8,064	\$ 9,907	\$ 9,724	\$ 9,473	\$ 9,519
<b>Per Common Shares and Common Shares Outstanding</b>					
Net income, basic <sup>(2)</sup>	\$ 2.53	\$ 3.08	\$ 2.97	\$ 2.88	\$ 2.88
Net income, diluted <sup>(2)</sup>	2.53	3.08	2.97	2.88	2.88
Book value <sup>(3)</sup>	28.93	27.57	24.49	25.41	23.16
Tangible book value <sup>(3)</sup>	27.12	25.76	22.70	23.63	21.43
Weighted average common shares outstanding: <sup>(4)</sup>					
Basic	3,184,704	3,217,650	3,276,837	3,290,788	3,299,905
Diluted	3,184,704	3,217,650	3,276,837	3,290,788	3,299,905
Common shares outstanding at period end	3,183,708	3,198,393	3,276,492	3,323,450	3,332,638
Adjusted common shares outstanding at period end <sup>(5)</sup>	3,173,473	3,184,746	3,253,289	3,290,605	3,290,151
<b>Selected Performance Ratios</b>					
Return on average assets	0.77%	0.99%	1.02%	1.00%	1.02%
Return on average common shareholders' equity	8.96	11.99	12.39	11.75	13.26
Net interest spread <sup>(6)</sup>	3.36	3.56	3.50	3.22	3.18
Net interest margin <sup>(7)</sup>	3.52	3.73	3.63	3.52	3.45
Efficiency ratio <sup>(8)</sup>	73.67	68.93	69.09	66.70	63.78
<b>Asset Quality Ratios</b>					
Allowance for credit losses to period end loans	1.01%	1.00%	0.99%	1.07%	1.00%
Allowance for credit losses to non-performing loans <sup>(9)</sup>	428.96	1,115.98	351.11	278.39	155.43
Non-performing loans to period end loans <sup>(9) (12)</sup>	0.23	0.09	0.28	0.38	0.64
Non-performing assets to total assets <sup>(10) (12)</sup>	0.18	0.07	0.22	0.30	0.52
<b>Capital Ratios (Katahdin Trust Company)</b>					
Total risk-based capital ratio	14.01%	15.89%	15.45%	15.67%	14.98%
Tier 1 risk-based capital ratio	12.91	14.81	14.42	14.50	13.81
Common equity tier 1 risk-based capital ratio	12.91	14.81	14.42	14.50	13.81
Tier 1 capital ratio (Leverage ratio)	9.58	10.80	10.99	10.14	9.52
<b>Other Data</b>					
Number of full and limited service banking offices	16	16	16	16	16
Number of full-time equivalent employees	174	167	165	162	161
Katahdin Financial Services Assets Under Management	\$ 216,628	\$ 184,757	\$ 195,446	\$ 191,140	\$ 159,970

(1) Consists of investment securities and FHLB stock. (2) Computed based on the weighted average number of common shares outstanding during each period. (3) Book value and Tangible Book Value are calculated using Adjusted Common Shares Outstanding at period end. (4) Weighted Average Common Shares Outstanding less weighted average unallocated ESOP shares. Used for calculating Earnings per Common Share. (5) Common Shares Outstanding at period end less unallocated ESOP shares at 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. (6) Net interest spread is the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities. (7) Net interest margin is the net interest income divided by the average interest-earning assets. (8) Efficiency ratio is non-interest expense (excluding Amortization of Investments in Limited Partnerships) divided by the sum of net interest income and non-interest income. (9) Non-performing loans consist of non-accrual loans and restructured loans, where applicable. (10) Non-performing loans consist of non-accrual loans and restructured loans, where applicable. (11) The Bank invested in federal historic tax credits which were recognized as a reduction of federal tax expense. Amortization of the corresponding investment was accounted for in other expenses through Amortization of Investments in Limited Partnerships. (12) As of January 1, 2023, the Company adopted ASU No. 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* which eliminates the accounting guidance for troubled debt restructurings. Troubled debt restructured loans are included in the numbers for 2019-2022.

# RESULTS OF OPERATIONS

## Assets

Total assets reached \$1,080.3 million, up \$46.1 million or 4.5% over the prior year. Cash and cash equivalents ended the year at \$50.9 million, an increase of \$24.4 million, as deposit growth exceeded loan growth last year. Additionally, the investment portfolio declined by \$4.3 million to \$151.7 million at year-end.

While our investment portfolio yields have improved as cash flows have rolled into higher yielding investments, shareholders' equity continues to be reduced by \$13.0 million as we carry a net unrealized depreciation of securities available for sale. The investment portfolio market value will continue to fluctuate if rates move and cash flows are reinvested. Offsetting a portion of reduced investment valuation is our interest rate swap derivatives that hedge against movements in interest rates. The net unrealized gain on derivative investments, net of tax, increased shareholder equity by \$3.4 million as of year-end 2024.

## Loans

Total loan balances ended the year at \$824.6 million, representing an increase of \$25.6 million or 3.2% for 2024. Loan growth this year came from a mix of commercial and consumer portfolios. Our loan portfolio yield increased throughout this time, moving from a December 2023 portfolio yield of 5.68% to 5.77% as of December 2024. While rates began to ease in late 2024, market rates for new loan volume continued to be higher than the portfolio throughout the year, creating the opportunity to increase yield.

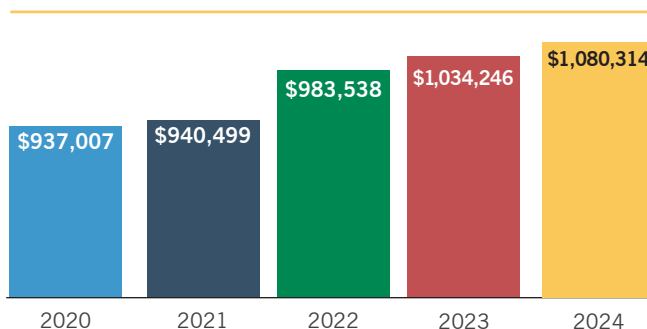
Approximately 78% of the Bank's loan portfolio consists of commercial and commercial real estate loans. Loan officers continue to explore new loan opportunities across our market area, focusing on building profitable relationships.

## Deposits

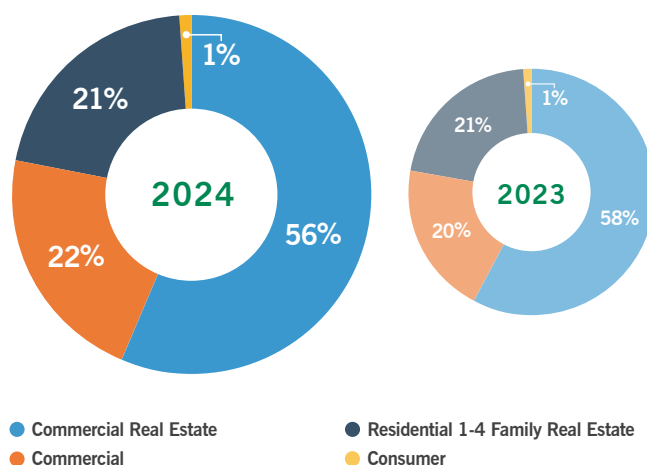
Deposits, including both customer and wholesale, grew to \$927.0 million, an increase of \$33.6 million. This allowed much of our new balance sheet growth to be funded with customer deposits versus higher cost wholesale funding. Higher rate pressure across our deposit portfolio began to ease in the second half of the year, allowing funding costs to come down. This allowed our spread to increase in the second half of the year.

Our cost of funds totaled 1.89% in December 2024 compared to an average for the full year of 1.96%. Growing deposit relationships is a top priority. However, should deposit levels diminish, the Bank is well-positioned with excess liquidity, both on- and off-balance sheet.

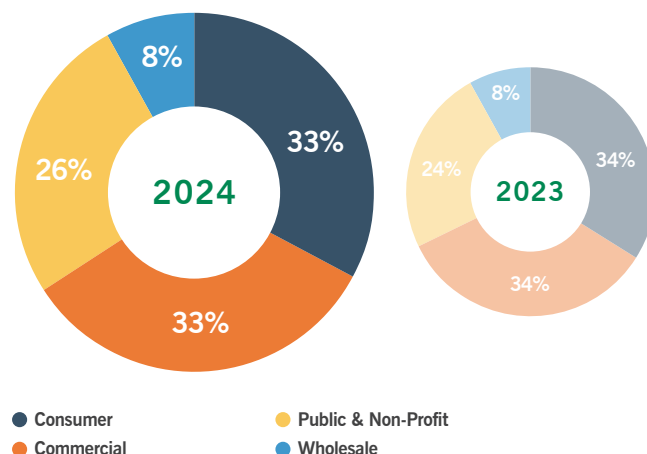
## ASSETS (\$000)



## LOAN MIX



## DEPOSIT SOURCES





# RESULTS OF OPERATIONS

## Net Interest Income

Net interest income in 2024 contracted to \$33,907,000, down from the prior year by \$520,000 or 1.5%. Net interest income reflects revenue generated from income on earning assets, plus loan fees, less interest paid on interest-bearing deposits and borrowings. As customers moved their money into higher-cost products and the Bank borrowed more during the year, our cost of funds grew faster than our interest income. The downward trend occurred in the first half of 2024 but started to reverse in the second half of the year. Our net interest margin ended the year at 3.52%, higher than the full-year average of 3.36%. We're pleased with the margin at year-end as it creates positive momentum as we begin 2025.

## Allowance for Credit Losses and Asset Quality

Asset quality continued to be exceptional in 2024, although past due balances and non-performing loans did move slightly higher than in 2023 where we experienced record low numbers. Non-performing loans to total period end loans totaled 0.23% in 2024, while non-performing assets to total assets was 0.18% at year-end. The allowance for credit losses to period end loan ratio stood at 1.01% as of year-end, which in our estimate, is an adequate level.

Management closely monitors the Bank's allowance for credit losses compared to asset quality to match our reserves with a reasonable estimate of risk.

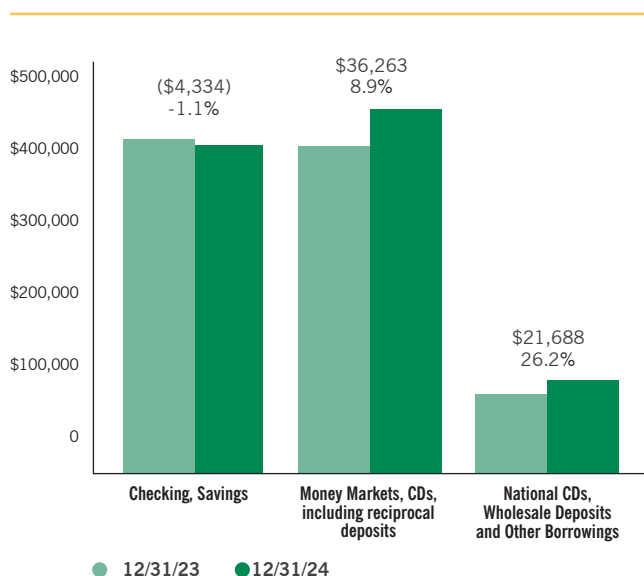
## Non-Interest Income and Expense

Non-interest income totaled \$5,190,000, an increase over the prior year of \$433,000 or 9.1%. Non-interest income consists largely of service charges on loans, deposits, and electronic banking activity. The increase can be attributed to fee income growth across most categories over the prior year.

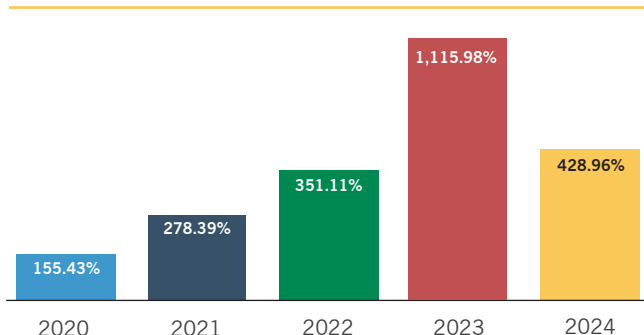
Non-interest expense reached \$28,609,000 in 2024, increasing by \$1,840,000 or 6.9% year-over-year. Salary and employee benefits were 60.9% of all non-interest expenses, increasing \$1,287,000 or 8.0% over the prior year. Salaries and benefits rose, but a portion of the increase was hiring for key positions in anticipation of retirements. Additionally, inflationary pressures accounted for much of the operational costs increases year over year.

The efficiency ratio ended at 73.67% as of year-end 2024, an increase over 2023, as net interest income did not keep pace with expense growth. Management continues exploring opportunities to grow revenue and operate more efficiently, while positioning the Company for future expansion.

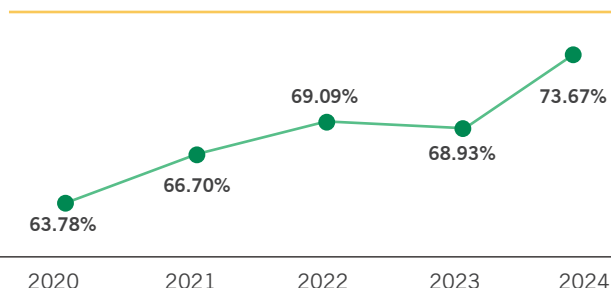
## DEPOSIT TREND (\$000)



## ALLOWANCE FOR CREDIT LOSSES TO NON-PERFORMING LOANS



## EFFICIENCY RATIO



# RESULTS OF OPERATIONS

## Net Income

Net income available to common shareholders totaled \$8,064,000, down \$1,843,000 or 18.6% from 2023.

Earnings per common share totaled \$2.53, down 55 cents from 2023. Return on average assets ended at 0.77%. Return on average common shareholders' equity was 8.96% at year-end.

## Capital

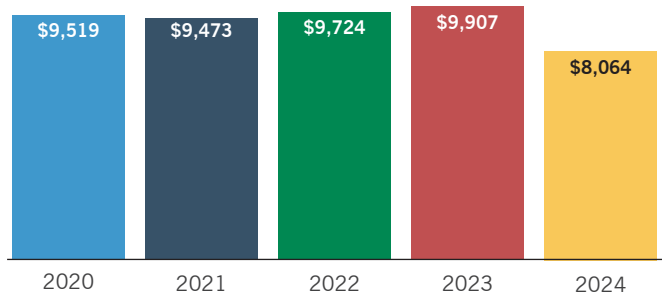
While net income was down from the prior year, continued solid earnings increased shareholders' equity by \$3,991,000 in 2024 to \$91,797,000. During the fourth quarter, the Company issued a tender offer of our 5.375% Senior Notes that resulted in retirement of \$12 million of the outstanding \$14.5 million. The remaining notes will mature in June 2026. This action had no impact on Company capital; however, the payoff was funded with a dividend from the Bank.

Capital ratios for the Bank remained solid after the extra dividend mentioned in 2024 and continued to remain well above the minimums to be well-capitalized per regulatory capital requirements. The Bank's leverage ratio at year-end 2024 was 9.58%, compared to 10.80% at the end of 2023. Total risk-based capital stood at 14.01% compared to 15.89% in 2023.

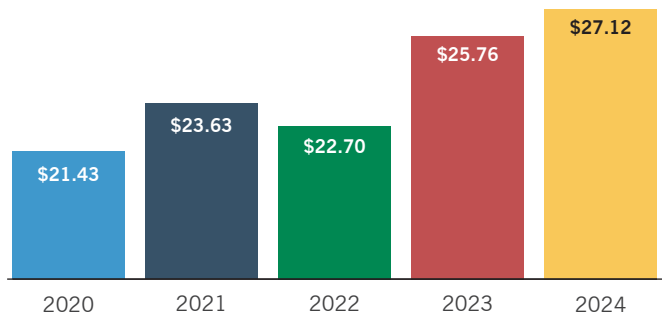
Tangible book value was \$27.12, an increase of \$1.36 from year-end 2023. The Company paid out common stock dividends of \$0.699 per share, representing a 27.6% payout ratio. The 2024 dividend increase was 15.1% over last year and the seventh consecutive year of an increasing dividend. During the year, the Company repurchased 27,379 shares at an average price of \$23.08 per share.

## NET INCOME (\$000)

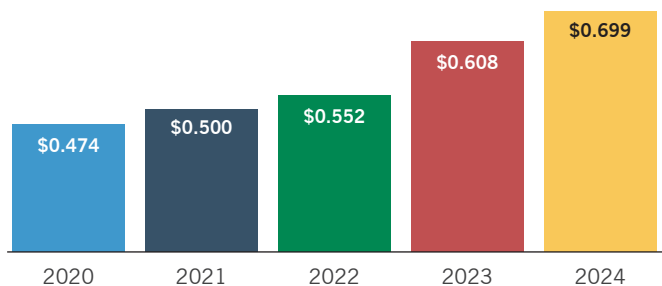
Available to common shareholders



## TANGIBLE BOOK VALUE



## ANNUAL DIVIDEND



## FINANCIAL REPORT

Scan to view the full 2024  
Financial Report and Audited  
Financial Statements

[www.KatahdinTrust.com/Shareholder-Relations](http://www.KatahdinTrust.com/Shareholder-Relations)



# SHAREHOLDER INFORMATION

## COMPANY OVERVIEW

Katahdin Bankshares Corp., incorporated in 1986, is the parent company and bank holding company of Katahdin Trust Company, a locally owned and managed community bank that opened in 1918 in Patten, Maine. Today, we operate 16 branches throughout Maine, offering checking, savings, mortgages, loans, and lines of credit to individuals and businesses. Bank affiliates include Maine Financial Group, which provides equipment financing. Securities, financial planning, and insurance products are available through Katahdin Financial Services (a service of Cetera Investment Services LLC, a registered broker-dealer and unaffiliated with Katahdin Trust Company).

## ANNUAL MEETING

We invite shareholders to join us on Monday, May 5, 2025, at the Center for Community Health Education at Houlton Regional Hospital at 11:00 a.m.

## 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](mailto:m.nightingale@katahdintrust.com)

## PRINTED FINANCIAL INFORMATION

We will provide, without charge and upon written request, a printed copy of the Katahdin Bankshares Corp. Annual Report. We will also provide, upon request, a complete set of audited financial statements and accompanying notes. Please contact Shareholder Relations at the mailing or email address above.

## 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 [otcmkt.com/stock/KTHN/quote](https://otcmkt.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)  
[computershare.com/investor](https://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.

Securities and insurance products are offered through Cetera Investment Services LLC, member FINRA/SIPC. Advisory services are offered through Cetera Investment Advisers LLC. Cetera is not affiliated with the financial institution where investment services are offered. Individuals affiliated with Cetera firms are either Registered Representatives who offer only brokerage services and receive transaction-based compensation (commissions), Investment Adviser Representatives who offer only investment advisory services and receive fees based on assets, or both Registered Representatives and Investment Adviser Representatives, who can offer both types of services. Investments: 1) Are not FDIC/NCUSIF insured 2) May lose value 3) Are not financial institution guaranteed 4) Are not a deposit 5) Are not insured by any federal government agency. Cetera registered offices: 12 North St., Presque Isle, ME 04769 and 65 North St., Houlton, ME 04730. Registered phone number: (207) 764-2366.

# BRANCH LOCATIONS

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## Ashland

17 Main Street  
435-6461

## Houlton

65 North Street  
532-4277

## Bangor

609 Broadway  
942-3146

## Island Falls

1007 Crystal Road  
463-2228

## Bangor

52 Springer Drive  
947-9674

## Mars Hill

28 Main Street  
429-8400

## Caribou

105 Bennett Drive  
498-4200

## Oakfield

200 Oakfield Smyrna Rd  
757-8288

## Eagle Lake

3440 Aroostook Road  
444-5543

## Patten

11 Main Street  
528-2211

## Fort Fairfield

290 Main Street  
472-3161

## Presque Isle

6 North Street  
764-8000

## Fort Kent

79 West Main Street  
834-2348

## Scarborough

136 US Route One  
510-7017

## Hampden

57 Western Avenue  
862-2211

## Van Buren

29 Main Street, Ste.105  
868-2728

# AFFILIATES

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## Maine Financial Group

144 US Route One  
Scarborough  
885-5900


Maine Financial Group is an equipment financing company and affiliate of Katahdin Trust Company.

Katahdin Bankshares Corp.  
parent of



[KatahdinTrust.com](https://www.KatahdinTrust.com)



MEMBER FDIC  EQUAL HOUSING LENDER