

# DEAR FELLOW SHAREHOLDERS,

Katahdin Bankshares Corp., parent of Katahdin Trust Company, closed the year with solid fourth quarter 2025 results. The quarter consisted of excellent loan and deposit growth over both the last quarter and previous year, coupled with strong earnings.

Fourth quarter net income was \$3,135,000, up by \$476,000 over the third quarter of 2025 and up \$1,380,000 from the fourth quarter of 2024. The net income for the full year of 2025 reached \$10,698,000, representing an increase of \$2,634,000 or 32.7% over 2024. Pre-tax, pre-provision (PTPP) net income for the year totaled \$13,226,000, a year-over-year increase of \$2,932,000. This increase reflects a stronger net interest margin along with less reliance on wholesale funding for asset growth from the prior year.

Quarterly net interest income was \$10,148,000, an increase of \$322,000 over the third quarter of 2025 and \$1,186,000 year over year. Net interest spread ended the year at 3.68% after averaging 3.58% throughout 2025. By comparison, our net interest spread averaged 3.36% for the year 2024. As customer deposits grew, we were able to rely less on higher cost wholesale deposits to support loan growth in 2025, which in turn helped margin growth during the year.

Non-interest income totaled \$1,601,000 for the quarter and \$5,775,000 for the year. Full year non-interest income grew by 11%. Non-interest expense was \$7,989,000 for the quarter and \$31,141,000 for the year. The full year-over-year expense growth totaled \$2,532,000 or 8.9%. The increase is primarily driven by salaries, benefits, and inflationary operating costs overall.

Total assets ended the quarter at \$1,121,300,000, growing by \$30,742,000 over the previous quarter as well as \$40,986,000 year over year. Loans closed the year at \$867,980,000, up \$17,295,000 for the quarter along with year-over-year growth of \$43,428,000 or 5.3%. Loan business in the fourth quarter remained steady throughout our markets. Deposits increased \$24,432,000 in the quarter and \$30,953,000 year over year, driven

by local customer deposits allowing wholesale deposits to decline over the same period. We're pleased with the level of deposit growth year over year, which includes many new relationships to the Bank.

Non-performing assets to total assets were 0.61% at year-end, elevated from 0.13% last year. Two relationships continue to make up most of our nonperforming loan balance. Our allowance for credit losses represents 0.98% of total loans. We believe the allowance for credit loss balance and unfunded commitment liability remain appropriate.

Shareholders' equity ended the year at \$103,634,000. Tangible book value per share was \$30.91, an increase of \$3.79 or 14.0%. Dividends to shareholders grew in the quarter and full year over year by 15.7% with a total of \$0.2025 per share paid in the fourth quarter amounting to a full-year dividend of \$0.81 per share. Share repurchases during the quarter totaled 5,117 shares at an average price of \$28.80 per share.

## Awards

I am pleased to share that based on employee feedback, Katahdin Trust was designated as one of the 2025 Best Places to Work in Maine. For the eighth year in a row, this recognition highlights the incredible commitment, service, and teamwork our employees bring every day to make Katahdin Trust such a special place to work.

## Employee Spotlight

The past few months have been a time of celebration across the Bank as we recognized the following team members for their recent achievements and promotions.

- **Cathy Haley**, Assistant Branch Manager and Community Banking Officer for Presque Isle and Ashland.
- **Cindy Kelley**, Branch Manager and Community Banking Officer for Mars Hill and Fort Fairfield.
- **Clarissa Cumming**, Commercial Services Associate, Officer and Team Leader.

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# 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

## FOURTH QUARTER



**KatahdinTrust.com**

MEMBER FDIC EQUAL HOUSING LENDER



# KATAHDIN BANKSHARES CORP.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

## CONSOLIDATED STATEMENT OF CONDITION

(UNAUDITED)

	Dec. 31, 2025	Sept. 30, 2025	Dec. 31, 2024
<b>ASSETS</b>			
Cash & Due from Banks	\$ 37,195	\$ 24,040	\$ 50,903
Investments	167,522	165,500	151,766
Total Loans	867,980	850,685	824,552
Allowance for Credit Losses	(8,473)	(8,545)	(8,298)
Fixed Assets	17,006	17,000	17,162
Other Assets	40,070	41,878	44,229
<b>Total Assets</b>	<b>\$ 1,121,300</b>	<b>\$ 1,090,558</b>	<b>\$ 1,080,314</b>
<b>LIABILITIES</b>			
Deposits	\$ 957,951	\$ 933,519	\$ 926,998
Borrowings	30,000	30,000	30,000
Other Liabilities	29,715	26,384	31,519
Total Liabilities	\$ 1,017,666	\$ 989,903	\$ 988,517
<b>SHAREHOLDERS' EQUITY</b>			
Common Shareholders' Equity	\$ 109,977	\$ 107,588	\$ 101,989
Net Unrealized Appreciation (Depreciation) on Securities Available-for-Sale, Net of Tax	(7,828)	(8,550)	(13,027)
Net Unrealized Appreciation (Depreciation) on Derivative Investments at Fair Value, Net of Tax	2,079	2,324	3,440
Unearned ESOP Shares	(133)	(195)	(195)
Unearned Comp — Restricted Stock	(461)	(512)	(410)
Total Shareholders' Equity	\$ 103,634	\$ 100,655	\$ 91,767
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 1,121,300</b>	<b>\$ 1,090,558</b>	<b>\$ 1,080,314</b>
Letters of Credit	\$ 3,311	\$ 3,321	\$ 4,006

## CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

	For 3 Months Ended			For 12 Months Ended December 31	
	Dec. 31, 2025	Sept. 30, 2025	Dec. 31, 2024	2025	2024
Interest Income	\$ 14,455	\$ 14,198	\$ 13,768	\$ 56,239	\$ 52,686
Interest Expense	4,271	4,335	4,570	17,501	17,903
Senior Notes Interest Expense	36	37	236	146	876
Net Interest Income	\$ 10,148	\$ 9,826	\$ 8,962	\$ 38,592	\$ 33,907
Credit Loss Expense (Benefit)	(109)	338	620	48	550
Net Interest Income after Credit Loss Expense (Benefit)	\$ 10,257	\$ 9,488	\$ 8,342	\$ 38,544	\$ 33,357
Non-Interest Income	1,601	1,374	1,245	5,775	5,190
Non-Interest Expense	7,989	7,597	7,385	31,141	28,609
Amortization of Investments in Limited Partnerships <sup>7</sup>	-	-	97	-	194
Net Operating Income	\$ 3,869	\$ 3,265	\$ 2,105	\$ 13,178	\$ 9,744
Less: Provision for Income Taxes <sup>7</sup>	734	606	350	2,480	1,680
<b>Net Income Available to Common Shareholders</b>	<b>\$ 3,135</b>	<b>\$ 2,659</b>	<b>\$ 1,755</b>	<b>\$ 10,698</b>	<b>\$ 8,064</b>
Earnings Per Common Share	\$ 0.99	\$ 0.84	\$ 0.55	\$ 3.37	\$ 2.53
Annualized Return on Average Assets	1.11%	0.97%	0.65%	0.98%	0.77%
Annualized Return on Average Common Equity	12.05%	10.70%	7.59%	10.97%	8.96%
Book Value Per Share at period end <sup>1</sup>				\$ 32.70	\$ 28.93
Tangible Book Value Per Share at period end <sup>2</sup>				\$ 30.91	\$ 27.12
Weighted Average Common Shares Outstanding <sup>3</sup>				3,172,721	3,181,704
Common Shares Outstanding period end				3,176,357	3,183,708
Adjusted Common Shares Outstanding period end <sup>4</sup>				3,169,533	3,173,473
Allowance for Credit Losses to period end Loans				0.98%	1.01%
Non-performing Loans to period end Loans <sup>5</sup>				0.79%	0.17%
Non-Performing Assets to Total Assets <sup>6</sup>				0.61%	0.13%

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 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.

(continued)

• **James Nelson**, Senior Vice President, Commercial Services Officer and Team Leader.

• **Jeni King**, Assistant Branch Manager and Community Banking Officer in Bangor.

• **Melissa Dahlgren**, Vice President, Community Banking Team Leader and Branch Manager of Presque Isle and Ashland.

Our Cash Management Team continues to grow, and we're happy to welcome three new specialists to the group: **Janet Doak**, Assistant Vice President, Community Banking Officer and Cash Management Specialist; **Lucas Tompkins**, Cash Management Specialist; and **Whitney Francis**, Electronic Banking and Cash Management Officer.

We also congratulated Bonnie and Dianne on their well-earned retirements at the end of 2025. **Bonnie Foster** retired after 25 years of service in retail administration, including many years serving as a valued member of the Bank's Senior Management Team. **Dianne Tapley** retired after 11 years of dedicated service at the Hampden branch.

### Thank You

As we enter 2026, our team is focused on continued commitment and service to our customers, disciplined growth, maintaining strong asset quality, and continued delivery of consistent returns for our shareholders. As always, your comments or questions are welcome. Feel free to contact us at your convenience.

Sincerely,

Jon J. Prescott  
President & CEO