

DEAR FELLOW SHAREHOLDERS,

I am pleased to report the Katahdin Bankshares Corp. financial results for the first quarter of 2026. Net income totaled \$2.5 million, or \$0.78 per common share. While earnings were lower than the unusually strong fourth quarter of 2025, results were consistent with and modestly ahead of the first quarter of last year. On a pre-tax, pre-provision basis, net income totaled \$3.5 million, exceeding the first quarter of 2025 by \$605,000 or 20.9%.

Net interest income totaled \$10.1 million for the quarter, consistent with the prior quarter and improved by \$892,000 or 9.7% over the first quarter of 2025. Non-interest income totaled \$1.3 million for the quarter, while non-interest expense totaled \$7.8 million, reflecting continued investment in our people, technology, and infrastructure necessary to support customers and operations.

Total assets reached \$1.11 billion. Loans continued to grow, ending the quarter at \$883.2 million, up approximately \$15.2 million from year-end 2025 and over \$30 million year over year.

Deposit balances totaled \$948.7 million. Excluding wholesale deposits, customer balances declined \$4.3 million from year-end, reflecting seasonal patterns. Customer deposits exceeded last year by \$34.3 million, or 4.0%, supported by both longstanding and new customer relationships. Borrowings remain modest.

Asset quality remained sound during the quarter. Non-performing loans declined from last quarter, and overall credit performance remains satisfactory. Management continues to closely monitor economic conditions and loan portfolio performance to adjust the allowance for credit losses as appropriate.

Capital levels remain strong. Shareholders' equity totaled \$104.1 million at quarter end, and book value per share increased to \$32.75. Capital continues to provide a stable foundation for the Company's operations and future growth. The \$0.23 per share dividend paid in

the first quarter represented a 13.6% increase over the same quarter in 2025.

While economic uncertainty persists in some sectors, we remain confident in our strategy and our ability to execute. Loan demand is steady, asset quality is sound, and our capital and liquidity positions are strong. Above all, our team remains focused on delivering dependable financial performance while staying true to our mission as a local, community-focused bank.

Employee Spotlight

Behind these results is a dedicated team whose commitment to our customers and communities continues to make a difference. Please join me in congratulating **Alexis Brown** on her promotion to Assistant Vice President, Branch Manager and Community Banking Officer in Houlton.

I would also like to recognize the retirements of two long-time team members. **Karen MacDonald**, Community Banker I in Ashland, retired in February after 21 years with the Bank. **Fred Gagnon**, Network Administrator at the Houlton Operations Center, will retire this spring, following 17 years of service. Please join me in wishing Karen and Fred happiness and success in their well deserved retirements.

Thank You

Our customers, neighbors, and shareholders are at the heart of everything we do. Your continued support allows us to provide for our employees, serve our communities, and build a strong future together.

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

Sincerely,



Jon J. Prescott
President & CEO

LOCATIONS

BRANCH OFFICES

Ashland ATM
17 Main Street
435-6461

Bangor ATM
609 Broadway
942-3146

Bangor ATM
52 Springer Drive
947-9674

Caribou ATM
105 Bennett Drive
498-4200

Eagle Lake
3440 Aroostook Road
444-5543

Fort Fairfield ATM
290 Main Street
472-3161

Fort Kent ATM
79 West Main Street
834-2348

Hampden ATM
57 Western Avenue
862-2211

Houlton ATM
65 North Street
532-4277

Island Falls ATM
1007 Crystal Road
463-2228

Mars Hill ATM
28 Main Street
429-8400

Oakfield ATM
200 Oakfield
Smyrna Road
757-8288

Patten ATM
11 Main Street
528-2211

Presque Isle ATM
6 North Street
764-8000

Scarborough ATM
136 US Route One
510-7017

Van Buren ATM
29 Main Street,
Ste.105
868-2728

REMOTE ATM LOCATION

Limestone ATM ONLY
35 Main Street

MAINE FINANCIAL GROUP

Scarborough
144 US Route One
885-5900

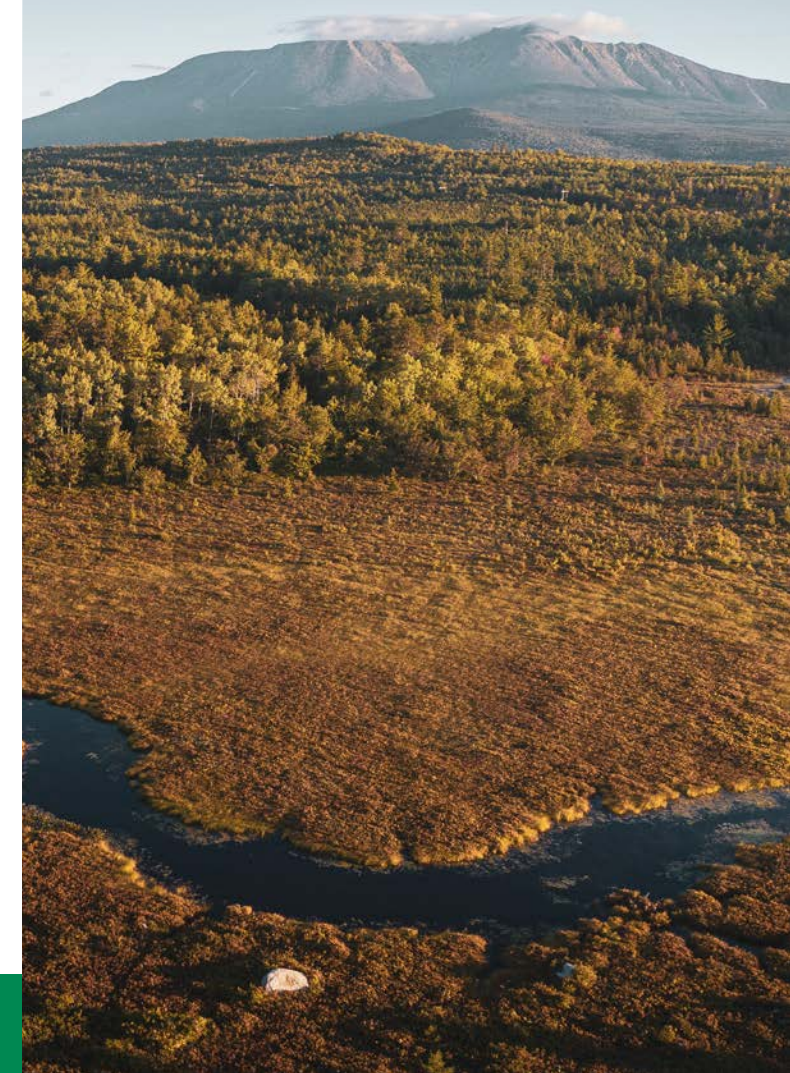


[KatahdinTrust.com](https://www.katahdintrust.com)

MEMBER FDIC EQUAL HOUSING LENDER



2026
FIRST QUARTER



KATAHDIN BANKSHARES CORP.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

CONSOLIDATED STATEMENT OF CONDITION

(UNAUDITED)

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
ASSETS			
Cash & Due from Banks	\$ 18,642	\$ 37,195	\$ 20,635
Investments	163,696	167,522	155,591
Total Loans	883,152	867,980	853,086
Allowance for Credit Losses	(8,381)	(8,473)	(8,523)
Fixed Assets	16,826	17,006	16,942
Other Assets	40,357	40,070	42,944
Total Assets	\$ 1,114,292	\$ 1,121,300	\$ 1,080,675
LIABILITIES			
Deposits	\$ 948,662	\$ 957,951	\$ 925,581
Borrowings	33,000	30,000	30,000
Other Liabilities	28,563	29,715	30,451
Total Liabilities	\$ 1,010,225	\$ 1,017,666	\$ 986,032
SHAREHOLDERS' EQUITY			
Common Shareholders' Equity	\$ 111,972	\$ 109,977	\$ 103,666
Net Unrealized Appreciation (Depreciation) on Securities Available-for-Sale, Net of Tax	(9,042)	(7,828)	(11,134)
Net Unrealized Appreciation (Depreciation) on Derivative Investments at Fair Value, Net of Tax	1,979	2,079	2,934
Unearned ESOP Shares	(133)	(133)	(195)
Unearned Comp – Restricted Stock	(709)	(461)	(628)
Total Shareholders' Equity	\$ 104,067	\$ 103,634	\$ 94,643
Total Liabilities & Shareholders' Equity	\$ 1,114,292	\$ 1,121,300	\$ 1,080,675
Letters of Credit	\$ 4,711	\$ 3,311	\$ 3,547

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

	For 3 Months Ended		
	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025
Interest Income	\$ 14,177	\$ 14,455	\$ 13,638
Interest Expense	4,074	4,271	4,427
Senior Notes Interest Expense	37	36	37
Net Interest Income	\$ 10,066	\$ 10,148	\$ 9,174
Credit Loss Expense (Benefit)	414	(109)	(36)
Net Interest Income after Credit Loss Expense (Benefit)	\$ 9,652	\$ 10,257	\$ 9,210
Non-Interest Income	1,281	1,601	1,528
Non-Interest Expense	7,848	7,989	7,808
Net Operating Income	\$ 3,085	\$ 3,869	\$ 2,930
Less: Provision for Income Taxes	593	734	550
Net Income Available to Common Shareholders	\$ 2,492	\$ 3,135	\$ 2,380
Earnings Per Common Share	\$ 0.78	\$ 0.99	\$ 0.75
Annualized Return on Average Assets	0.91%	1.11%	0.89%
Annualized Return on Average Common Equity	9.63%	12.05%	10.32%
Book Value Per Share at period end ¹	\$ 32.75	\$ 32.70	\$ 29.83
Tangible Book Value Per Share at period end ²	\$ 30.96	\$ 30.91	\$ 28.03
Weighted Average Common Shares Outstanding ³	3,177,500	3,172,721	3,177,018
Common Shares Outstanding period end	3,184,414	3,176,357	3,183,073
Adjusted Common Shares Outstanding period end ⁴	3,177,590	3,169,533	3,172,838
Allowance for Loan Losses to period end Loans	0.95%	0.98%	1.00%
Non-Performing Loans to period end Loans ⁵	0.53%	0.79%	0.16%
Non-Performing Assets to Total Assets ⁶	0.42%	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.

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.otcmarkets.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

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.