

# DEAR FELLOW SHAREHOLDERS,

Katahdin Bankshares Corp. continued to build momentum during the third quarter of 2026, supported by higher core revenue, continued balance sheet growth, and a lower provision for credit losses.

Net income increased to \$3.3 million, or \$1.04 per common share, compared with \$2.4 million, or \$0.76 per share, in the previous quarter and \$2.7 million, or \$0.84 per share, in the third quarter of 2025. Through the first nine months of 2026, net income was \$8.2 million, or \$2.58 per share, compared with \$7.6 million, or \$2.38 per share, for the same period last year.

Core operating results also improved during the quarter, driven by higher net interest income and a lower provision for credit losses. Net interest income increased to \$10.8 million from \$10.3 million in the second quarter and \$9.8 million in the third quarter of 2025. Through September 30, net interest income was 9.5% above the comparable prior-year period. Pre-tax, pre-provision income totaled approximately \$4.1 million for the quarter, an increase of 13.1% from the third quarter of 2025. Through September 30, pre-tax, pre-provision income totaled \$11.3 million, an increase of 19.2% from the same period last year.

Customer activity remained strong across our markets. Loans ended the quarter at \$946.9 million, increasing \$16.4 million, or 1.8%, from June 30 and \$96.2 million, or 11.3%, from one year ago. Deposits reached \$1.01 billion, increasing \$49.4 million during the quarter and \$78.8 million from one year ago. Local deposits increased \$32.7 million during the quarter and \$35.6 million from one year ago, with the remaining growth funded by wholesale sources. Total assets were approximately \$1.18 billion at September 30. Increases in interest rates continue to affect funding costs and loan opportunities. Management closely monitors these trends as we work to maintain an appropriate balance between competitive pricing and a healthy net interest margin.

The provision for credit losses was \$20,000 for the quarter, compared with \$807,000 in the previous quarter and \$338,000 in the third quarter of 2025. Provisions earlier in 2026 were influenced primarily by loan growth

and commitments to lend, as well as changes in the credit profile of certain loans.

Non-performing loans represented 0.37% of total loans at quarter end, compared with 0.73% a year earlier. The decline reflects the resolution of certain non-performing loans during the period. The allowance for credit losses totaled \$8.8 million, or 0.93% of total loans. Overall, credit quality remains stable, and we continue to monitor the portfolio carefully.

Noninterest income totaled approximately \$4.0 million through September 30, relatively unchanged from the same period last year, while noninterest expense increased 3.1% to approximately \$23.9 million. Expenses reflect our continued investment in employees, technology, and infrastructure, while maintaining a disciplined approach to managing operating costs.

Improved earnings were reflected in our profitability measures. Annualized return on average assets for the quarter increased to 1.12%, compared with 0.85% in the previous quarter and 0.97% one year ago. Annualized return on average common equity was 12.35% in the third quarter, compared with 9.19% in the second quarter and 10.70% in the third quarter of 2025.

Capital remained sound, with shareholders' equity of approximately \$104.1 million at quarter end. Book value per share increased to \$32.91 from \$31.74 a year ago, and tangible book value per share increased to \$31.11 from \$29.94.

In September, the Company paid a quarterly cash dividend of \$0.23 per share, 13.6% higher than the dividend paid in the third quarter of 2025. During the quarter, the Company repurchased 9,115 shares at an average price of \$34.05 per share. Year to date, it has repurchased 15,115 shares at an average cost of \$33.38 per share, totaling \$504,577 under its \$2.0 million stock buyback program. These dividends and share repurchases demonstrate our commitment to returning capital to shareholders while maintaining appropriate capital levels.

## 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.



2026  
THIRD QUARTER



CONTINUED ON INSIDE

KatahdinTrust.com

MEMBER FDIC EQUAL HOUSING LENDER

# KATAHDIN BANKSHARES CORP.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

## CONSOLIDATED STATEMENT OF CONDITION

| (UNAUDITED)                                                                                    | Sept. 30,<br>2026   | June 30,<br>2026    | Sept. 30,<br>2025   |
|------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| <b>ASSETS</b>                                                                                  |                     |                     |                     |
| Cash & Due from Banks                                                                          | \$ 26,493           | \$ 20,097           | \$ 24,040           |
| Investments                                                                                    | 155,244             | 158,951             | 165,500             |
| Total Loans                                                                                    | 946,911             | 930,511             | 850,685             |
| Allowance for Credit Losses                                                                    | (8,802)             | (8,967)             | (8,545)             |
| Fixed Assets                                                                                   | 16,669              | 16,616              | 17,000              |
| Other Assets                                                                                   | 44,076              | 42,484              | 41,878              |
| <b>Total Assets</b>                                                                            | <b>\$ 1,180,591</b> | <b>\$ 1,159,692</b> | <b>\$ 1,090,558</b> |
| <b>LIABILITIES</b>                                                                             |                     |                     |                     |
| Deposits                                                                                       | \$ 1,012,301        | \$ 962,946          | \$ 933,519          |
| Borrowings                                                                                     | 37,296              | 63,500              | 30,000              |
| Other Liabilities                                                                              | 26,909              | 27,594              | 26,384              |
| Total Liabilities                                                                              | \$ 1,076,506        | \$ 1,054,040        | \$ 989,903          |
| <b>SHAREHOLDERS' EQUITY</b>                                                                    |                     |                     |                     |
| Common Shareholders' Equity                                                                    | \$ 115,701          | \$ 113,463          | \$ 107,588          |
| Net Unrealized Appreciation (Depreciation) on Securities Available-for-Sale, Net of Tax        | (12,755)            | (8,864)             | (8,550)             |
| Net Unrealized Appreciation (Depreciation) on Derivative Investments at Fair Value, Net of Tax | 1,864               | 1,837               | 2,324               |
| Unearned ESOP Shares                                                                           | (133)               | (133)               | (195)               |
| Unearned Comp – Restricted Stock                                                               | (592)               | (651)               | (512)               |
| Total Shareholders' Equity                                                                     | \$ 104,085          | \$ 105,652          | \$ 100,655          |
| <b>Total Liabilities &amp; Shareholders' Equity</b>                                            | <b>\$ 1,180,591</b> | <b>\$ 1,159,692</b> | <b>\$ 1,090,558</b> |
| Letters of Credit                                                                              | \$ 4,588            | \$ 4,588            | \$ 3,321            |

## CONSOLIDATED STATEMENT OF INCOME

| (UNAUDITED)                                                | For 3 Months Ended |                  |                   | For 9 Months Ended |                   |
|------------------------------------------------------------|--------------------|------------------|-------------------|--------------------|-------------------|
|                                                            | Sept. 30,<br>2026  | June 30,<br>2026 | Sept. 30,<br>2025 | Sept. 30,<br>2026  | Sept. 30,<br>2025 |
| Interest Income                                            | \$ 15,547          | \$ 14,825        | \$ 14,198         | \$ 44,549          | \$ 41,784         |
| Interest Expense                                           | 4,783              | 4,477            | 4,335             | 13,334             | 13,230            |
| Senior Note Interest Expense                               | -                  | 30               | 37                | 67                 | 110               |
| Net Interest Income                                        | \$ 10,764          | \$ 10,318        | \$ 9,826          | \$ 31,148          | \$ 28,444         |
| Provision (Benefit) for Credit Losses                      | 20                 | 807              | 338               | 1,241              | 157               |
| Net Interest Income after Provision for Credit Losses      | \$ 10,744          | \$ 9,511         | \$ 9,488          | \$ 29,907          | \$ 28,287         |
| Non-Interest Income                                        | 1,406              | 1,325            | 1,374             | 4,012              | 4,174             |
| Non-Interest Expense                                       | 8,096              | 7,936            | 7,597             | 23,880             | 23,152            |
| Net Operating Income                                       | \$ 4,054           | \$ 2,900         | \$ 3,265          | \$ 10,039          | \$ 9,309          |
| Less: Provision for Income Taxes                           | 778                | 486              | 606               | 1,857              | 1,746             |
| <b>Net Income Available to Common Shareholders</b>         | <b>\$ 3,276</b>    | <b>\$ 2,414</b>  | <b>\$ 2,659</b>   | <b>\$ 8,182</b>    | <b>\$ 7,563</b>   |
| Earnings Per Common Share                                  | \$ 1.04            | \$ 0.76          | \$ 0.84           | \$ 2.58            | \$ 2.38           |
| Annualized Return on Average Assets                        | 1.12%              | 0.85%            | 0.97%             | 0.96%              | 0.93%             |
| Annualized Return on Average Common Equity                 | 12.35%             | 9.19%            | 10.70%            | 10.40%             | 10.57%            |
| Book Value Per Share at period end <sup>1</sup>            |                    |                  |                   | \$ 32.91           | \$ 31.74          |
| Tangible Book Value Per Share at period end <sup>2</sup>   |                    |                  |                   | \$ 31.11           | \$ 29.94          |
| Weighted Average Common Shares Outstanding <sup>3</sup>    |                    |                  |                   | 3,171,800          | 3,173,320         |
| Common Shares Outstanding period end                       |                    |                  |                   | 3,169,299          | 3,181,474         |
| Adjusted Common Shares Outstanding period end <sup>4</sup> |                    |                  |                   | 3,162,475          | 3,171,239         |
| Allowance for Loan Losses to period end Loans              |                    |                  |                   | 0.93%              | 1.00%             |
| Non-performing Loans to period end Loans <sup>5</sup>      |                    |                  |                   | 0.37%              | 0.73%             |
| Non-Performing Assets to Total Assets <sup>6</sup>         |                    |                  |                   | 0.29%              | 0.57%             |

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.

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### Employee Spotlight

Our employees continue to be the driving force behind our success. During the quarter, we celebrated several important milestones, including the promotion of **Ruba Haddad** to Marketing and Brand Officer and the addition of **Rachael Cooley** as Branch Manager and Community Banking Officer for our Fort Fairfield and Mars Hill branches. Both bring talent, dedication, and a strong commitment to serving our customers and communities.

### Community Commitment

Service has always been at the heart of our culture. At our annual employee appreciation event, we celebrated employees for their years of service and recognized the positive impact they make throughout our communities. **Justin Jamison**, Senior Vice President, Commercial Services Officer and Team Leader, received the Top of the Mountain Commitment to Community Award in recognition of his exceptional volunteer service in the greater Bangor region.

### Thank You

As we enter the final quarter of the year, our priorities remain clear: supporting the financial needs of our customers, maintaining disciplined credit and balance sheet management, investing thoughtfully in the Company, and building sustainable value for our shareholders.

Thank you for your continued confidence and support. As always, your comments or questions are welcome.

Sincerely,



Jon J. Prescott  
President & CEO