

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be Held May 4, 2015

TO THE SHAREHOLDERS OF KATAHDIN BANKSHARES CORP.:

You are hereby invited to attend the 2015 Annual Meeting of Shareholders of Katahdin Bankshares Corp., to be held in the Katahdin Trust Company Room at Houlton Regional Hospital, 20 Hartford Street, Houlton, Maine 04730 on Monday, May 4, 2015 at 10:30 a.m., Eastern Time. At the Annual Meeting, you will be asked to:

1. Elect three directors as described in the Proxy Statement dated March 10, 2015 which accompanies this Notice of the meeting.

2. Ratify the Board's selection of BerryDunn as the independent accountants of Katahdin Bankshares and its subsidiaries for 2015.

3. Transact any other business as may properly come before the meeting.

Only those shareholders of record at the close of business on February 24, 2015 shall be entitled to notice of, and to vote at, the Annual Meeting. Regardless of whether you plan to attend the Annual Meeting, please mark, date and sign the enclosed proxy and return it to us as soon as possible. If you attend the Annual Meeting and decide to revoke your proxy by voting in person, you may do so. In any event, a proxy may be revoked at any time prior to the voting of the proxy by giving appropriate notice to us.

March 10, 2015

By Order of the Board of Directors

Matthew M. Nightingale
Clerk of the Corporation

KATAHDIN BANKSHARES CORP.
11 Main Street
Patten, Maine 04765

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS
MONDAY, MAY 4, 2015

SOLICITATION OF PROXIES AND MEETING INFORMATION

Katahdin Bankshares Corp. ("Bankshares") is sending this Proxy Statement to you for the solicitation of proxies by the Board of Directors of Bankshares to be voted at the Annual Meeting of Shareholders. This Proxy Statement and the enclosed Proxy are being mailed to shareholders on or about March 10, 2015.

INFORMATION ABOUT THE MEETING

When and Where is the Annual Meeting?

The Annual Meeting will be held at 10:30 a.m., Eastern Time, on Monday, May 4, 2015 in the Katahdin Trust Company Room at Houlton Regional Hospital, 20 Hartford Street, Houlton, Maine.

What Matters will be Voted on at the Annual Meeting?

At the Annual Meeting, you will be asked to:

- Elect three directors to serve for a three-year term and set the total number of directors at nine;
- Ratify the selection of BerryDunn as the independent accountants of Bankshares and subsidiaries for 2015; and
- Transact such other business as may properly come before the Annual Meeting.

Who is Entitled to Vote?

Only shareholders of record at the close of business on the record date, February 24, 2015, are entitled to receive notice of the Annual Meeting and to vote at the Annual Meeting. On February 24, 2015, there were 3,404,367 shares of Bankshares' Common Stock outstanding. Each share of Bankshares' Common Stock is entitled to one vote on each matter considered at the meeting, including one vote for each director to be elected. Shareholders are not entitled to cumulate their votes in the election of directors.

How Many Shares are Needed for a Quorum?

The presence at the Annual Meeting, in person or by proxy, of a majority of the outstanding shares eligible to vote at the Annual Meeting is required for a quorum to exist at the Annual Meeting. For this purpose, abstentions and broker non-votes are counted in determining the shares present at the Annual Meeting.

What Vote is Required to Elect Directors?

The three nominees for election as directors who receive the greatest number of votes will be elected directors. Votes may be cast in favor of some or all of the nominees for election to the Board of Directors or withheld as to some or all of the nominees.

How Do I Vote?

If you complete and properly sign the accompanying Proxy and return it to Bankshares, it will be voted as you direct. If you give no directions on your proxy, the shares represented by your proxy, if properly signed, will be voted FOR election of the director nominees and FOR ratification of the auditors selected by the Board of Directors. If any other matters are properly presented at the Annual Meeting for consideration, the persons named in the proxy will have discretion to vote on those matters according to their best judgment.

Can I Change My Vote After I Return My Proxy?

Yes. Even after you have submitted your proxy, your proxy may be withdrawn at any time before it is voted by

- Delivering written notice to the Clerk of the Corporation, at 11 Main Street, PO Box 450, Patten, Maine 04765, at any time prior to the date of the meeting, or
- Completing a later dated proxy, or
- Attending the Annual Meeting and voting in person.

Who Pays the Costs of Soliciting Proxies?

The enclosed proxy is solicited by the Board of Directors of Bankshares. Bankshares will bear the costs of soliciting proxies for the Annual Meeting. In addition to soliciting proxies by mail, Bankshares' directors, officers and employees may solicit proxies personally or by telephone or fax. No director, officer or employee of Bankshares who solicits proxies will receive any compensation for their solicitation other than their regular compensation for the positions they hold. Bankshares does not intend to pay any compensation to any other persons for the solicitation of proxies.

Proposal 1: Election of Directors

The Articles of Incorporation of Bankshares provide that the Board of Directors shall be divided into three classes, with the term of office of only one class expiring at each Annual Meeting. At each Annual Meeting, the number of directors to be elected shall be equal to the number of directors of the class whose term expires at the time of the meeting unless the number of directors in that class has been increased or decreased by the Board of Directors or shareholders. The directors who are elected at each Annual Meeting shall hold office until the third succeeding Annual Meeting of shareholders after their election.

The persons named below, each of whom is currently a director of Bankshares, have been nominated by the Board of Directors for reelection, to serve until the 2018 Annual Meeting and until their successors are chosen and qualified.

The following table provides the name, age, principal occupation, and stock ownership of each of these director nominees as of February 24, 2015.

Name	Age	Director Since	Principal Occupation	Shares Owned	Percentage Ownership
Paul R. Powers	61	2000	Contractor	43,000 [1]	1.26%
Arthur L. Shur	77	1983	Retired Farmer	106,375 [2]	3.12%
Harold L. Stewart, II	53	2004	Attorney	10,395	0.31%

[1] Includes 7,750 shares held in spouse's name.
[2] Includes 5,000 shares held in spouse's name and 61,375 held by S&R Corp.

The Board recommends that you vote **"FOR"** the nominees for director listed above. In voting to fill the three open positions on the Board, the shareholders will be setting the total number of directors at nine. The six current directors whose terms are not expiring at the Annual Meeting are as follows:

Term Expiring at 2016 Annual Meeting: Robert E. Anderson, Steven L. Richardson, Peter F. Briggs
Term Expiring at 2017 Annual Meeting: Richard J. York, Jon J. Prescott, Robert H. Anderson

Proposal 2: Ratification of Accountants

The Board of Directors has approved and recommends for stockholder ratification the selection of BerryDunn as the independent accountants of Bankshares and its subsidiaries for 2015.

The Board recommends that you vote **"FOR"** ratifying the selection of the independent accountants.

OTHER BUSINESS

The management of Bankshares does not know of any other matters that are to be presented for action at the Annual Meeting to which this Proxy Statement relates. Should any other matter come before the meeting, however, the persons named in the enclosed proxy will have discretionary authority to vote all proxies with respect to such matter according to their judgment (unless such authority is withheld on the proxy).

By Order of the Board of Directors



Matthew M. Nightingale
Clerk of the Corporation

Patten, Maine
March 10, 2015