

2015 Annual Report



note to shareholders

We are pleased to share our financial results from 2015. It was an eventful year that offered opportunities for growth, enhancements to earnings, and improvements in our asset quality. All of this was accomplished under the guidance of our board of directors through the efforts of our committed employees while enduring unprecedented increase in banking regulation. Our bank continues to focus on community banking by providing relevant financial products, at competitive prices, with excellent service to attain our goal of providing increased value to our shareholders. We encourage you to think of MBC for all of your financial needs and to recommend us to your family and friends.

corporate profile

Monticello Bankshares, Inc. was established in 1982 to provide strength and oversight for its wholly owned subsidiary, the Monticello Banking Company (MBC). MBC is a Kentucky commercial bank chartered in 1895 with its corporate office located in Monticello. The bank has operated under the same name and at the same location since its inception. MBC operates thirteen full service community banking offices in 7 counties surrounding Lake Cumberland and in the Barren River region. MBC offers a wide range of banking and investment services which are provided through our branch offices and our growing internet presence. We would like the opportunity to serve all of your financial needs. Please call or visit our offices at your convenience and visit us online at www.mbcbank.com.

shareholder information

Shareholder Inquiries, Stock Transfer or

Dividend Payments

If you have inquiries or questions regarding your Monticello Bankshares shareholder account, please call Helen Dolen at (606) 348-8411 or 1-800-909-3420 or write

Monticello Bankshares, Inc. • P.O. Box 421 • Monticello, KY 42633

Internet

For information on financial results, products and services please visit our website: www.mbcbank.com

Corporate Headquarters

Monticello Bankshares, Inc. • 50 N. Main St., P.O. Box 421
Monticello, Kentucky 42633 • (606) 348-8411 or 1-800-909-3420

Annual Meeting

The annual meeting of shareholders will be held on Thursday, April 14th, 2016 at the Historic Wayne Theater, 30 N. Main Street, Monticello, Kentucky at 3:30 p.m. EDT.

Dividend Calendar

Dividends, as declared by the Board of Directors, are customarily paid to shareholders of record as follows:

March 1 – payable March 10

June 1 – payable June 10

September 1 – payable September 10

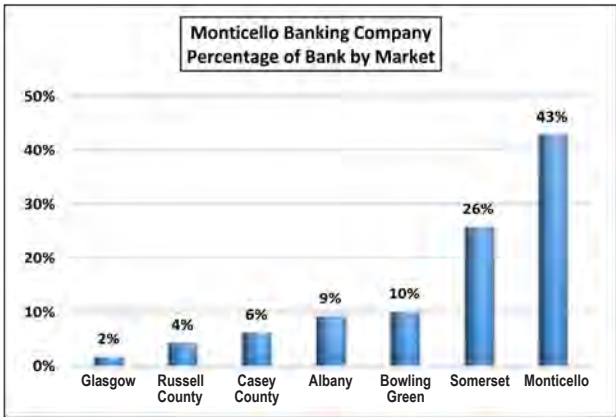
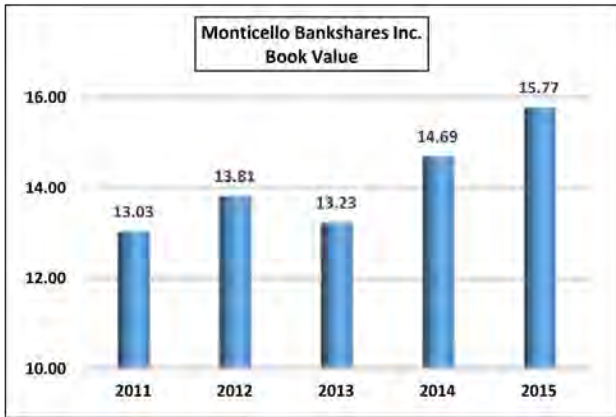
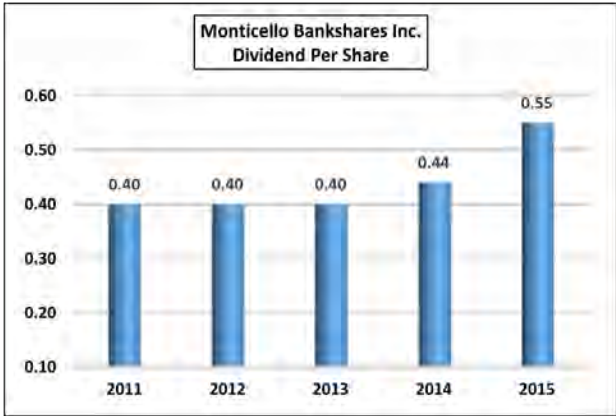
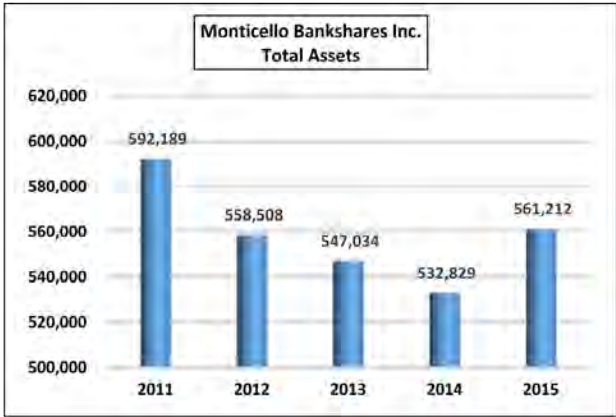
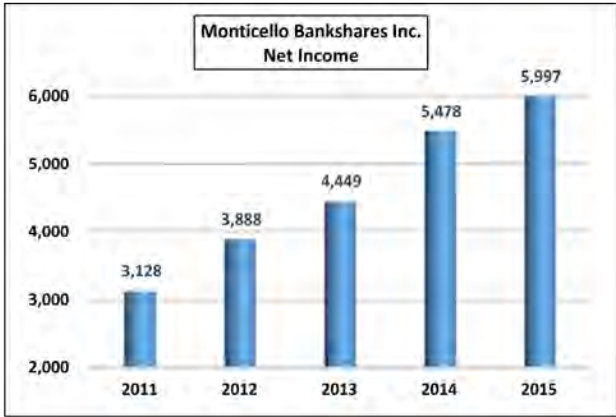
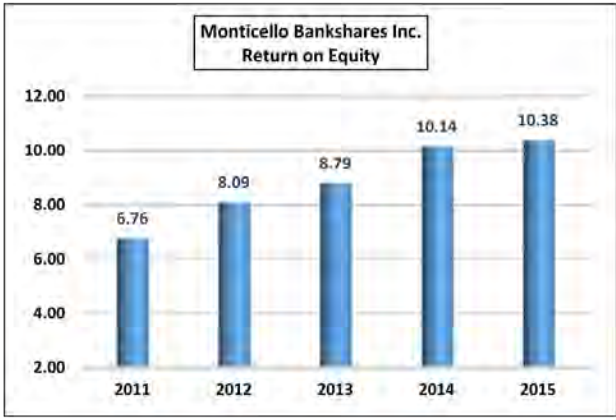
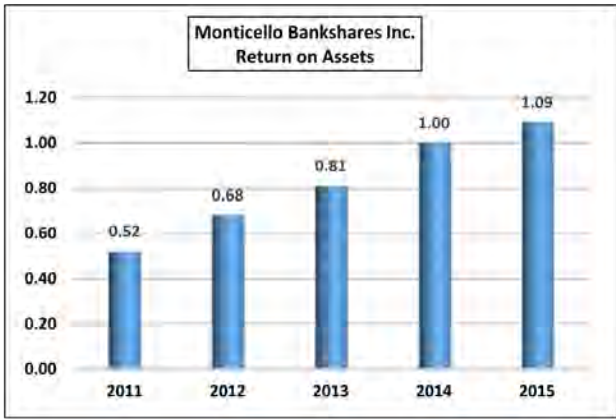
December 1 – payable December 10

Financial Information

For a copy of our audit report, please contact Frances Watson, Sr. Vice President at (606) 348-8411 or 1-800-909-3420 or email at fwatson@mbcbank.com.

Independent Auditors

Mountjoy Chilton Medley, LLP
Certified Public Accountants
333 West Vine Street, Suite 1000
Lexington, KY 40507



Statement of Financial Condition

Consolidated for the Year Ended December 31, 2015

ASSETS	2015	2014
Cash and due from Banks	\$17,835,000	\$33,078,000
Federal funds sold	<u>1,000</u>	<u>1,000</u>
Total Cash and Cash Equivalents	\$17,836,000	\$33,079,000
Securities - Available for Sale	\$138,291,000	\$99,011,000
Securities - Held to Maturity	0	0
Restricted Investments	<u>3,105,000</u>	<u>3,105,000</u>
Total Securities	\$141,396,000	\$102,116,000
Net Loans	\$366,449,000	\$364,505,000
Bank premises and equipment	14,623,000	14,288,000
Goodwill, Net	1,000,000	1,000,000
Other assets	<u>19,713,000</u>	<u>17,790,000</u>
Total Assets	<u>\$561,017,000</u>	<u>\$532,778,000</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Non-interest bearing deposits	\$105,748,000	\$84,604,000
Interest-bearing deposits	<u>392,733,000</u>	<u>389,727,000</u>
Total Deposits	\$498,481,000	\$474,331,000
FHLB Borrowings	\$ 0	\$ 0
Line of Credit	<u>0</u>	<u>0</u>
Total Other Borrowed Funds	0	\$ 0
Other Liabilities	<u>\$1,678,000</u>	<u>\$1,755,000</u>
Total Liabilities	\$500,159,000	\$476,086,000
STOCKHOLDERS' EQUITY		
Preferred stock: \$5 Par Value, 50,000 shares		
Authorized: (2015) 27,716 (2014) 28,676 shares Issued & Outstanding	\$ 139,000	\$ 143,000
Common stock: \$5 Par Value, 8,000,000 shares		
Shares Authorized & Issued: (2015) 3,962,018 (2014) 3,832,439 respectively		
Shares Outstanding: (2015) 3,832,439 (2014) 3,831,479 respectively	19,162,000	19,158,000
Surplus	3,275,000	3,276,000
Retained earnings	37,033,000	33,159,000
Accumulated Other Comprehensive Income (Loss)	<u>1,249,000</u>	<u>956</u>
Total Shareholders' Equity	\$ 60,858,000	\$ 56,692,000
Total Liabilities and Shareholders' Equity	<u>\$561,017,000</u>	<u>\$532,778,000</u>

Statement of Income

Consolidated for the Year Ended December 31, 2015

	2015	2014
Interest Income on Loans	\$18,964,000	\$19,562,000
Interest Income on Securities	3,229,000	3,344,000
Interest Income on Federal Funds Sold & Other Interest Income	<u>182,000</u>	<u>197,000</u>
Total Interest Income	\$22,375,000	\$23,103,000
Interest Expense on Deposits	\$2,946,000	\$2,996,000
Interest Expense on Other Borrowed Funds	<u>0</u>	<u>298,000</u>
Total Interest Expense	\$2,946,000	\$3,294,000
Net Interest Income	\$19,429,000	\$19,809,000
Provision for Loan Losses	\$729,000	\$1,500,000
Service Charges on Deposit Accounts	\$2,731,000	\$3,117,000
Gain (Loss) on Sale of Securities	575,000	460,000
Secondary Market Mortgage Fees	487,000	298,000
Other Income	<u>1,952,000</u>	<u>1,211,000</u>
Total Non-Interest Income	\$5,745,000	\$5,086,000
Salaries & Employee Benefit Expense	\$9,963,000	\$9,705,000
Occupancy Expense	\$2,309,000	2,241,000
Other Non-Interest Expense	<u>4,594,000</u>	<u>4,658,000</u>
Total Non-Interest Expense	\$16,866,000	\$16,604,000
Net Income Before Income Taxes	\$7,579,000	\$6,791,000
Income Tax Expense	<u>\$1,582,000</u>	<u>\$1,313,000</u>
Net Income	<u><u>\$5,997,000</u></u>	<u><u>\$5,478,000</u></u>

board of directors

Monticello Bankshares, Inc.

Kenneth Ramsey, Chairman
Kenny Ramsey, President & CEO
Dr. James K. Phillips, Jr., Vice Chairman
D. Mack Butler
Roger Dalton
Marilyn Drake
Rick Drake
Bob Hayden
Van Phillips

Monticello Banking Company

Kenneth Ramsey, Chairman
Kenny Ramsey, President & CEO
Dr. James K. Phillips, Jr., Vice Chairman
Mike Blevins
Sam Brown
D. Mack Butler
Lyle Denney
Marilyn Drake
Rick Drake
Charles Fletcher
Bob Hayden

corporate management

President/Chief Executive Officer

Kenny Ramsey*

Chief Operations Officer

Regina Brinson

Chief Financial Officer

Sandra Frost*

Chief Credit Officer

Rodney Weaver

Chief Human Resource Officer

Becky Dolen*

Chief Technology Officer

Randy Parsons

Compliance

Pattie Corder*

Marketing

Barbara Gehring*

Auditor

Dawn Harmon

Information & Security Officer

Melissa Piercy

BSA Officer

Natoshia Wells

advisory boards

Albany Advisory Board

Rick Drake - Chairman, D. Jeff Choate, Gene Dunnington, Paula Little, Steve Tallent, E. Howard Stockton

Bowling Green Advisory Board

Dr. J. K. Phillips, Jr. - Chairman, Adam Burden, Dr. Kirk Fee, Laura Spencer, Buster Stewart, Ben Thornton, Gayla Warner

Casey County Advisory Board

Lyle Denney - Chairman, Garland Sharp, Bryan Woodrum

Glasgow Advisory Board

Van Phillips - Chairman, T. Richard Alexander, Sheila Dishman, Bobby Hurt

Russell County Advisory Board

Michael Blevins - Chairman, Steve Bledsoe, Rick Mann, David Smith, Fred Tarter

Somerset Advisory Board

Sam Brown - Chairman, Mack Butler, Danny Ford, Matt Ford, Mark Haney, Bruce Orwin, Dr. Keith Sinclair
Terri Tuttle, Lynette Wright

administration

Human Resource

Jones, Jamie
Lester, Barbara*

Compliance

Gardner, Sherry
Goley, Misty*

Marketing

Edwards, Natalie

Accounting

Watson, Frances,*
SVP/Controller
Crabtree, Crystal*
McGinnis, Amanda

Underwriting & Loan Servicing

Dunnington, Brandon,
AVP/Underwriting Mgr.
Reagan, Jamie,
AVP/Loan Processing Mgr.
Morrow, Brian, AVP/
Loan Operations Mgr.
Alexander, Zackary
Burnette, Nicole
Decker, Norma
Goley, Jonathan
King, Lena
Parnley, Christy
Stearns, Johnna
Willis, Charity

Appraiser

Summers, Joe

Collections

McClendon, Rick,
SVP/Special Assets Mgr.
Nelson, Tommy
Parnley, Heather

Information Technology

Rader, Kelley,
VP/Information Technology Mgr.
Asberry, Kyle
Coffey, Garrett
Dennis, Jackie
Lowhorn, Amie
Lyons, Kenny

Information Security

Ramsey, Becky

Deposit Operations

Decker, Tabatha,
VP/Deposit Operations Mgr.
Carlton, Judy*
Dobbs, Tabitha
Guffey, Leverne
Lozano, Angela
McGinnis, Sylvia
Nelson, Debbie*
Phipps, Elissa*

Maintenance & Courier

Harmon, David,
Purchasing & Facilities Mgr.
Gehring, Austin
Norfeet, Eddie

MONTICELLO

Main Office

Sr. Exec. Officer

Jean Hicks*

Receptionist

Lair, Mary*

New Accounts

Adams, Renee*

Tellers

Gregory, Kista
Keith, Patty*
Troxell, Sandra*

Loans

Bertram, Elaine
Dalton, Tim
Dolen, Helen*
Hurd, Billy*
Rednour, Jayma*

Business Development

Elam, Perry

DOWNTOWN BRANCH

Loans

Rose, Kevin*
Foster, Wendy

New Accounts

Simpson, Nadine*

Tellers

Barrier, Brenda*
Bell, Amy
Bell, Janet*
Martin, Beulah
Carrender, Casey
Massengale, Stephanie

TRADEWAY BRANCH

Branch Manager/Loans

Weston, Angela*

New Accounts

Foister, Linda*

Loans

Roberts, Mary Lois*

Tellers

Ellis, JaKeilla
Gehring, Ashley
Hicks, Whitney
Humble, Peggy
Hurd, Amy
Stinson, Tiffany

WALMART BRANCH

Branch Mgr./Loans

New Accounts

Duke, Misty

Tellers

Adkins, Brittany
Bertram, Elizabeth
Corder, DeLesia
Staples, Shanyn

ALBANY

Regional Exec. Officer

Anita Tucker

Sr. Exec. Officer

Johnson, Willard

New Accounts

Boles, Leslie
Smith, Rebecca

Loans

Brown, Debbie*
Vitatoe, Stuart

Tellers

Adams, Rachel
Jones, Kendra
Means, Rebecca
Owens, Ashley
Stockton, Kimberly

BOWLING GREEN

HARTLAND

Sr. Exec. Officer/

Loans

Joe Taylor

New Accounts

Howard, Stephanie

Tellers

Cook, Caroline
Minton, Tammy
Saenz, Jennifer
Valles, Adriana

CAVE MILL

Branch Mgr./Loans

Pierce, Janet

New Accounts

Engler, Ashley

Loans

Yates, Shanda

Tellers

Lutzen, Elizabeth
Poteet, Amy
Vespa, Sabina

FAIRVIEW

Regional Exec. Officer/

Loans

Lanny Loague, Jr.

Exec. Assistant

Brown, Jennifer

Teller

Cole, Dianne
Feldman, Rachel
Giorgio, Sherry

GLASGOW

Regional Exec. Officer

Lanny Loague, Jr.

Sr. Exec. Officer

Witty, Leigh

Customer Service

Bowles, Amber

Loans

Redford, Tonya

Tellers

Adwell, Lisa D.
Cannon, Kim
Carter, Tiffany

CASEY

Sr. Exec. Officer

Meece, Tonya

New Accounts

Cochran, Melissa

Loans

Leigh, Anne

Minton, Karen

Tellers

Jeffries, Kelcie
Lawhorn, Joan
Weddle, Brittany
Wethington, Teresa
Wright, Nanette

Business Development

Hansford, Gregory

RUSSELL

Regional Exec. Officer

Anita Tucker

Executive Assistant

Money, Nancy

New Accounts

Smith, Angela

Loans

Hoover, Belinda

Matney, Christin

Tellers

Coppage, Marsha
Melson, Nancy
Roy, Lisa L.
Smith, Ginger
Tucker, Sharon

SOMERSET

NORTH

Sr. Exec. Officer

Wally Hudson

Receptionist

Parkey, Lisa

New Accounts

Gover, Beverly
Price, Glenda

Loans

Dungan, Debbie
Reynolds, Valerie
Salmons, Matt

Tellers

Bunch, Renee
Harden, Mazetta
Harper, Jeff
McClendon, Megan
Phelps, Shanoah
Smith, Pat

Trust Assistant

Beshears, Amanda
Meadors, Crystal

SOUTH

Branch Mgr./Loans

Compton, Sheila

Exec. Asst. to COO

Greene, Judy

Loans

King, Kelly

New Accounts

Price, Matthew

Tellers

Baugh, Patricia
Hale, Sheila
Hatfield, Brooklyn
McQueen, Donna
Roy, Lisa A.



Monticello Wealth Management

Bill Hall & Brandon Neal

* Employees with 20 plus years of service

