ANNUAL REPORT





note to shareholders

Our company had a vibrant 2019 with continued expansion in the Commonwealth of Kentucky. MBC relocated into our newly completed office in Glasgow and opened two new offices in the Bluegrass, 997 Governors Ln, Suite 125 in Lexington and 104 Springdale Dr in Nicholasville. We were pleased with the resulting growth in all three of these markets. However, we did experience an office closure in Perryville but have subsequently showed our support of the city by allowing them to utilize the facility to provide vital local services. The established markets continue to have successful performance and maintain MBC's reputation as a community bank. To meet customer demand, we continue to provide onsite service, while investing in technology to offer mobile access and online convenience.

Please visit one of our nineteen locations or www.mbcbank.com to learn more about our many products and services.

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 nineteen full service community banking offices in eleven counties in Central and Southern Kentucky. 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-Richardson at (606) 348-1202 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 9th, 2020 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 Sept. 10 December 1 – payable Dec. 10

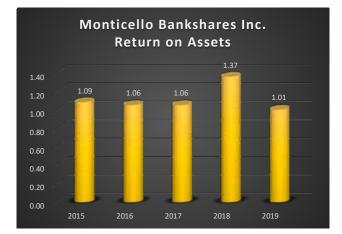
Financial Information

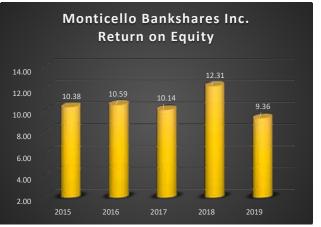
For a copy of our audit report, please contact Frances Watson, Sr. Vice President at (606) 348-8411 or 1-800-909-3420 or email fwatson@mbcbank.com.

Independent Auditors

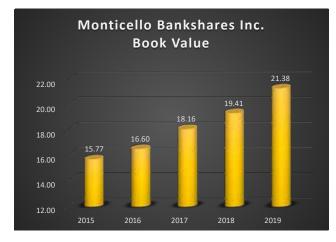
Crowe LLP, 9600 Brownsboro Road, Suite 400, Louisville, KY 40241 (502) 326-3996

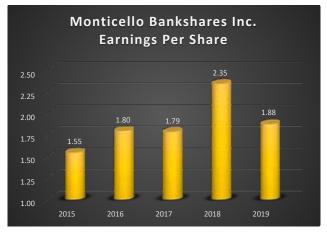
- financials











Statement of Financial Condition

Consolidated for the Year Ended December 31, 2019

(Dollar amounts in thousands except for per share data)

Assets	2019	2018
Cash and due from financial institutions	\$ 6,246	\$ 4,812
Interest bearing deposits in other financial institutions	23,806	18,724
Federal funds sold	1	1
Total Cash and Equivalents	30,053	23,537
Interest bearing time deposits in other financial institutions	992	2,256
Securities available-for-sale	97,777	119,451
Loans, net of allowance of \$5,968 and \$5,271	584,225	537,232
Restricted investments	4,755	4,754
Accrued interest receivable Other real estate owned	2,939	3,107
Premises and equipment, net	1,349 20,256	1,316 20,420
Goodwill	1,000	1,000
Bank owned life insurance	18,755	18,282
Core deposit intangible	1,242	1,538
Other assets	4,396	4,304
Total Assets	\$ 767,739	\$ 737,197
Liabilities and Stockholders' Equity		
Non-interest bearing	\$ 55,373	\$ 79,395
Interest bearing	588,053	570,598
Total Deposits	643,426	649,993
Federal Home Loan Bank advances	37,742	4,431
Long term debt	4,800	
Accrued interest payable	560	466
Other liabilities	1,977	1,809
Total Liabilities	688,505	656,699
Stockholders' Equity		
Preferred stock, \$5 par value; 50,000 shares		
authorized; 22,286 and 23,200 issued		
in 2019 and 2018, respectively; 21,481 and 23,200	107	116
outstanding in 2019 and 2018 respectively		
Common stock, \$5 par value; 8,000,000		
shares authorized; 4,273,077 and 4,269,163 issued in		
2019 and 2018 respectively; 3,684,024 and 4,123,958		
outstanding in 2019 and 2018, respectively	18,420	20,620
Additional paid-in capital	734	7,633
Retained earnings	58,570	54,208
Accumulated other comprehensive gain (loss)	1,403	(2,079)
Total Stockholders' Equity	79,234	80,498
Total Liabilities and Stockholders' Equity	\$ 767,739	\$ 737,197

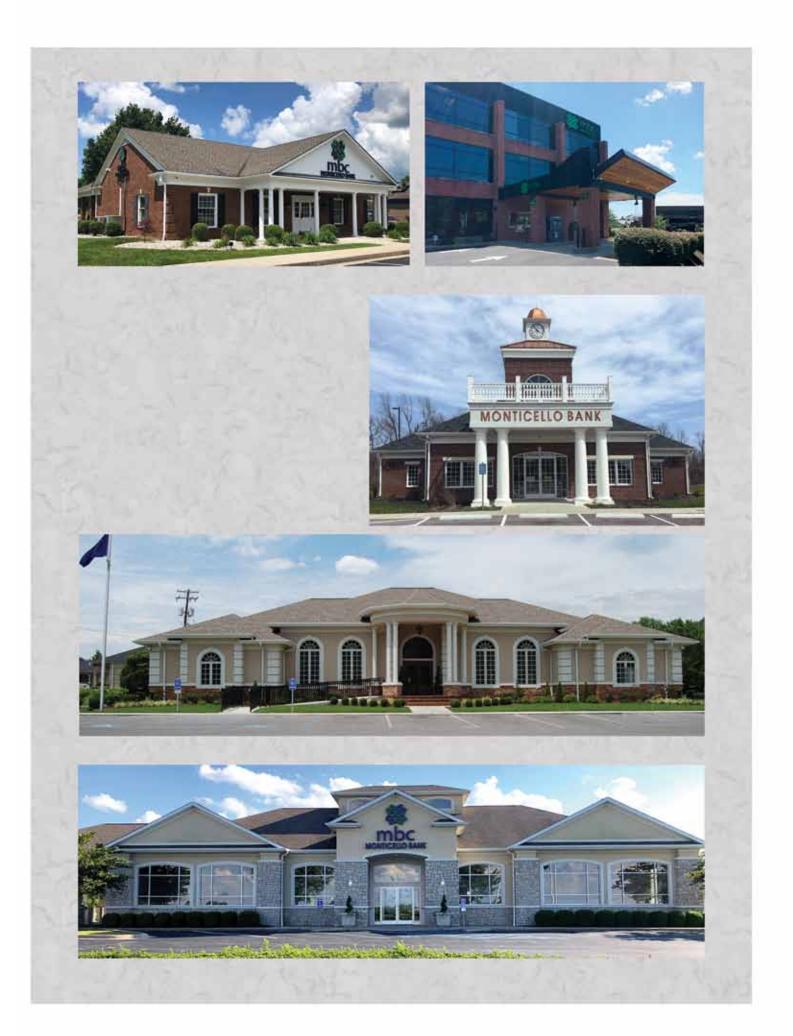
Statement of Income

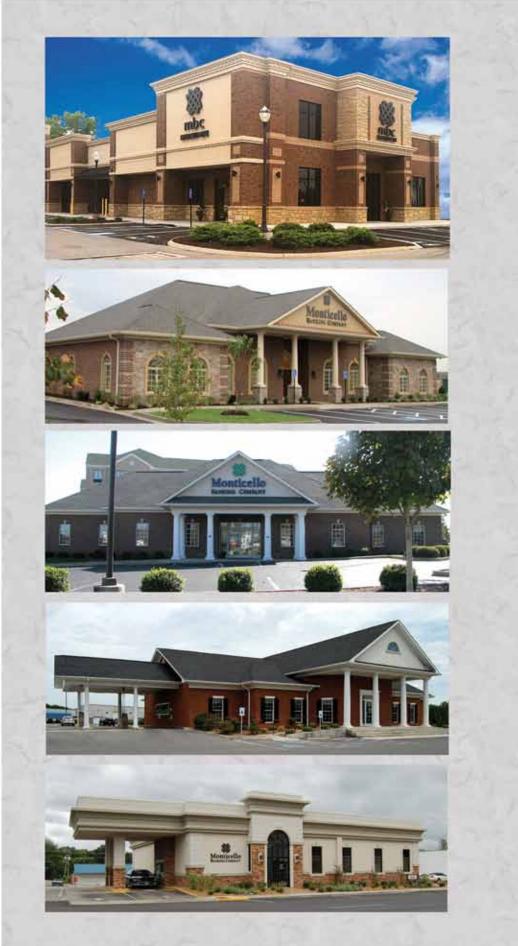
Consolidated for the Year Ended December 31, 2019

(Dollar amounts in thousands except for per share data)

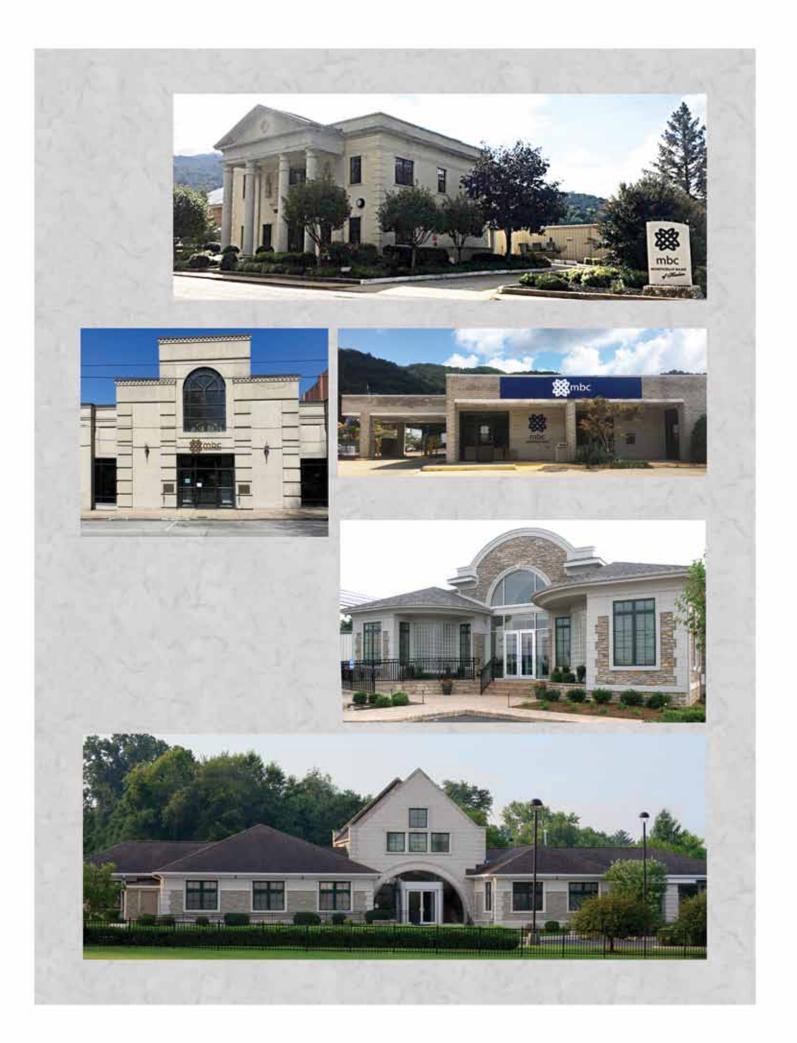
	2019	2018
Interest Income		
Loans, including fees	\$ 29,069	\$ 25,450
Taxable investment securities	522	818
Tax-exempt investment securities	2,035	2,561
Federal funds sold and other	787	817
Total Interest Income	32,413	29,646
Interest Expense		
Deposits	4,803	3,667
Other borrowed funds	347	195
Total interest expense	5,150	3,862
Net interest income	27,263	25,784
Provision for Loan Losses	1,450	925
	25,813	24,859
Non-Interest Income		
Service charges and fees on deposits	2,734	2,960
Net gain on sale of securities	176	48
Mortgage banking income	333	340
Increase in cash value of life insurance	473	468
Interchange fees	1,268	1,139
Bargain purchase gain	-	1,951
Loss on sale of asset	(7)	(13)
Other income	905	673
Total non-interest income	5,882	7,566
Non-Interest Expense		
Salaries and employee benefits	13,824	12,207
Furniture, fixtures and occupancy	2,992	3,023
Legal and professional	360	324
Advertising and marketing	466	378
Franchise taxes	1,039	930
Directors fees	482	477
FDIC insurance	100	199
Write down and loss on sale of other real estate owned	12	13
Acquisition related expenses	-	432
Other operating expenses	3,801	3,435
Total non-interest expense	23,076	21,418
Income before income taxes	8,619	11,007
Income tax expense	1,016	1,274
Net income	7,603	9,733
Other comprehensive income		
Change in unrealized gain (loss) on available-for-sale securities,		
net of income taxes of \$982 for 2019 and \$486 for 2018	3,614	(1,827)
Less: realized gains on available for sale securities, net of income taxes		
taxes of \$37 for 2019 and \$10 for 2018	\$ (132)	\$ (38)
Comprehensive income	\$11,085	\$7,868
Earnings per share		
Basic and diluted	\$1.88	\$2.35











Board of Directors

Monticello Bankshares, Inc.

Kenneth Ramsey, Chairman Kenny Ramsey, President & CEO Dr. James K. Phillips, Jr., Vice Chairman D. Mack Butler Earl Croushorn Roger Dalton Dr. Mack Drake Marilyn Drake Rick Drake 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 Mark Goss Frank Phillips

Corporate Management

President/Chief Executive Officer Kenny Ramsey*

Chief Operations Officer/EVP Regina Brinson*

Chief Financial Officer Sandra Frost*

Chief Human Resource Officer Becky Dolen*

Chief Technology Officer Randy Parsons

Senior Credit Officer Rick McClendon*

Compliance Pattie Corder*

Marketing Barbara Gehring*

Auditor Dawn Harmon

Information & Security Officer Melissa Piercy

Albany Advisory Board

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

Bowling Green Advisory Board

Dr. J. K. Phillips, Jr. - Chairman, Jody Allen, Barrett Hammer, Renee Isaacs, Rodney Rogers, David Tarter, Ben Thornton Gayla Warner, Dr. Michael Zachek

Casey County Advisory Board

Lyle Denney - Chairman, Todd Hoskins, Garland Sharp, Brian Woodrum

Danville Advisory Board

Mark Goss - Chairman, Lowery Anderson, Beth Coyle, Wyatt (Butch) Godfrey, Bill Ruth, Joseph Sharpe, John Stomberger

Glasgow Advisory Board

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

Harlan Advisory Board

Earl Croushorn - Chairman, Rayburn Doss, Rick Fox, Mark David Goss, Wayne Greene, Don Parsons

Lexington/Nicholasville Advisory Board

Mark Goss - Chairman, Bruce Davis, James "Cam" Rose, Chad Helm, Jane Phillips Harris

Russell County Advisory Board

Michael Blevins - Chairman, Randy Baird, Steve Bledsoe, 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, LaNette Wright



CORPORATE

Human Resource Jones, Jamie* Lester, Barbara*

Compliance

Browning, Brandi Goley, Misty*

Marketina Edwards, Natalie

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

Audit Stearns, Johnna

Underwriting & Loan Servicing

Dunnington, Brandon, VP/Lead Processing Specialist Reagan, Jamie, AVP/Loan Processing Mgr. Morrow, Brian, AVP/Loan Operations Mgr. Bethel, Brittany Brewster, Amanda Burkhart, Tiffany Burnette, Nicole Decker, Norma Goley, Jonathan* King, Lena Milwee, Marv Montville, M'Rae Parmley, Christy Willis, Charity

Appraiser

Summers, Joe Lyons, Kenny

Collections

Nelson, Tommy VP/Special Assets Mgr. Jones, Steven Parmley, Heather

Information Technology

Brown, Rickey, VP/Information Technology Mgr. Asberry, Kyle Castro, Johan Coffey, Garrett* Dennis, Jackie Pennycuff, Amie Young, Jennifer

Information Security Caballero, Helen

Deposit Operations

Decker, Tabatha,* VP/Deposit Operations Mgr. Burnette, Dakota Dobbs, Melissa Dobbs, Tabitha Guffey, Leverne* Lozano, Angela McGinnis, Sylvia Nelson, Debbie* Phipps, Elissa* Tucker, Ashley

Maintenance & Courier Harmon, David Norfleet, Eddie Denney, David

MONTICELLO

Main Office

Receptionist Lair, Mary* **New Accounts** Keith, Patty' Loans Bertram, Elaine Dolen-Richardson, Helen* Tellers Gregory, Kista Hurd, Amy **Business Development** Elam, Perry Custodians Branscum, Melissa Dver, Gloria

DOWNTOWN BRANCH

Gross, Amanda

New Accounts Simpson, Nadine* Loans Dalton, Tim Hurd, Billv* Tellers Barrier, Brenda* Bell, Janet* Martin, Beulah Toler, Amy*

TRADEWAY BRANCH

Branch Mar./AVP Weston, Angela* **New Accounts** Bunch, Renee Loans Roberts, Mary Lois* Tellers Baker, Bethani Humble, Peggy Putman, Hannah Stinson, Tiffany Troxell, April Vaughn, Jessica

HWY 90/BARNES DR. BRANCH

Sr. Exec. Officer Hicks, Jean* **New Accounts** Adams, Renee* Loans Foster, Wendy Rednour, Jayma* Rose, Kevin* Tellers Bertram, Elizabeth Davis, Marissa Hicks, Whitney Massengale, Stephanie* Staples, Shanyn

ALBANY

Sr. Exec. Officer Johnson, Willard New Accounts Jones, Kendra Loans Brown, Debbie* Norris, Ashlev Tellers Adams, Rachael Melton, Ashley Slaven, Sharon Stockton, Kimberly

BOWLING GREEN

HARTLAND

Commercial Lender Kemp, Kathryn **Executive Assistant** Firkins, Jennifer New Accounts Painter, Ashley Tellers Mills, Hannah Woodburn, Dianne

CAVE MILL

Sr. Exec. Officer/Lender Pierce, Janet **Business Dev. Officer** Haynes, Stacy New Accounts Howard, Stephanie Tellers Lutzen, Elizabeth Roberts, Sherry Vespa, Sabina Walters, Ann

FAIRVIEW

New Accounts Carver, Desiree Loans Stratton, Marvin Tellers Rogers, Janet Haynes, Cindy

GLASGOW

Sr. Exec. Officer Watson, Cynthia **New Accounts** Bowles, Amber Loans Witty, Leigh Tellers Adwell, Lisa D. Cannon, Kim Edwards, Marla

CASEY

Sr. Exec. Officer/Lender McClendon, Melissa New Accounts Downs, Kristi Tellers Allen, Glenda Hansford, Gregory Hines, Miranda Smith, Karrie

RUSSELL

Regional Exec. Officer Tucker, Anita Executive Assistant Money, Nancy **New Accounts** Smith, Angela Loans Hoover, Belinda Matney, Christin Tellers Coppage, Marsha Jasper, Cindy Roy, Lisa L. Stephens, Angela Tucker, Sharon

SOMERSET

NORTH

Sr. Exec. Officer Hudson, Wally **Executive Assistant** Reynolds, Valerie Receptionist Parkey, Lisa New Accounts Price, Glenda McGrew, Kavla Loans Claunch, Jerry Dungan, Debbie* Tellers Harden, Mazetta Harper, Jeff Taylor, Vanessa Vinson, Amber

SOUTH

Branch Mgr./Lender Compton, Sheila Exec. Asst. to COO/EVP Greene, Judy **New Accounts** Price, Matthew Loans Asst. Beshears, Amanda

SOUTH (cont'd) Tellers

Hale, Shelia Brooks, Brooklyn Rov, Lisa A. Warren, Jessica

HARLAN

MANSION Sr. Exec. Officer Tolliver, Steve New Accounts Craig, Beth Loans Cavins, Kevin Loan Processing Miller, Whitney Tellers Chasteen, Jaid Rouse, Casey Simpson, Alexis Custodian Nolan, Joy

MAIN

New Accounts White, Sheila* Tellers Day, Angel Jones, Tina **Customer Call Center** Howard, Kay* Thompson, Shirley* White, Kim* White, Rhonda*

VILLAGE

Operations Mgr. Estep, Ashley **New Accounts** Noah, Katelyn Loans Enix, Eugene Tellers Enix, Jillian Ewing, Megan Forester, Alicia* Gross, Kindra

DANVILLE

White, Samantha

Sr. Exec. Officer Johnson, Adam New Accounts Collier, Scottie Sims, Amie Loans Gray, Daarik Loan Asst. Koehler, Yvonne Tellers Deatherage. Bethane Cole-Preston, Rebecca



* Employees with 20 plus years of service

LEXINGTON Regional Exec. Officer Weaver, Rodney

Sr. Executive Officer Cooper, Ryan **Business Development** Centers, Charlesetta **New Accounts** Brown, Bradley Tellers

Downey, Karey Kring, Tiffany

NICHOLASVILLE

Sr. Executive Officer Brinson, Stephen **New Accounts** Popham, Tara Tellers Conley, Neil Payne, Chad Thompson, Tanner