

2021 ANNUAL REPORT



Note to Shareholders

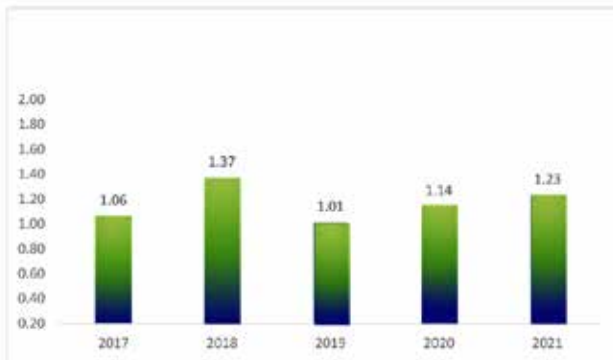
Monticello Bankshares, Inc. (MBI) and its subsidiary, Monticello Banking Company (MBC), had a tremendous year in 2021. The highlights include asset growth, total earnings, and continued market expansion.

MBC surpassed a billion in total assets in September, a significant milestone for financial institutions, placing us as the 16th largest bank headquartered in Kentucky. Our net income was a record high for MBC and ranked 17th highest in the state. This performance can be attributed to the increase in assets and extraordinary fee income, both driven by government stimulus programs. That said, we continued to focus on core earnings to support our future.

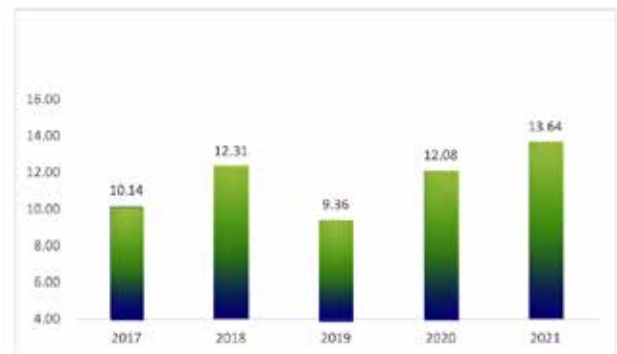
A couple of opportunities to expand our market footprint arose during 2021. In December, we opened a new office in Louisville and are renovating an office in Richmond to open in April. Current negotiations are underway to open an additional new market in 2022.

It is a priority that we maximize value to our shareholders. To help us meet your expectations, we encourage your questions, comments, and suggestions.

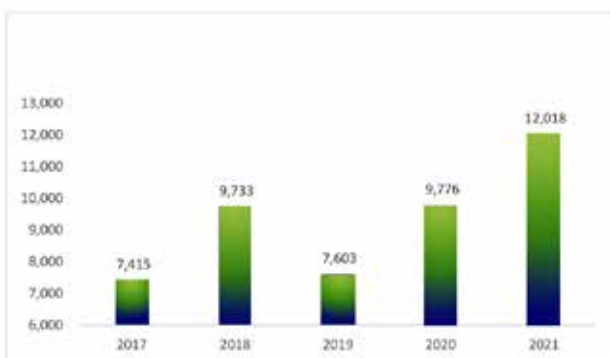
MONTICELLO BANKSHARES, INC
Return on Assets



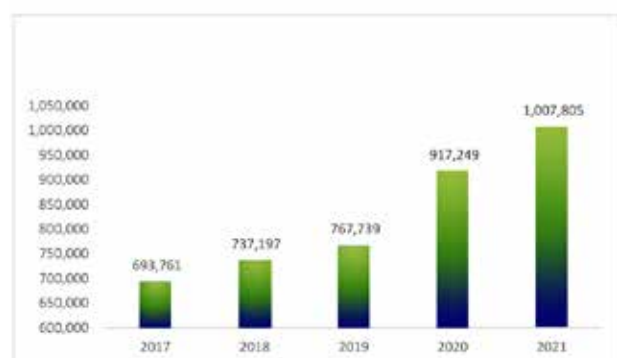
MONTICELLO BANKSHARES, INC
Return on Equity



MONTICELLO BANKSHARES, INC
Net Income



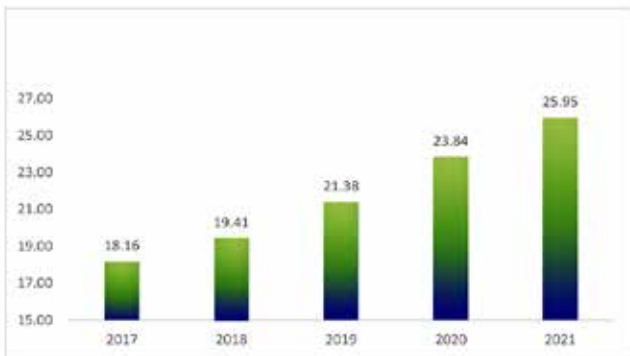
MONTICELLO BANKSHARES, INC
Total Assets



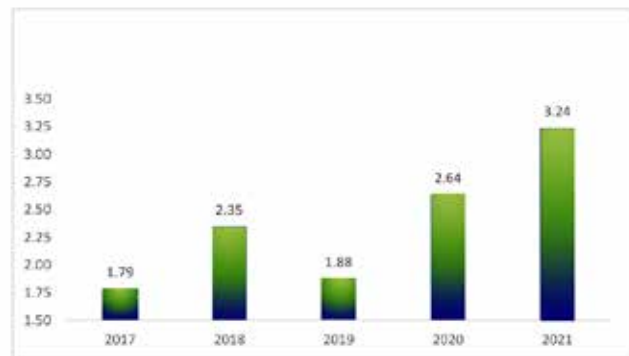
Corporate Profile

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 12 counties across 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.

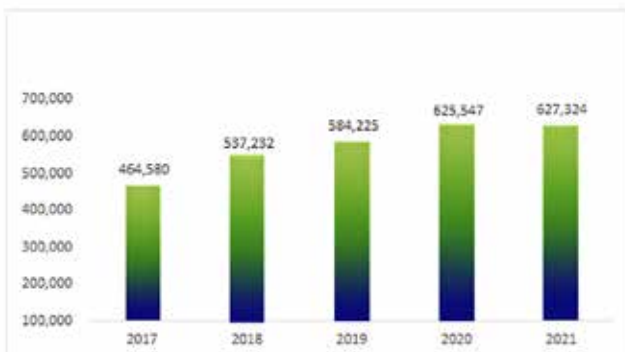
MONTICELLO BANKSHARES, INC
Book Value



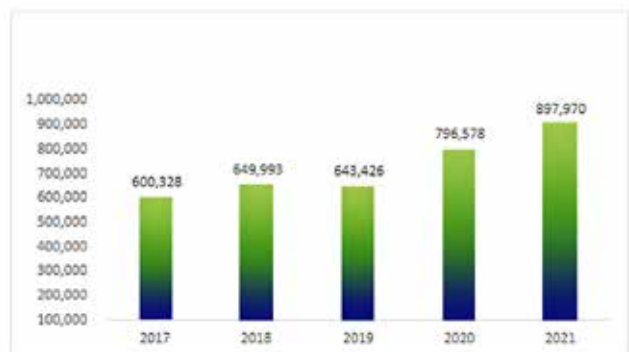
MONTICELLO BANKSHARES, INC
Earnings Per Share



MONTICELLO BANKSHARES, INC
Net Loans



MONTICELLO BANKSHARES, INC
Total Deposits



Consolidated Balance Sheets

December 31, 2021 and 2020

(Dollar amounts in thousands except for per share data)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and due from financial institutions	\$ 6,843	\$ 7,837
Interest bearing deposits in other financial institutions	22,948	68,179
Federal funds sold	1	2
	<hr/>	<hr/>
Total Cash and Equivalents	29,792	76,018
Securities available-for-sale	295,891	162,738
Loans, net of allowance of \$8,308 and \$7,111	627,324	625,547
Restricted investments	4,759	4,758
Accrued interest receivable	3,785	3,252
Other real estate owned	-	44
Premises and equipment, net	21,404	19,366
Goodwill	1,000	1,000
Bank owned life insurance	18,552	19,228
Core deposit intangible	754	988
Other assets	4,544	4,310
	<hr/>	<hr/>
Total Assets	<u>\$1,007,805</u>	<u>\$ 917,249</u>
Liabilities and Stockholders' Equity		
Non-interest bearing	\$ 86,353	\$ 82,240
Interest bearing	811,617	714,338
	<hr/>	<hr/>
Total Deposits	897,970	796,578
Federal Home Loan Bank advances	10,664	27,790
Long term debt	1,167	1,833
Accrued interest payable	302	490
Other liabilities	1,357	2,198
	<hr/>	<hr/>
Total Liabilities	911,460	828,889
Stockholders' Equity		
Preferred stock, \$5 par value; 50,000 shares authorized; 20,336 and 21,586 issued in 2021 and 2020, respectively; 19,531 and 20,781 outstanding in 2021 and 2020 respectively	98	104
Common stock, \$5 par value; 8,000,000 shares authorized; 4,272,527 and 4,273,777 issued in 2021 and 2020 respectively; 3,693,474 and 3,686,224 outstanding in 2021 and 2020, respectively	18,467	18,431
Additional paid-in capital	893	772
Retained earnings	74,269	65,374
Accumulated other comprehensive gain	2,618	3,679
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Total Stockholders' Equity	96,345	88,360
Total Liabilities and Stockholders' Equity	<u>\$1,007,805</u>	<u>\$ 917,249</u>

Consolidated Statements of Income

Years ended December 31, 2021 and 2020

(Dollar amounts in thousands except for per share data)

	2021	2020
Interest Income		
Loans, including fees	\$30,875	\$30,342
Taxable investment securities	1,434	594
Tax-exempt investment securities	3,437	2,472
Federal funds sold and other	240	339
Total Interest Income	<u>35,986</u>	<u>33,747</u>
Interest Expense		
Deposits	3,387	4,971
Other borrowed funds	331	795
Total interest expense	<u>3,718</u>	<u>5,766</u>
Net interest income	<u>32,268</u>	<u>27,981</u>
Provision for Loan Losses	1,136	1,350
	<u>31,132</u>	<u>26,631</u>
Non-Interest Income		
Service charges and fees on deposits	2,035	2,221
Net gain on sale of securities	214	1,174
Mortgage banking income	972	930
Increase in cash value of life insurance	460	473
Interchange fees	2,020	1,213
Gain on BOLI	544	-
Gain (loss) on sale of asset	30	(12)
Other income	842	870
Total non-interest income	<u>7,117</u>	<u>6,869</u>
Non-Interest Expense		
Salaries and employee benefits	14,018	13,160
Furniture, fixtures and occupancy	3,043	2,904
Legal and professional	283	179
Advertising and marketing	401	378
Franchise taxes	371	1,039
Directors fees	715	423
FDIC insurance	355	190
Write down and loss on sale of other real estate owned	10	18
Other operating expenses	4,405	3,617
Total non-interest expense	<u>23,601</u>	<u>21,908</u>
Income before income taxes	14,648	11,592
Income tax expense	2,630	1,816
Net income	12,018	9,776
Other comprehensive income		
Change in unrealized gain (loss) on available-for-sale securities, net of income taxes of \$283 for 2021 and \$510 for 2020	(892)	3,206
Less: realized gains on available for sale securities, net of income taxes taxes of \$45 for 2021 and \$247 for 2020	\$ (169)	\$ (930)
Comprehensive income	<u>\$10,957</u>	<u>\$12,052</u>
Earnings per share		
Basic and diluted	\$3.24	\$2.64

Boards of Directors

Monticello Bankshares, Inc.

Kenneth Ramsey, Chairman
Dr. James K. Phillips, Jr., Vice Chairman
Kenny Ramsey, President & CEO
Mike Blevins
D. Mack Butler
Earl Croushorn
Dr. Mack Drake
Marilyn Drake
Rick Drake
Carolyn Harris
Van Phillips
Louie Wright

Monticello Banking Company

Dr. James K. Phillips, Jr., Chairman
Mark Goss, Vice Chairman
Kenny Ramsey, President & CEO
Mike Blevins
Sam Brown
D. Mack Butler
Lyle Denney
Marilyn Drake
Rick Drake
Frank Phillips
Kenneth Ramsey

Executive Management

President/Chief Executive Officer

Kenny Ramsey*

Chief Financial Officer

Sandra Frost*

Chief Technology Officer

Randy Parsons

Chief Operations Officer/EVP

Regina Brinson

Chief Credit Officer

Rick McClendon*

Risk Management Officer

Brandon Dunnington

Chief Human Resource Officer

Becky Dolen*

Shareholder Information

Shareholder Inquiries, Stock Transfer or

Dividend Payments

If you have inquiries or questions regarding your Monticello Bankshares shareholder account, please call Natalie Edwards at (606) 348-1201 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, 2022 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 Steven H. King, CPA
Vice President of Finance
at (606) 348-8411 or 1-800-909-3420
or email sking@mbcbank.com.

Independent Auditors

Crowe LLP
9600 Brownsboro Rd, Suite 400
Louisville, KY 40241
Office: 502.326.3996

STAFF

CORPORATE

Human Resource

Lester, Barbara*
Asberry, Kayla

Compliance

Corder, Pattie*,
SVP/Compliance Officer
Browning, Brandi
Goley, Misty*

Marketing

Gehring, Barbara*,
SVP/Marketing Director

Accounting

King, Steven,
VP of Finance,
Crabtree, Crystal*,
VP/Controller
McGinnis, Amanda
Troxell, April

Audit

Harmon, Dawn, VP/Auditor
Gregory, Kista
Stearns, Johnna

Executive Assistant to CEO

Edwards, Natalie

Underwriting & Loan Servicing

Williams, Hagan,
Credit Manager
Reagan, Jamie,
AVP/Loan Processing Mgr.
Parmley, Christy,
Loan Operations Mgr.
Adkisson, Hillary
Beckham, Dylan
Bertram, Elizabeth
Bethel, Brittany
Burnette, Nicole
Davis, Marissa
Decker, Norma
King, Lena
Milwee, Mary
Selvidge, Rachel
Willis, Charity

Appraisers

Lyons, Kenny
Summers, Joe

Collections

Jones, Steven,
Special Assets Mgr.
Black, Jeff
Parmley, Heather

Information Technology

Brown, Rickey,
VP/Information Tech. Mgr.
Coffey, Garrett
Dennis, Jackie
Pennycuff, Amie
Peters, Lyle
Tucker, Brandon
Young, Jennifer

Information Security

Piercy, Melissa,
Information Security Officer
Caballero, Helen
Edwards, Tony

DEPOSIT OPERATIONS

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

Credit Card Specialist

Jones, Kendra

Business Development

Elam, Perry

Maintenance & Courier

Denney, Hunter
Harmon, David
Norfleet, Eddie

MONTICELLO

Main Office

Teller
Keith, Patty*
Custodians
Branscum, Melissa
Dyer, Gloria
Groce, Amanda

DOWNTOWN BRANCH

New Accounts
Simpson, Nadine*
Loans
Dalton, Tim
Goley, Jonathan*
Hurd, Billy*
Tellers
Barrier, Brenda*
Toler, Amy
Martin, Beulah
Massengale, Stephanie*

TRADEWAY BRANCH

Retail Branch Mgr./Loans
Weston, Angela*
New Accounts
Stinson, Tiffany
Loans
Roberts, Mary Lois*

Tellers

Humble, Peggy*
Marcum, Kaitlyn
Saylor, Victoria
Vaughn, Jessica

HWY 90/BARNES DR. BRANCH

Sr. Exec. Officer/Loans
Bertram, Elaine
New Accounts
Adams, Renee*
Loans
Neal, Wendy
Rednour, Jayma*
Rose, Kevin*
Tellers
Burnette, Dakota
Chaplin, Gracie
Guffey, Bridgit
Herron, Jennifer
McGinnis, Cassandra
Staples, Shany

ALBANY

Sr. Exec. Officer/Loans

Johnson, Willard
New Accounts
Adams, Rachel
Loans
Brown, Debbie*
Tellers
Delk, Taylor
Melton, Ashley
Slaven, Sharon
Stockton, Kimberly

BOWLING GREEN

HARTLAND

New Accounts
Lutzen, Elizabeth
Loans
Montville, M'Rae
Rock, Kelcey
Loan Assistants
Carver, Desiree
Firkins, Jennifer
Tellers
Coatney, Sam
Woodburn, Dianne

CAVE MILL

New Accounts
Vespa, Sabina
Loans
Haynes, Stacy
Walker, Drue
Tellers
Dearing, Kara
Matheis, Joseph

FAIRVIEW

Sr. Exec. Officer/Loans
Pierce, Janet
New Accounts
Howard, Stephanie
Tellers
McClain, Christy
Rogers, Janet
Salcinovic, Elvira

GLASGOW

Sr. Exec. Officer/Loans
Watson, Cynthia
New Accounts
Clarkson, Steffi
Loans
Bowles, Amber
Tellers
Adwell, Lisa D.
Cannon, Kim
Edwards, Marla

CASEY

Sr. Exec. Officer/Loans

McClendon, Melissa
New Accounts
Downs, Kristi
Tellers
Allen, Glenda
McDonald, Loretta
Rayborn, Katie
Riddle, Karla

RUSSELL

Regional Exec. Officer

Tucker, Anita
New Accounts
Smith, Angela
Loans
Matney, Christin
Money, Nancy
Tellers
Coppage, Marsha
Helton, Jeffrey
Roy, Lisa L.
Stephens, Angela
Tucker, Sharon

SOMERSET

NORTH

Regional Exec. Officer
Hudson, Wally
Executive Asst. to REO
Reynolds, Valerie
New Accounts
Price, Glenda
Parkey, Lisa*
Loans
Beshears, Amanda
Dungan, Debbie
Tellers
Brown, Kaitlyn
Gregory, George
Harden, Mazetta
Sears, Autumn
Taylor, Vanessa

SOUTH

Branch & Operations Mgr./Loans
Compton, Sheila
Exec. Asst. to COO/EVP
Greene, Judy
New Accounts
Price, Matthew
Loan Assistant
Hudson, Jake
Tellers
Foley, Kaitlyn
Hale, Shelia
Roy, Lisa A.
Stinson, Allie

HARLAN

New Accounts

White, Sheila*
Loans
Cavins, Kevin
Tellers
Craig, Beth
Day, Angel
Dehart, Melody

Customer Call Center

Howard, Kay*
Thompson, Shirley*
White, Kim*
Custodian
Nolan, Jay

VILLAGE

Sr. Exec. Officer/Loans

Enix, Eugene
Operations Mgr.
Estep, Ashley
New Accounts
Simpson, Alexis
Loans
Sherman, Scott
Loan Assistant
Miller, Whitney
Tellers
Ewing, Megan
Gross, Kindra
Jones, Tina
White, Samantha

DANVILLE

Sr. Exec. Officer/Loans

Johnson, Adam
New Accounts
Collier, Scottie
Loans
Conley, Neil
Loan Assistant
Sims, Amie
Tellers
Cole-Preston, Rebecca
Gaffney, Kathey
Rhoades, Whitney

LEXINGTON

Regional Exec. Officer

Weaver, Rodney
Sr. Exec. Officer/Loans
Cooper, Ryan
New Accounts
Kring, Tiffany
Loan Assistant
Downey, Karey
Tellers
Brown, Bradley
Joaquin, Nancy

NICHOLASVILLE

Sr. Exec. Officer/Loans

Brinson, Stephen
New Accounts/Operations Mgr.
Popham, Tara
Tellers
Kolberg, Faith
Payne, Chad
Thompson, Tanner

LOUISVILLE

Sr. Exec. Officer/Loans

Raley, Anthony "Tony"
Retail Branch Mgr./Loans
Ramsey, Kezia E.
New Accounts/Operations Mgr.
Irvin, Stephanie
Teller
Barber, Sidney

RICHMOND

Sr. Exec. Officer/Loans

Soper, David
New Accounts
Mullins, Katelyn
Tellers
Coffey, Jacob
Hourigan, Debra
Weaver, Jamicyn



Bill Hall & Kezia Ramsey

* Employees with 20 plus years of service

