

Note to Shareholders

Monticello Bankshares had an exemplary year in 2018 with substantial income and loan growth. This resulted from our continued focus on enhancing the MBC brand through expansion into new markets and developing our existing markets when advantageous. In pursuit of this goal, we acquired offices in Danville and Perryville, began construction of a new building in Glasgow, purchased a building in Nicholasville, and have leased retail space in Lexington, to bring our total offices to 20 by the end of the 2nd quarter of 2019. Along with our growing market area, MBC endeavors to provide cutting edge products and services to meet the expectations of our customers. These accomplishments are made possible by the diligent efforts of our excellent staff.

We encourage you to stop by our offices and to continue referring new customers to MBC.

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 eighteen full service community banking offices in 9 counties in 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 11th, 2019 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 fwatson@mbcbank.com.

Independent Auditors

Crowe LLP
144 N Broadway Lexington KY, 40507
Office: 859-280-5156

Statement of Financial Condition

Consolidated for the Year Ended December 31, 2018

ASSETS	2018	2017
Cash and due from Banks	\$ 23,536,000	\$ 25,452,000
Federal funds sold	<u>1,000</u>	<u>1,000</u>
Total Cash and Cash Equivalents	\$ 23,537,000	\$ 25,453,000
Interest Bearing Time Deposits in Other Financial Institutions	\$ 2,256,000	\$ 1,488,000
Securities - Available for Sale	119,451,000	153,616,000
Securities - Held to Maturity	0	0
Restricted Investments	<u>4,754,000</u>	<u>5,145,000</u>
Total Securities	\$126,461,000	\$160,249,000
Net Loans	\$537,232,000	\$464,580,000
Bank premises and equipment	20,420,000	16,876,000
Goodwill, Net	1,000,000	1,000,000
Other assets	<u>28,547,000</u>	<u>25,603,000</u>
Total Assets	<u>\$737,197,000</u>	<u>\$693,761,000</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Non-interest bearing deposits	\$ 79,395,000	\$ 85,321,000
Interest-bearing deposits	<u>570,598,000</u>	<u>515,007,000</u>
Total Deposits	\$649,993,000	\$600,328,000
FHLB Borrowings	\$ 4,431,000	\$ 16,051,000
Line of Credit	<u>0</u>	<u>0</u>
Total Other Borrowed Funds	<u>\$ 4,431,000</u>	<u>\$ 16,051,000</u>
Other Liabilities	<u>\$ 2,275,000</u>	<u>\$ 2,086,000</u>
Total Liabilities	\$656,699,000	\$618,465,000
STOCKHOLDERS' EQUITY		
Preferred stock: \$5 Par Value, 50,000 shares		
Authorized: (2018) 23,200 (2017) 24,896 shares Issued & Outstanding	\$ 116,000	\$ 125,000
Common stock: \$5 Par Value, 8,000,000 shares		
Shares Authorized & Issued: (2018) 4,269,163 (2017) 4,267,467 respectively		
Shares Outstanding: (2018) 4,123,958 (2017) 4,120,762 respectively	20,620,000	20,604,000
Surplus	7,633,000	7,602,000
Retained earnings	54,208,000	47,179,000
Accumulated Other Comprehensive Income (Loss)	<u>(2,079,000)</u>	<u>(214,000)</u>
Total Shareholders' Equity	\$ 80,498,000	\$ 75,296,000
Total Liabilities and Shareholders' Equity	<u>\$737,197,000</u>	<u>\$693,761,000</u>

Statement of Income

Consolidated for the Year Ended December 31, 2018

	2018	2017
Interest Income on Loans	\$25,450,000	\$ 22,976,000
Interest Income on Securities	3,379,000	4,030,000
Interest Income on Federal Funds Sold & Other Interest Income	<u>817,000</u>	<u>498,000</u>
Total Interest Income	\$29,646,000	\$ 27,504,000
Interest Expense on Deposits	\$ 3,667,000	\$ 2,739,000
Interest Expense on Other Borrowed Funds	<u>195,000</u>	<u>154,000</u>
Total Interest Expense	\$ 3,862,000	\$ 2,893,000
Net Interest Income	\$25,784,000	\$ 24,611,000
Provision for Loan Losses	\$ 925,000	\$ 926,000
Service Charges on Deposit Accounts	\$ 2,960,000	\$ 2,960,000
Gain (Loss) on Sale of Securities	48,000	216,000
Secondary Market Mortgage Fees	340,000	143,000
Other Income	<u>4,218,000</u>	<u>2,290,000</u>
Total Non-Interest Income	\$ 7,566,000	\$ 5,609,000
Salaries & Employee Benefit Expense	\$12,207,000	\$ 11,772,000
Occupancy Expense	3,023,000	2,600,000
Other Non-Interest Expense	<u>6,188,000</u>	<u>5,715,000</u>
Total Non-Interest Expense	\$21,418,000	\$ 20,087,000
Net Income Before Income Taxes	\$ 11,007,000	\$ 9,207,000
Income Tax Expense	<u>\$ 1,274,000</u>	<u>\$ 1,792,000</u>
Net Income	<u>\$ 9,733,000</u>	<u>\$ 7,415,000</u>

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
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
Mark Goss
Bob Hayden

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

McClendon, Rick*

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, Barrett Hammer, Renee Isaacs, Lanny Loague, Jr., Marc Lovell, Rodney Rogers, David Tarter, 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

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*

Marketing
Edwards, Natalie

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

Audit
Stearns, Johnna

Underwriting & Loan Servicing

Dunnington, Brandon,
VP/Credit Manager
Reagan, Jamie,
AVP/Loan Processing Mgr.
Morrow, Brian,
AVP/Loan Operations Mgr.
Bethel, Brittany
Brewster, Amanda
Burkhart, Tiffany
Burnette, Nicole
Caballero, Helen
Decker, Norma
Goley, Jonathan*
King, Lena
Milwee, Mary
Nelson, M'Rae
Parnley, Christy
Willis, Charity

Appraiser
Summers, Joe

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

Information Technology
Brown, Rickey,
VP/Information Technology Mgr.
Asberry, Kyle
Coffey, Garrett*
Dennis, Jackie
Lowhorn, Amie
Tuttle, Tre`

Information Security
Ramsey, Becky

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

Maintenance & Courier
Harmon, David
Norfleet, Eddie

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
Dyer, Gloria

DOWNTOWN BRANCH

New Accounts
Simpson, Nadine*
Loans
Dalton, Tim
Hurd, Billy*
Tellers
Barrier, Brenda*
Bell, Amy*
Bell, Janet*
Martin, Beulah
Massengale, Stephanie*

TRADEWAY BRANCH

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

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
Duke, Misty
Hicks, Whitney
Hurd, Mallory
Staples, Shanyn

ALBANY

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

BOWLING GREEN

HARTLAND

Sr. Exec. Officer/Lender
Taylor, Joe
Executive Assistant
Firkins, Jennifer
New Accounts
Valles, Adriana
Mortgage Originator
Alexander, Zachery
Tellers
Mills, Hannah
Reeder, Jaclyn
Witty, Brandon

CAVE MILL

Branch Mgr./Lender
Pierce, Janet
New Accounts
Lutzen, Elizabeth
Personal Banker
Howard, Stephanie
Tellers
Carver, Desiree
Hayes, Holly
Vespa, Sabina

FAIRVIEW

New Accounts
Woodburn, Dianne
Loans
Kemp, Kathryn
Stratton, Marvin
Tellers
Rogers, Janet
Walters, Ann

GLASGOW

Sr. Exec. Officer
Watson, Cynthia
New Accounts
Bowles, Amber
Loans
Redford, Tonya
Witty, Leigh
Tellers
Adwell, Lisa D.
Cannon, Kim
Carter, Tiffany

CASEY

Sr. Exec. Officer
Meece, Tonya
Executive Assistant
Downs, Kristi
New Accounts
Atwood, Sandi
Wright, Nanette
Loans
Cochran, Melissa
McClendon, Melissa
Tellers
Allen, Glenda
Hansford, Gregory
Hines, Miranda
Sandusky, Kendra

RUSSELL

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

SOMERSET

NORTH

Sr. Exec. Officer
Hudson, Wally
Executive Assistant
Reynolds, Valerie
Receptionist
Parkey, Lisa
New Accounts
Price, Glenda
McGrew Kayla
Loans
Dungan, Debbie
Lyons, Kenny
Tellers
Harden, Mazetta
Harper, Jeff
Roy, Cory
Taylor, Vanessa
Vinson, Amber

SOUTH

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

SOUTH (cont'd)

Tellers
Hale, Sheila
Brooks, Brooklyn
McQueen, Donna
Roy, Lisa A.

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
Jones, Tina
Anderson, Stephen
Customer Call Center
Howard, Kay*
Thompson, Shirley*
White, Kim*
White, Rhonda*

VILLAGE

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

DANVILLE

Regional Exec. Officer
Weaver, Rodney
New Accounts
Collier, Scottie
Loans
May, Christie
Koehler, Yvonne
Tellers
Deatherage, Bethane
Cole-Preston, Rebecca
Tarter, Sydney

PERRYVILLE

New Accounts
Sims, Amie
Tellers
Gardner, Robin
Hume, Amber
Thompson, Hope

LEXINGTON

Sr. Executive Officer
Cooper, Ryan

NICHOLASVILLE

Retail Branch Manager
Brinson, Stephen

