

Contact: Chris Triplett, President and CEOPhone: (423) 623-6088**United Tennessee Bankshares, Inc. Announces First Quarter Earnings**

United Tennessee Bankshares, Inc. (OTC Markets Group OTCQB: UNTN), the holding company for Newport Federal Bank, reported that net income for the first quarter 2018, increased \$73,000, or 20.2%, from \$359,000 to \$432,000 compared to the same period last year. The increase in net income is primarily the result of an increase net interest income of \$23,000, an increase in non-interest income of \$16,000 and a reduction in income tax expense of \$45,000, partially offset by an increase in other non-interest expense of \$12,000.

Total assets at March 31, 2018 were \$207.6 million while total assets at December 31, 2017 were \$202.7 million. The increase in total assets was primarily the result of an increase in net loans receivable of \$1.2 million, an increase in cash and amounts due of \$3.3 million, and an increase in other assets of \$583,000, partially offset by a decrease in interest earning deposits of \$98,000 and a decrease in foreclosed real estate of \$104,000.

Total liabilities at March 31, 2018 and December 31, 2017 were \$185.6 million and \$180.4 million, respectively. Total deposits increased \$5.1 million, which represents the majority of the increase.

The Company's equity decreased \$192,000, primarily due to a decrease in accumulated other comprehensive income of \$647,000, offset by net income for the year of \$432,000 and stock transactions of \$23,000. The change in accumulated comprehensive income was a result of a decrease in bond market prices during the quarter ended March 31, 2018. The Bank generally holds bond investment securities until maturity but is required to mark-to-market its bonds on a quarterly basis.

Presented below are condensed statements of income for the three months ended March 31, 2018 and 2017 and selected financial condition data as of March 31, 2018 and December 31, 2017.

UNITED TENNESSEE BANKSHARES, INC.
UNAUDITED CONDENSED STATEMENTS OF INCOME
FOR THE QUARTER ENDED MARCH 31, 2018 AND 2017
(In Thousands)

	<u>Three Months Ended</u>	
	<u>March 31,</u>	
	<u>2018</u>	<u>2017</u>
Interest Income	\$1,740	\$1,689
Interest Expense	278	250
Net Interest Income	1,462	1,439
Provision for loan losses	0	0
Net interest income after provision for loan losses	1,462	1,439
Noninterest income	184	167
Noninterest operating expense	1,063	1,051
Income before income taxes	583	555
Income taxes	151	196
Net Income	<u>\$ 432</u>	<u>\$ 359</u>
Earnings per Share:	\$ 0.51	\$ 0.42

UNITED TENNESSEE BANKSHARES, INC.
SELECTED FINANCIAL CONDITION DATA
(In Thousands)

	<u>As of</u> <u>March 31,</u> <u>2018</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31, 2017</u>
Total Assets	\$207,603	\$202,679
Loans Receivable, net	101,497	100,318
Cash and amounts due from depository institutions	7,720	4,395
Investment Securities, available for sale, at fair value	85,528	85,560
Deposit Accounts	183,378	178,275
Equity	22,038	22,231