

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

United Tennessee Bankshares, Inc. (OTC Markets Group OTCQB: UNTN), the holding company for Newport Federal Bank, reported that net income for the third quarter 2018 increased \$174,000, or 15.7%, from \$1.10 million to \$1.28 million compared to the same nine-month period last year. The increase in net income is primarily the result of an increase net interest income of \$28,000, an increase in non-interest income of \$49,000, and a reduction in income tax expense of \$147,000, offset by an increase in non-interest expense of \$50,000.

Total assets at September 30, 2018 were \$204.6 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 \$2.9 million, an increase in cash and amounts due of \$852,000, and increases in interest earning deposits of \$4.2 million and other assets of \$604,000, partially offset by a decrease in investment securities of \$6.5 million.

Total liabilities at September 30, 2018 and December 31, 2017 were \$182.6 million and \$180.4 million, respectively. Total deposits increased \$1.8 million, which represents the majority of the increase.

The Company's equity decreased \$187,000, primarily due to a decrease in accumulated other comprehensive income of \$1.0 million and cash dividends paid to shareholders of \$459,000, offset by net income for the year of \$1.3 million 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 September 30, 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 and nine months ended September 30, 2018 and 2017 and selected financial condition data as of September 30, 2018 and December 31, 2017.

UNITED TENNESSEE BANKSHARES, INC.  
 UNAUDITED CONDENSED STATEMENTS OF INCOME  
 FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017  
 (In Thousands)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Interest Income	\$ 1,786	\$ 1,761	\$ 5,308	\$ 5,152
Interest Expense	322	263	897	769
Net Interest Income	1,464	1,498	4,411	4,383
Provision for loan losses	0	0	0	0
Net interest income after provision for loan losses	1,464	1,498	4,411	4,383
Noninterest income	196	190	585	536
Noninterest operating expense	1,123	1,049	3,265	3,215
Income before income taxes	537	639	1,731	1,704
Income taxes	143	225	454	601
Net Income	<u>\$ 394</u>	<u>\$ 414</u>	<u>\$ 1,277</u>	<u>\$ 1,103</u>
Earnings per Share:	\$ 0.46	\$ 0.49	\$ 1.50	\$ 1.30

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

	<u>As of</u> <u>September 30,</u> <u>2018</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31,</u> <u>2017</u>
Total Assets	\$204,647	\$202,679
Loans Receivable, net	103,170	100,318
Cash and amounts due from depository institutions	5,247	4,395
Investment Securities, available for sale, at fair value	79,031	85,560
Deposit Accounts	180,095	178,275
Equity	22,044	22,231