

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

United Tennessee Bankshares, Inc. (OTC Markets Group OTCQB: UNTN), the holding company for Newport Federal Bank, reported that year-to-date net income for 2018 increased \$605,000, from \$1.23 million to \$1.84 million compared to 2017. The increase in net income is primarily the result of an increase net interest income of \$25,000, an increase in non-interest income of \$78,000, and a reduction in income tax expense of \$571,000, offset by an increase in non-interest expense of \$69,000. The decrease in tax expense is attributed to the tax reform legislation signed prior to year-end 2017, which reduced the Company's federal tax rate in 2018 and by which the Company was required to record a one-time tax expense of \$355,000 in 2017 to adjust deferred tax assets for the lower federal tax rate.

Total assets at December 31, 2018 were \$207.8 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 \$2.8 million, an increase in cash and amounts due of \$3.2 million, and increases in interest earning deposits of \$3.9 million and other assets of \$2.1 million, partially offset by a decrease in investment securities of \$6.6 million.

Total liabilities at December 31, 2018 and December 31, 2017 were \$184.8 million and \$180.4 million, respectively. Total deposits increased \$4.2 million, which represents the majority of the increase.

The Company's equity increased \$738,000, primarily due to net income for the year of \$1.8 million and stock transactions of \$23,000; offset by a decrease in accumulated other comprehensive income of \$665,000 and cash dividends paid to shareholders of \$459,000. The change in accumulated comprehensive income was a result of a decrease in bond market prices during the quarter ended December 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 and twelve months ended December 31, 2018 and 2017 and selected financial condition data as of December 31, 2018 and December 31, 2017.

UNITED TENNESSEE BANKSHARES, INC.
 UNAUDITED CONDENSED STATEMENTS OF INCOME
 FOR THE THREE AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2018 AND 2017
 (In Thousands)

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Interest Income	\$ 1,842	\$ 1,725	\$ 7,150	\$ 6,878
Interest Expense	386	267	1,283	1,036
Net Interest Income	1,456	1,458	5,867	5,842
Provision for loan losses	0	0	0	0
Net interest income after provision for loan losses	1,456	1,458	5,867	5,842
Noninterest income	209	180	794	716
Noninterest operating expense	1,114	1,095	4,379	4,310
Income before income taxes	551	543	2,282	2,248
Income taxes	(11)	413	443	1,014
Net Income	<u>\$ 562</u>	<u>\$ 130</u>	<u>\$ 1,839</u>	<u>\$ 1,234</u>
Earnings per Share:	\$ 0.66	\$ 0.16	\$ 2.17	\$ 1.46

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

	<u>As of</u> <u>December 31,</u> <u>2018</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31,</u> <u>2017</u>
Total Assets	\$207,786	\$202,679
Loans Receivable, net	103,134	100,318
Cash and amounts due from depository institutions	7,599	4,395
Investment Securities, available for sale, at fair value	78,940	85,560
Deposit Accounts	182,441	178,275
Equity	22,969	22,231