

United Tennessee Bankshares, Inc.
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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 net income for the year ended December 31, 2019 of \$1,508,000, which is a decrease of \$331,000, or 18.0%, compared to 2018. The decrease in net income is primarily the result of a decrease in net interest income of \$354,000, due to a 37 basis points increase in the Bank's average cost of funds.

Total assets at December 31, 2019 were \$213.6 million while total assets at December 31, 2018 were \$206.0 million. The increase in total assets was primarily the result of an increase in net loans receivable of \$3.0 million and an increase in cash and amounts due and interest earning deposits of \$4.1 million.

Total liabilities at December 31, 2019 and December 31, 2018 were \$188.2 million and \$183.0 million, respectively. Total deposits increased \$5.1 million, which represents the majority of the increase.

The Company's equity increased \$2.4 million, primarily due to an increase in accumulated other comprehensive income of \$1.4 million, net income for the year of \$1,508,000 and stock transactions of \$46,000, offset by cash dividends paid to shareholders of \$469,000. The change in accumulated comprehensive income was a result of an increase in bond market prices for the quarter-ended December 31, 2019. 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, 2019 and 2018 and selected financial condition data as of December 31, 2019 and December 31, 2018.

UNITED TENNESSEE BANKSHARES, INC.
 UNAUDITED CONDENSED STATEMENTS OF INCOME
 FOR THE THREE- AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2019 AND 2018
 (In Thousands)

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Interest Income	\$ 1,864	\$ 1,842	\$ 7,496	\$ 7,150
Interest Expense	<u>532</u>	<u>386</u>	<u>1,983</u>	<u>1,282</u>
Net Interest Income	1,332	1,456	5,513	5,868
Provision for loan losses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net interest income after provision for loan losses	1,332	1,456	5,513	5,868
Noninterest income	165	209	738	793
Noninterest operating expense	<u>1,102</u>	<u>1,114</u>	<u>4,400</u>	<u>4,379</u>
Income before income taxes	395	551	1,851	2,282
Income taxes	<u>(38)</u>	<u>(11)</u>	<u>343</u>	<u>443</u>
Net Income	<u>\$ 433</u>	<u>\$ 562</u>	<u>\$ 1,508</u>	<u>\$ 1,839</u>
Earnings per Share:	\$ 0.51	\$ 0.67	\$ 1.77	\$ 2.17

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

	<u>As of</u> <u>December 31,</u> <u>2019</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31,</u> <u>2018</u>
Total Assets	\$213,569	\$205,951
Loans Receivable, net	106,262	103,220
Cash and amounts due from depository institutions	16,675	8,684
Investment Securities, available for sale, at fair value	78,926	78,442
Deposit Accounts	186,068	181,011
Equity	25,416	22,969
Book Value	\$29.84	\$27.04
Common Equity	11.78%	10.65%
Leverage Equity	11.77%	11.27%