

United Tennessee Bankshares, Inc.
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United Tennessee Bankshares, Inc. Announces Second Quarter Earnings

United Tennessee Bankshares, Inc. (OTC Markets Group OTCQB: UNTN), the holding company for Newport Federal Bank, reported net income for the six months ended June 30, 2023, of \$1,117,000, or \$1.48 per share, compared to the same period last year of \$878,000, or \$1.17 per share. Earnings increased primarily due to an increase in net interest income of 15.2% compared to the same period last year due to the current rate environment.

Total assets on June 30, 2023, were \$258.5 million, while total assets on December 31, 2022, were \$251.0 million. The increase in total assets was primarily the result of an increase in cash and amounts due of \$11.3 million and an increase in net loans receivable of \$3.2 million, partially offset by a decrease in investment securities of \$5.7 million and a decrease in interest earning deposits of \$1.9 million.

Total liabilities on June 30, 2023, and December 31, 2022, were \$242.1 million and \$236.1 million, respectively. Total deposits increased \$5.3 million, which represents the majority of the increase.

The Company's equity increased \$1.4 million, primarily due to an increase in common stock by \$97,000, net income of \$1.1 million, and an increase in accumulated other comprehensive income of \$731,000; offset by cash dividends paid to shareholders of \$454,000 and a cumulative change in an accounting principle of \$85,000. The change in accumulated other comprehensive income is a result of an adjustment in bond market prices, which have been primarily driven by changes in investment market rates. The Company generally holds bond investment securities until maturity but is required to mark-to-market its bonds on a quarterly basis. The Company's regulatory capital is unaffected by fluctuations in its accumulated other comprehensive income.

Presented below are condensed statements of income for the three and six-months ended June 30, 2023, and selected financial condition data as of June 30, 2023, and December 31, 2022.

UNITED TENNESSEE BANKSHARES, INC.
 UNAUDITED CONDENSED STATEMENTS OF INCOME
 FOR THE THREE- AND SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
 (In Thousands)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest Income	\$ 2,251	\$ 1,774	\$ 4,408	\$ 3,427
Interest Expense	654	265	1,064	525
Net Interest Income	<u>1,597</u>	<u>1,509</u>	<u>3,344</u>	<u>2,902</u>
Provision for loan losses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net interest income after provision for loan losses	1,597	1,509	3,344	2,902
Noninterest income	248	259	511	463
Noninterest operating expense	<u>1,224</u>	<u>1,148</u>	<u>2,440</u>	<u>2,280</u>
Income before income taxes	621	620	1,415	1,085
Income taxes	<u>128</u>	<u>122</u>	<u>298</u>	<u>207</u>
Net Income	<u>\$ 493</u>	<u>\$ 498</u>	<u>\$ 1,117</u>	<u>\$ 878</u>
Earnings per Share:	\$ 0.65	\$ 0.66	\$ 1.48	\$ 1.17

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

	<u>As of</u> <u>June 30,</u> <u>2023</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31, 2022</u>
Total Assets	\$258,450	\$251,033
Loans Receivable, net	112,147	108,987
Cash and amounts due from depository institutions	15,203	3,914
Investment Securities, available for sale, at fair value	114,095	119,762
Deposit Accounts	238,967	233,662
Total Equity	16,370	14,964
Tier 1 Capital	26,442	25,767
Book Value	\$21.63	\$19.92
Equity Ratio	6.33%	5.96%