

United Tennessee Bankshares, Inc.
 Newport, Tennessee
 Contact: Chris Triplett, President and CEO
 Phone: (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 net income for the quarter ended March 31, 2020 of \$297,000, which is a decrease of \$83,000 compared to the quarter ended March 31, 2019. The decrease in net income is primarily the result of a decrease in net interest income of \$147,000, offset by a decrease in Non-Interest Expense and Income Tax Expense of \$74,000. Our net interest margin has been impacted by the current rate environment.

Total assets at March 31, 2020 were \$220.0 million while total assets at December 31, 2019 were \$211.9 million. The increase in total assets was primarily the result of an increase in net loans receivable of \$1.0 million and an increase in investments and interest earning deposits of \$7.1 million.

Total liabilities at March 31, 2020 and December 31, 2019 were \$194.2 million and \$186.4 million, respectively. Total deposits increased \$7.5 million, which represents the majority of the increase.

The Company's equity increased \$338,000, primarily due to an increase in accumulated other comprehensive income of \$99,000, net income for the year of \$297,000; offset by stock transactions of \$58,000. The change in accumulated comprehensive income was a result of an increase in bond market prices for the quarter-ended March 31, 2020. The Bank generally holds bond investment securities until maturity but is required to mark-to-market its bonds on a quarterly basis.

Due to the COVID-19 pandemic and for the safety of Newport Federal Bank's customers and staff, the Bank has temporarily closed our Downtown branch and temporarily closed our lobby at the other two locations. To accommodate our customers, we have extended our drive-thru lane service times, and in the event you need to see a Customer Service Representative or Lender, this would be made by appointment only. We want to thank our customers for their understanding and support at this time. Although COVID-19 cases in our area so far have been limited, we continue to monitor information from the Center for Disease Control (CDC) and are reinforcing best health practices in offices and branches.

Presented below are condensed statements of income for the three-months ended March 31, 2020 and 2019 and selected financial condition data as of March 31, 2020 and December 31, 2019.

UNITED TENNESSEE BANKSHARES, INC.
 UNAUDITED CONDENSED STATEMENTS OF INCOME
 FOR THE QUARTER ENDED MARCH 31, 2020 AND 2019
 (In Thousands)

| | <u>Three Months Ended</u> | |
|---|---------------------------|---------------|
| | <u>March 31,</u> | |
| | <u>2020</u> | <u>2019</u> |
| Interest Income | \$1,818 | \$1,888 |
| Interest Expense | 517 | 440 |
| Net Interest Income | 1,301 | 1,448 |
| Provision for loan losses | 0 | 0 |
| Net interest income after provision for loan losses | 1,301 | 1,448 |
| Noninterest income | 173 | 184 |
| Noninterest operating expense | 1,079 | 1,116 |
| Income before income taxes | 395 | 516 |
| Income taxes | 98 | 136 |
| Net Income | <u>\$ 297</u> | <u>\$ 380</u> |
| Earnings per Share: | \$ 0.35 | \$ 0.45 |

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

| | <u>As of</u> <u>March 31, 2020</u> <u>(Unaudited)</u> | <u>As of</u> <u>December</u> <u>31, 2019</u> |
|--|---|--|
| Total Assets | \$219,979 | \$211,861 |
| Loans Receivable, net | 107,262 | 106,347 |
| Cash and amounts due from depository institutions | 15,400 | 15,755 |
| Investment Securities, available for sale, at fair value | 85,360 | 78,926 |
| Deposit Accounts | 191,942 | 184,455 |
| Equity | 25,756 | 25,419 |
| Book Value | \$30.34 | \$29.84 |
| Common Equity | 11.71% | 11.78% |
| Leverage Equity | 11.65% | 11.77% |