

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

United Tennessee Bankshares, Inc. (OTC Bulletin Board: UNTN), the holding company for Newport Federal Bank, reported that net income for the quarter ended March 31, 2015, increased \$54,000, or 16%, from \$341,000 to \$395,000 compared to the same quarter last year. The increase in net income is primarily the result of an increase in non-interest income of \$97,000, a decrease in provision for loan losses of \$75,000, and a decrease in foreclosed real estate expenses of \$84,000, partially offset by a decrease in net interest income of \$146,000. The decrease in net interest income is primarily due to lower interest rates on loans. Although the Bank has been able to achieve some loan growth, loan demand remains slow, and the Bank continues to be competitive on interest rates, even in the low interest rate environment.

Total assets at March 31, 2015 were \$196.6 million while total assets at December 31, 2014 were \$190.8 million. The increase in total assets was primarily the result of an increase in cash and amounts due from depository institutions of \$3.5 million, an increase in investment securities and interest earning deposits of \$1.2 million and an increase in net loans of \$670,000, partially offset by a decrease in foreclosed real estate of \$41,000.

Total liabilities at March 31, 2015 and December 31, 2014 were \$176.6 million and \$171.4 million, respectively. Total deposits increased \$4.6 million, which represents the majority of the increase.

The Company's equity increased \$592,000 primarily due an increase in accumulated other comprehensive income of \$139,000, net income year-to-date of \$395,000 and stock transactions of \$58,000. The change in accumulated comprehensive income was a result of an increase in bond market prices during the quarter ended March 31, 2015. 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 ended March 31, 2015 and 2014, and selected financial condition data as of March 31, 2015 and December 31, 2014.

UNITED TENNESSEE BANKSHARES, INC.
UNAUDITED CONDENSED STATEMENTS OF INCOME
FOR THE QUARTER ENDED MARCH 31, 2015 AND 2014
(In Thousands)

	<u>Three Months</u> <u>Ended</u> <u>March 31,</u>	
	<u>2015</u>	<u>2014</u>
Interest Income	\$1,622	\$1,764
Interest Expense	<u>230</u>	<u>225</u>
Net Interest Income	1,392	1,539
Provision for loan losses	<u>75</u>	<u>150</u>
Net interest income after provision for loan losses	1,317	1,389
Noninterest income	230	133
Noninterest operating expense	<u>934</u>	<u>991</u>
Income before income taxes	613	531
Income taxes	<u>218</u>	<u>190</u>
Net Income	<u>\$ 395</u>	<u>\$ 341</u>
Earnings per Share:	\$ 0.47	\$ 0.41

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

	<u>As of</u> <u>March 31,</u> <u>2015</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31, 2014</u>
Total Assets	\$196,567	\$190,815
Loans Receivable, net	93,450	92,779
Cash and amounts due from depository institutions	7,299	3,796
Investment Securities, available for sale, at fair value	80,784	79,203
Deposit Accounts	173,954	169,394
Equity	19,983	19,391