

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

United Tennessee Bankshares, Inc. (OTC Bulletin Board: UNTN) the holding company for Newport Federal Bank, reported that net income for the six months ended June 30, 2014, decreased \$122,000, or 15%, from \$786,000 to \$664,000 compared to the same period last year. The decrease in net income is primarily the result of a decrease in net interest income of \$153,000 and a decrease in non-interest income of \$69,000; partially offset by a decrease in non-interest expense of \$36,000 and a decrease in income tax expense of \$63,000. The loan demand in the Bank's market areas is less than the repayment rates on its existing loans, which is causing interest income on loans to decrease over time. Newport Federal has ample resources as reflected in our balance sheet to make good loans once loan demand increases.

Total assets at June 30, 2014 were \$191.7 million while total assets at December 31, 2013 were \$182.7 million. The increase in total assets was primarily the result of an increase in cash and amounts due of \$2.5 million, an increase in investment securities and interest earning deposits of \$9.5 million, partially offset by a decrease in loans receivable of \$2.6 million and a decrease in foreclosed real estate of \$551,000.

Total liabilities at June 30, 2014 and December 31, 2013 were \$173.4 million and \$165.1 million, respectively. Total deposits increased \$8.0 million which represents the majority of the increase.

The Company's equity increased \$837,000 primarily due an increase in accumulated other comprehensive income of \$544,000, net income for the year of \$664,000 and stock transactions of \$36,000; partially offset by dividends paid to shareholders of \$417,000. The change in accumulated comprehensive income was a result of an increase in bond market prices during the quarter ended June 30, 2014. 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 June 30, 2014 and 2013, and selected financial condition data as of June 30, 2014 and December 31, 2013.

UNITED TENNESSEE BANKSHARES, INC.
 UNAUDITED CONDENSED STATEMENTS OF INCOME
 FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
 (In Thousands)

	<u>Three Months</u> <u>Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Interest Income	\$1,726	\$1,825	\$3,490	\$3,735
Interest Expense	233	261	458	550
Net Interest Income	1,493	1,564	3,032	3,185
Provision for loan losses	150	150	300	300
Net interest income after provision for loan losses	1,343	1,414	2,732	2,885
Noninterest income	150	181	283	352
Noninterest operating expense	993	1,058	1,984	2,021
Income before income taxes	500	537	1,031	1,216
Income taxes	177	189	367	430
Net Income	<u>\$ 323</u>	<u>\$ 348</u>	<u>\$ 664</u>	<u>\$ 786</u>
Earnings per Share:	\$ 0.39	\$ 0.42	\$ 0.80	\$ 0.95

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

	<u>As of</u> <u>June 30,</u> <u>2014</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31, 2013</u>
Total Assets	\$191,763	\$182,704
Loans Receivable, net	91,147	93,698
Cash and amounts due from depository institutions	6,616	4,032
Investment Securities, available for sale, at fair value	78,821	70,533
Deposit Accounts	171,155	163,188
Equity	18,394	17,557