

Contact: Chris Triplett, President and CEOPhone: (423) 623-6088**United Tennessee Bankshares, Inc. Announces Second Quarter 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, 2015, increased \$129,000, or 19%, from \$664,000 to \$793,000 compared to the same period last year. The increase in net income is primarily the result of an increase in non-interest income of \$107,000, a decrease in provision for loan losses of \$222,000, and a decrease in non-interest expense of \$111,000, partially offset by a decrease in net interest income of \$254,000 and an increase in income tax expense of \$57,000. The decrease in net interest income is primarily due to lower interest rates on loans. The Bank continues to be competitive on interest rates, even in the low interest rate environment.

Total assets at June 30, 2015 were \$195.4 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 \$1.4 million, an increase in investment securities and interest earning deposits of \$2.6 million and an increase in other assets of \$1.3 million, partially offset by a decrease in foreclosed real estate of \$153,000 and a reduction in net loans receivable of \$457,000.

Total liabilities at June 30, 2015 and December 31, 2014 were \$175.8 million and \$171.4 million, respectively. Total deposits increased \$4.1 million, which represents the majority of the increase.

The Company's equity increased \$234,000 primarily due to net income year-to-date of \$793,000 and stock transactions of \$58,000, partially offset by dividends paid to shareholders of \$428,000 and a decrease in accumulated other comprehensive income of \$189,000. The change in accumulated comprehensive income was a result of a decrease in bond market prices during the quarter ended June 30, 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 and six months ended June 30, 2015 and 2014, and selected financial condition data as of June 30, 2015 and December 31, 2014.

UNITED TENNESSEE BANKSHARES, INC.
 UNAUDITED CONDENSED STATEMENTS OF INCOME
 FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
 (In Thousands)

	<u>Three Months</u>		<u>Six Months Ended</u>	
	<u>Ended</u>		<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Interest Income	\$1,624	\$1,726	\$3,247	\$3,490
Interest Expense	239	233	469	458
Net Interest Income	1,385	1,493	2,778	3,032
Provision for loan losses	0	150	78	300
Net interest income after provision for loan losses	1,385	1,343	2,700	2,732
Noninterest income	182	150	390	283
Noninterest operating expense	964	993	1,873	1,984
Income before income taxes	603	500	1,217	1,031
Income taxes	206	177	424	367
Net Income	<u>\$ 397</u>	<u>\$ 323</u>	<u>\$ 793</u>	<u>\$ 664</u>
Earnings per Share:	\$ 0.48	\$ 0.39	\$ 0.95	\$ 0.80

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

	<u>As of</u> <u>June 30,</u> <u>2015</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31, 2014</u>
Total Assets	\$195,441	\$190,815
Loans Receivable, net	92,323	92,779
Cash and amounts due from depository institutions	5,219	3,796
Investment Securities, available for sale, at fair value	82,900	79,203
Deposit Accounts	173,540	169,394
Equity	19,625	19,391