

United Tennessee Bankshares, Inc.
 Newport, Tennessee
 Contact: Chris Triplett, President and CEO
 Phone: (423) 623-6088

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, 2020 of \$551,000, or \$0.65 per share. Earnings are down due to a decrease in net interest income of 9.1% compared to the same period last year due to the current rate environment.

Total assets at June 30, 2020 were \$227.5 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 of \$16.4 million.

Total liabilities at June 30, 2020 and December 31, 2019 were \$201.4 million and \$186.4 million, respectively. Total deposits increased \$14.9 million, which represents the majority of the increase.

The Company's equity increased \$649,000, primarily due to an increase in accumulated other comprehensive income of \$661,000, net income for the year of \$551,000; offset by stock transactions of \$88,000 and dividends paid to shareholders of \$475,000. The change in accumulated comprehensive income was a result of an increase in bond market prices for the quarter-ended June 30, 2020. The Bank generally holds bond investment securities until maturity but is required to mark-to-market its bonds on a quarterly basis.

We reopened our lobbies and downtown branch on May 26th, we want to thank our customers for their understanding and support during the period they were closed. 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-and-six-months ended June 30, 2020 and 2019 and selected financial condition data as of June 30, 2020 and December 31, 2019.

UNITED TENNESSEE BANKSHARES, INC.
 UNAUDITED CONDENSED STATEMENTS OF INCOME
 FOR THE THREE- AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
 (In Thousands)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest Income	\$ 1,757	\$ 1,881	\$ 3,575	\$ 3,769
Interest Expense	<u>478</u>	<u>493</u>	<u>995</u>	<u>933</u>
Net Interest Income	1,279	1,388	2,580	2,836
Provision for loan losses	<u>75</u>	<u>0</u>	<u>75</u>	<u>0</u>
Net interest income after provision for loan losses	1,204	1,388	2,505	2,836
Noninterest income	217	202	390	385
Noninterest operating expense	<u>1,067</u>	<u>1,073</u>	<u>2,146</u>	<u>2,188</u>
Income before income taxes	354	517	749	1,033
Income taxes	<u>99</u>	<u>135</u>	<u>198</u>	<u>271</u>
Net Income	<u>\$ 255</u>	<u>\$ 382</u>	<u>\$ 551</u>	<u>\$ 762</u>
Earnings per Share:	\$ 0.30	\$ 0.45	\$ 0.65	\$ 0.90

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

	<u>As of</u> <u>June 30, 2020</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31, 2019</u>
Total Assets	\$227,466	\$211,861
Loans Receivable, net	107,389	106,347
Cash and amounts due from depository institutions	13,033	15,755
Investment Securities, available for sale, at fair value	95,301	78,926
Deposit Accounts	199,324	184,455
Equity	26,067	25,419
Book Value	\$30.76	\$29.84
Common Equity	11.46%	11.78%
Leverage Equity	11.16%	11.77%