

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

United Tennessee Bankshares, Inc. (OTC Bulletin Board: UNTN), the holding company for Newport Federal Bank, reported that net income for the nine months ended September 30, 2015, increased \$129,000, or 13%, from \$1,029,000 to \$1,158,000 compared to the same period last year. The increase in net income is primarily the result of an increase in non-interest income of \$133,000, a decrease in provision for loan losses of \$372,000, and a decrease in non-interest expense of \$46,000, partially offset by a decrease in net interest income of \$353,000 and an increase in income tax expense of \$69,000. 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 September 30, 2015 were \$195.8 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 \$2.6 million and an increase in investment securities and interest earning deposits of \$2.6 million, partially offset by a decrease in foreclosed real estate of \$46,000 and a reduction in net loans receivable of \$382,000.

Total liabilities at September 30, 2015 and December 31, 2014 were \$175.6 million and \$171.4 million, respectively. Total deposits increased \$3.3 million, which represents the majority of the increase.

The Company's equity increased \$819,000, primarily due to net income year-to-date of \$1,158,000, stock transactions of \$56,000, and an increase in accumulated other comprehensive income of \$33,000, partially offset by dividends paid to shareholders of \$428,000. The change in accumulated comprehensive income was a result of an increase in bond market prices during the quarter ended September 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 nine months ended September 30, 2015 and 2014, and selected financial condition data as of September 30, 2015 and December 31, 2014.

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

	<u>Three Months</u>		<u>Nine Months</u>	
	<u>Ended</u>		<u>Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Interest Income	\$1,609	\$1,694	\$4,856	\$5,184
Interest Expense	244	230	713	688
Net Interest Income	1,365	1,464	4,143	4,496
Provision for loan losses	0	150	78	450
Net interest income after provision for loan losses	1,365	1,314	4,065	4,046
Noninterest income	198	172	588	455
Noninterest operating expense	989	922	2,861	2,907
Income before income taxes	574	564	1,792	1,594
Income taxes	209	199	634	565
Net Income	<u>\$ 365</u>	<u>\$ 365</u>	<u>\$1,158</u>	<u>\$1,029</u>
Earnings per Share:	\$ 0.43	\$ 0.43	\$ 1.38	\$ 1.23

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

	<u>As of</u> <u>September 30,</u> <u>2015</u>	<u>As of</u> <u>December 31,</u> <u>2014</u>
Total Assets	<u>(Unaudited)</u> \$195,786	\$190,815
Loans Receivable, net	92,398	92,779
Cash and amounts due from depository institutions	6,372	3,796
Investment Securities, available for sale, at fair value	82,636	79,203
Deposit Accounts	172,720	169,394
Equity	20,210	19,391