

United Tennessee Bankshares, Inc.  
 Newport, Tennessee  
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### United Tennessee Bankshares, Inc. Announces Third Quarter Earnings

United Tennessee Bankshares, Inc. (OTC Markets Group OTCQB: UNTN), the holding company for Newport Federal Bank, reported net income for the nine months ended September 30, 2020 of \$770,000, or \$0.91 per share. Earnings are down primarily due to a decrease in net interest income of 8.6% compared to the same period last year due to the current rate environment.

Total assets on September 30, 2020 were \$235.4 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 investment securities of \$22.9 million.

Total liabilities on September 30, 2020 and December 31, 2019 were \$209.2 million and \$186.4 million, respectively. Total deposits increased \$22.4 million, which represents the majority of the increase.

The Company's equity increased \$851,000, primarily due to an increase in accumulated other comprehensive income of \$678,000, net income for the year of \$770,000; offset by stock transactions of \$122,000 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 September 30, 2020. The Bank generally holds bond investment securities until maturity but is required to mark-to-market its bonds on a quarterly basis.

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-nine-months ended September 30, 2020 and 2019 and selected financial condition data as of September 30, 2020 and December 31, 2019.

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

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest Income	\$ 1,677	\$ 1,862	\$ 5,251	\$ 5,632
Interest Expense	434	518	1,429	1,451
Net Interest Income	1,243	1,344	3,822	4,181
Provision for loan losses	75	0	150	0
Net interest income after provision for loan losses	1,168	1,344	3,672	4,181
Noninterest income	210	188	600	573
Noninterest operating expense	1,081	1,109	3,227	3,298
Income before income taxes	297	423	1,045	1,456
Income taxes	78	110	275	381
Net Income	<u>\$ 219</u>	<u>\$ 313</u>	<u>\$ 770</u>	<u>\$ 1,075</u>
Earnings per Share:	\$ 0.26	\$ 0.36	\$ 0.91	\$ 1.26

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

	<u>As of</u> <u>September 30,</u> <u>2020</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31,</u> <u>2019</u>
Total Assets	\$235,447	\$211,861
Loans Receivable, net	105,632	106,347
Cash and amounts due from depository institutions	16,484	15,755
Investment Securities, available for sale, at fair value	101,867	78,926
Deposit Accounts	206,858	184,455
Equity	26,270	25,419
Book Value	\$30.24	\$29.84
Common Equity	11.16%	11.78%
Leverage Equity	10.86%	11.77%