

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

United Tennessee Bankshares, Inc. (OTC Bulletin Board: UNTN) the holding company for Newport Federal Bank, reported that net income for the year ended December 31, 2013 increased \$174,000, or 11.8%, from \$1,482,000 to \$1,656,000, compared to the same period last year. The increase in net income is primarily the result of a decrease in provision for loan losses of \$300,000, an increase in net interest income of \$33,000, and a decrease in noninterest expenses of \$116,000, partially offset by a decrease in noninterest income of \$80,000 and an increase in income tax expense of \$194,000.

Total assets at December 31, 2013 were \$183.5 million while total assets at December 31, 2012 were \$186.8 million. The decrease in total assets was primarily the result of a decrease in foreclosed assets of \$833,000, a decrease in net loans receivable of \$4.3 million and a decrease cash and amounts due from depository institutions of \$1.0 million, partially offset by an increase in investment securities and interest earning deposits of \$2.3 million and an increase in other assets of \$985,000.

Total liabilities at December 31, 2013 and 2012 were \$166.0 million and \$169.2 million, respectively. Total deposits decreased \$3.8 million which represents the majority of the decrease.

The Company's equity decreased \$25,000 primarily due a decrease in accumulated other comprehensive income of \$1.3 million and dividends paid to shareholders of \$418,000, partially offset by net income for the year of \$1.66 million and stock transactions of \$38,000. The change in accumulated comprehensive income was a result of a reduction of bond market prices during the year ended December 31, 2013. 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 twelve months ended December 31, 2013 and 2012, and selected financial condition data as of December 31, 2013 and 2012.

UNITED TENNESSEE BANKSHARES, INC.  
 UNAUDITED CONDENSED STATEMENTS OF INCOME  
 FOR THE THREE AND TWELVE MONTH PERIODS ENDED DECEMBER 31, 2013 AND 2012  
 (In Thousands)

	<u>Three Months</u>		<u>Twelve Months</u>	
	<u>Ended</u>		<u>Ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Interest Income	\$1,799	\$1,882	\$7,372	\$7,868
Interest Expense	<u>236</u>	<u>327</u>	<u>1,035</u>	<u>1,564</u>
Net Interest Income	1,563	1,555	6,337	6,304
Provision for loan losses	<u>200</u>	<u>325</u>	<u>700</u>	<u>1,000</u>
Net interest income after provision for loan losses	1,363	1,230	5,637	5,304
Noninterest income	145	213	645	726
Noninterest operating expense	<u>950</u>	<u>1,056</u>	<u>3,850</u>	<u>3,966</u>
Income before income taxes	558	387	2,432	2,064
Income taxes	<u>113</u>	<u>(12)</u>	<u>776</u>	<u>582</u>
Net Income	<u>\$ 445</u>	<u>\$ 399</u>	<u>\$1,656</u>	<u>\$1,482</u>
Earnings per Share:	\$ 0.54	\$ 0.48	\$ 2.00	\$ 1.79

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

	<u>As of</u> <u>December 31,</u> <u>2013</u>	<u>As of</u> <u>December 31,</u> <u>2012</u>
Total Assets	<u>(Unaudited)</u> \$183,546	\$186,795
Loans Receivable, net	93,684	97,979
Cash and amounts due from depository institutions	4,549	5,571
Investment Securities, available for sale, at fair value	70,533	68,707
Deposit Accounts	163,366	167,171
Equity	17,557	17,582