

Contact: Chris Triplett, President and CEOPhone: (423) 623-6088**United Tennessee Bankshares, Inc. Announces 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, 2014, decreased \$166,000, or 10%, from \$1,656,000 to \$1,490,000 compared to the same period last year. The decrease in net income is primarily the result of a decrease in net interest income of \$391,000; partially offset by a decrease in provision for loan loss expense of \$100,000 and a decrease in income tax expense of \$122,000. The loan demand in the Bank's market areas is less than the repayment rates on its existing loans, which is causing interest income on loans to decrease over time. Newport Federal has ample resources as reflected in our balance sheet to make good loans once loan demand increases.

Total assets at December 31, 2014 were \$191.7 million while total assets at December 31, 2013 were \$182.7 million. The increase in total assets was primarily the result of an increase in cash and amounts due of \$688,000, an increase in investment securities and interest earning deposits of \$10.2 million, partially offset by a decrease in loans receivable of \$942,000 and a decrease in foreclosed real estate of \$461,000.

Total liabilities at December 31, 2014 and December 31, 2013 were \$172.3 million and \$165.1 million, respectively. Total deposits increased \$6.3 million which represents the majority of the increase.

The Company's equity increased \$1,834,000 primarily due an increase in accumulated other comprehensive income of \$715,000, net income year-to-date of \$1,490,000 and stock transactions of \$46,000; partially offset by dividends paid to shareholders of \$417,000. The change in accumulated comprehensive income was a result of an increase in bond market prices during the year ended December 31, 2014. 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, 2014 and 2013, and selected financial condition data as of December 31, 2014 and 2013.

UNITED TENNESSEE BANKSHARES, INC.
UNAUDITED CONDENSED STATEMENTS OF INCOME
FOR THE THREE AND TWELVE MONTH PERIODS ENDED DECEMBER 31, 2014 AND 2013
(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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Interest Income	\$1,680	\$1,799	\$6,864	\$7,372
Interest Expense	230	236	918	1,035
Net Interest Income	1,450	1,563	5,946	6,337
Provision for loan losses	150	200	600	700
Net interest income after provision for loan losses	1,300	1,363	5,346	5,637
Noninterest income	194	145	649	645
Noninterest operating expense	945	950	3,851	3,850
Income before income taxes	549	558	2,144	2,432
Income taxes	88	113	654	776
Net Income	<u>\$ 461</u>	<u>\$ 445</u>	<u>\$1,490</u>	<u>\$1,656</u>
Earnings per Share:	\$ 0.56	\$ 0.54	\$ 1.79	\$ 2.00

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

	<u>As of</u> <u>December 31,</u> <u>2014</u>	<u>As of</u> <u>December 31,</u> <u>2013</u>
Total Assets	(Unaudited) \$191,692	\$182,704
Loans Receivable, net	92,756	93,698
Cash and amounts due from depository institutions	4,720	4,032
Investment Securities, available for sale, at fair value	79,203	70,533
Deposit Accounts	169,518	163,188
Equity	19,391	17,557