

Contact: Chris Triplett, President and CEOPhone: (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 that net income for the second quarter 2018, increased \$194,000, or 28.1%, from \$689,000 to \$883,000 compared to the same six-month period last year. The increase in net income is primarily the result of an increase net interest income of \$62,000, an increase in non-interest income of \$42,000, a reduction in income tax expense of \$66,000, and a decrease in non-interest expense of \$24,000.

Total assets at June 30, 2018 were \$206.8 million while total assets at December 31, 2017 were \$202.7 million. The increase in total assets was primarily the result of an increase in net loans receivable of \$2.4 million, an increase in cash and amounts due of \$6.4 million, and an increase in other assets of \$749,000, partially offset by a decrease in interest earning deposits of \$596,000 and a decrease in investment securities of \$4.8 million.

Total liabilities at June 30, 2018 and December 31, 2017 were \$184.9 million and \$180.4 million, respectively. Total deposits increased \$4.5 million, which represents the majority of the increase.

The Company's equity decreased \$298,000, primarily due to a decrease in accumulated other comprehensive income of \$746,000 and cash dividends paid to shareholders of \$459,000, offset by net income for the year of \$883,000 and stock transactions of \$23,000. The change in accumulated comprehensive income was a result of a decrease in bond market prices during the quarter ended June 30, 2018. 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 months and six months ended June 30, 2018 and 2017 and selected financial condition data as of June 30, 2018 and December 31, 2017.

UNITED TENNESSEE BANKSHARES, INC.
 UNAUDITED CONDENSED STATEMENTS OF INCOME
 FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
 (In Thousands)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Interest Income	\$ 1,782	\$ 1,702	\$ 3,522	\$ 3,391
Interest Expense	297	255	575	506
Net Interest Income	1,485	1,447	2,947	2,885
Provision for loan losses	0	0	0	0
Net interest income after provision for loan losses	1,485	1,447	2,947	2,885
Noninterest income	205	178	388	346
Noninterest operating expense	1,078	1,114	2,141	2,165
Income before income taxes	612	511	1,194	1,066
Income taxes	160	181	311	377
Net Income	<u>\$ 452</u>	<u>\$ 330</u>	<u>\$ 883</u>	<u>\$ 689</u>
Earnings per Share:	\$ 0.53	\$ 0.39	\$ 1.04	\$ 0.81

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

	<u>As of</u> <u>June 30, 2018</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31, 2017</u>
Total Assets	\$206,822	\$202,679
Loans Receivable, net	102,722	100,318
Cash and amounts due from depository institutions	10,831	4,395
Investment Securities, available for sale, at fair value	80,751	85,560
Deposit Accounts	182,783	178,275
Equity	21,932	22,231