

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 period ended second quarter 2019, decreased \$120,000, or 13.6%, from \$883,000 to \$763,000 compared to the same six-month period last year. The decrease in net income is primarily the result of a decrease in net interest income of \$110,000. Due to the rising deposit rate environment, the Bank's cost of funds has increased by 37 basis points, which has affected the net interest margin.

Total assets at June 30, 2019 were \$214.3 million while total assets at December 31, 2018 were \$206.0 million. The increase in total assets was primarily the result of an increase in net loans receivable of \$2.3 million, an increase in cash and amounts due of \$1.2 million, an increase in other assets of \$2.0 million, and an increase in interest earning deposits of \$2.4 million.

Total liabilities at June 30, 2019 and December 31, 2018 were \$189.9 million and \$183.0 million, respectively. Total deposits increased \$6.4 million, which represents the majority of the increase.

The Company's equity increased \$1.5 million, primarily due to an increase in accumulated other comprehensive income of \$1.1 million, net income for the year of \$763,000 and stock transactions of \$46,000, offset by cash dividends paid to shareholders of \$469,000. The change in accumulated comprehensive income was a result of an increase in bond market prices during the quarter ended June 30, 2019. 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, 2019 and 2018 and selected financial condition data as of June 30, 2019 and December 31, 2018.

UNITED TENNESSEE BANKSHARES, INC.
 UNAUDITED CONDENSED STATEMENTS OF INCOME
 FOR THE THREE- AND SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018
 (In Thousands)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Interest Income	\$ 1,881	\$ 1,782	\$ 3,770	\$ 3,522
Interest Expense	493	297	933	575
Net Interest Income	1,388	1,485	2,837	2,947
Provision for loan losses	0	0	0	0
Net interest income after provision for loan losses	1,388	1,485	2,837	2,947
Noninterest income	202	205	385	389
Noninterest operating expense	1,073	1,078	2,188	2,142
Income before income taxes	517	612	1,034	1,194
Income taxes	135	160	271	311
Net Income	<u>\$ 382</u>	<u>\$ 452</u>	<u>\$ 763</u>	<u>\$ 883</u>
Earnings per Share:	\$ 0.45	\$ 0.53	\$ 0.90	\$ 1.04

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

	<u>As of</u> <u>June 30,</u> <u>2019</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31, 2018</u>
Total Assets	\$214,322	\$205,951
Loans Receivable, net	105,555	103,220
Cash and amounts due from depository institutions	9,850	8,684
Investment Securities, available for sale, at fair value	78,790	78,442
Deposit Accounts	187,397	181,011
Equity	24,452	22,969