

United Tennessee Bankshares, Inc.
 Newport, Tennessee
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United Tennessee Bankshares, Inc. Announces First Quarter Earnings

United Tennessee Bankshares, Inc. (OTC Markets Group OTCQB: UNTN), the holding company for Newport Federal Bank, reported net income for the three months ended March 31, 2021 of \$343,000, or \$0.41 per share compared to the same period last year of \$297,000, or \$0.35 per share. Earnings increased primarily due to an increase in net interest income of 3.1% compared to the same period last year due to the current rate environment.

Total assets on March 31, 2021 were \$252.6 million while total assets on December 31, 2020 were \$240.5 million. The increase in total assets was primarily the result of an increase in investment securities of \$4.0 million and an increase in cash and amounts due of \$9.1 million, offset by a decrease in net loans receivable of \$1.7 million.

Total liabilities on March 31, 2021 and December 31, 2020 were \$226.5 million and \$213.5 million, respectively. Total deposits increased \$12.7 million, which represents the majority of the increase.

The Company's equity decreased \$841,000, primarily due to a decrease in accumulated other comprehensive income of \$1,264,000; offset by stock transactions of \$80,000 and net income for the year of \$343,000. The change in accumulated comprehensive income was a result of a decrease in bond market prices for the quarter-ended March 31, 2021. The Bank generally holds bond investment securities until maturity but is required to mark-to-market its bonds on a quarterly basis.

The Bank continues 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-months ended March 31, 2021 and selected financial condition data as of March 31, 2021 and December 31, 2020.

UNITED TENNESSEE BANKSHARES, INC.
 UNAUDITED CONDENSED STATEMENTS OF INCOME
 FOR THE QUARTER ENDED MARCH 31, 2021 AND 2020
 (In Thousands)

| | <u>Three Months Ended</u> | |
|---|---------------------------|---------------|
| | <u>March 31,</u> | |
| | <u>2021</u> | <u>2020</u> |
| Interest Income | \$1,674 | \$1,818 |
| Interest Expense | 333 | 517 |
| Net Interest Income | 1,341 | 1,301 |
| Provision for loan losses | 30 | 0 |
| Net interest income after provision for loan losses | 1,311 | 1,301 |
| Noninterest income | 192 | 173 |
| Noninterest operating expense | 1,040 | 1,078 |
| Income before income taxes | 463 | 396 |
| Income taxes | 120 | 99 |
| Net Income | <u>\$ 343</u> | <u>\$ 297</u> |
| Earnings per Share: | \$ 0.41 | \$ 0.35 |

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

| | <u>As of</u> <u>March 31, 2021</u> <u>(Unaudited)</u> | <u>As of</u> <u>December 31, 2020</u> |
|--|---|--|
| Total Assets | \$252,625 | \$240,468 |
| Loans Receivable, net | 103,928 | 105,612 |
| Cash and amounts due from depository institutions | 19,683 | 10,628 |
| Investment Securities, available for sale, at fair value | 118,325 | 114,280 |
| Deposit Accounts | 224,142 | 211,438 |
| Equity | 26,136 | 26,977 |
| Book Value | \$32.09 | \$31.91 |
| Common Equity | 10.35% | 11.13% |
| Leverage Equity | 10.45% | 10.72% |