

United Tennessee Bankshares, Inc.
 Newport, Tennessee
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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 net income for the three months ended June 30, 2022, of \$498,000, or \$0.66 per share, compared to the same period last year of \$383,000, or \$0.50 per share. Earnings increased primarily due to an increase in net interest income of 9.9% compared to the same period last year due to the current rate environment.

Total assets on June 30, 2022, were \$266.2 million, while total assets on December 31, 2021, were \$258.3 million. The increase in total assets was primarily the result of an increase in cash and amounts due from and interest earning deposits of \$4.9 million, an increase in deferred income taxes of \$3.0 million, and an increase in loans receivable of \$1.4 million, partially offset by a decrease in investment securities of \$3.8 million.

Total liabilities on June 30, 2022, and December 31, 2021, were \$250.5 million and \$234.9 million, respectively. Total deposits increased \$15.2 million, which represents the majority of the increase.

The Company's equity decreased \$7.8 million, primarily due to a decrease in accumulated other comprehensive income of \$8.4 million and cash dividends paid to shareholders of \$435,000; offset by stock transactions of \$99,000 and net income for the year of \$878,000. The change in accumulated other comprehensive income was a result of a decrease in bond market prices for the quarter-ended June 30, 2022. These decreases have been primarily driven by increases in investment market rates. The Bank generally holds bond investment securities until maturity but is required to mark-to-market its bonds on a quarterly basis. The Company's regulatory capital is unaffected by fluctuations in its accumulated other comprehensive income.

Presented below are condensed statements of income for the three and six-months ended June 30, 2022, and selected financial condition data as of June 30, 2022, and December 31, 2021.

UNITED TENNESSEE BANKSHARES, INC.
 UNAUDITED CONDENSED STATEMENTS OF INCOME
 FOR THE THREE- AND SIX-MONTH PERIODS ENDED JUNE 30, 2022, AND 2021
 (In Thousands)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest Income	\$ 1,774	\$ 1,677	\$ 3,426	\$ 3,351
Interest Expense	265	304	525	638
Net Interest Income	1,509	1,373	2,901	2,713
Provision for loan losses	0	0	0	30
Net interest income after provision for loan losses	1,509	1,373	2,901	2,683
Noninterest income	259	204	463	396
Noninterest operating expense	1,148	1,048	2,280	2,087
Income before income taxes	620	529	1,084	992
Income taxes	122	146	206	266
Net Income	<u>\$ 498</u>	<u>\$ 383</u>	<u>\$ 878</u>	<u>\$ 726</u>
Earnings per Share:	\$ 0.66	\$ 0.50	\$ 1.17	\$ 0.91

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

	<u>As of</u> <u>June 30,</u> <u>2022</u> <u>(Unaudited)</u>	<u>As of</u> <u>December 31, 2021</u>
Total Assets	\$266,155	\$258,330
Loans Receivable, net	104,329	102,886
Cash and amounts due from depository institutions	7,754	9,242
Investment Securities, available for sale, at fair value	127,380	131,155
Deposit Accounts	247,987	232,741
Total Equity	15,659	23,472
Tier I Capital	24,517	23,975
Tangible Book Value	\$32.70	\$31.57
Tangible Equity Ratio	9.21%	9.22%