

United Tennessee Bankshares, Inc.  
 Newport, Tennessee  
 Contact: Chris Triplett, President, and CEO  
 Phone: (423) 623-6088

### United Tennessee Bankshares, Inc. Announces Third 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 September 30, 2022, of \$565,000, or \$0.75 per share, compared to the same period last year of \$343,000, or \$0.46 per share. Earnings increased primarily due to an increase in net interest income of 23.4% compared to the same period last year, due to the current rate environment.

Total assets on September 30, 2022, were \$256.8 million, while total assets on December 31, 2021, were \$258.3 million. The decrease in total assets was primarily the result of a decrease in investment securities of \$8.9 million, partially offset by an increase in net loans receivable of \$2.6 million and an increase in deferred income taxes of \$3.8 million.

Total liabilities on September 30, 2022, and December 31, 2021, were \$243.0 million and \$234.9 million, respectively. Total deposits increased \$7.3 million, which represents the majority of the increase.

The Company's equity decreased \$9.7 million, primarily due to a decrease in accumulated other comprehensive income of \$10.8 million and cash dividends paid to shareholders of \$435,000; offset by stock transactions of \$99,000 and net income for the year of \$1.44 million. The change in accumulated other comprehensive income was a result of a decrease in bond market prices for the quarter-ended September 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 nine-months ended September 30, 2022, and selected financial condition data as of September 30, 2022, and December 31, 2021.

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

|   | <u>Three Months Ended</u> |               | <u>Nine Months Ended</u> |                 |
|---|---------------------------|---------------|--------------------------|-----------------|
|   | <u>September 30,</u>      |               | <u>September 30,</u>     |                 |
|   | <u>2022</u>               | <u>2021</u>   | <u>2022</u>              | <u>2021</u>     |
| Interest Income                                     | \$ 1,900                  | \$ 1,621      | \$ 5,326                 | \$ 4,972        |
| Interest Expense                                    | 252                       | 286           | 777                      | 924             |
| Net Interest Income                                 | 1,648                     | 1,335         | 4,549                    | 4,048           |
| Provision for loan losses                           | 0                         | 0             | 0                        | 30              |
| Net interest income after provision for loan losses | 1,648                     | 1,335         | 4,549                    | 4,018           |
| Noninterest income                                  | 232                       | 197           | 695                      | 593             |
| Noninterest operating expense                       | 1,160                     | 1,080         | 3,440                    | 3,166           |
| Income before income taxes                          | 720                       | 452           | 1,804                    | 1,445           |
| Income taxes  | 155                       | 109           | 362                      | 376             |
| Net Income  | <u>\$ 565</u>             | <u>\$ 343</u> | <u>\$ 1,442</u>          | <u>\$ 1,069</u> |
| Earnings per Share:                                 | \$ 0.75                   | \$ 0.46       | \$ 1.92                  | \$ 1.37         |

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

|  | <u>As of</u><br><u>September 30,</u><br><u>2022</u><br><u>(Unaudited)</u> | <u>As of</u><br><u>December 31,</u><br><u>2021</u> |
|--|---|--|
| Total Assets   | \$256,757   | \$258,330  |
| Loans Receivable, net                                    | 105,511   | 102,886  |
| Cash and amounts due from depository institutions        | 6,956   | 9,242  |
| Investment Securities, available for sale, at fair value | 122,219   | 131,155  |
| Deposit Accounts   | 240,072   | 232,741  |
| Total Equity   | 13,750  | 23,472   |
| Tier 1 Capital   | 25,082  | 23,975   |
| <br>   |   |  |
| Tangible Book Value                                      | \$32.70   | \$31.57  |
| Tangible Equity Ratio                                    | 9.77%   | 9.22%  |