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United Tennessee Bankshares, Inc. Announces First Quarter Earnings

United Tennessee Bankshares, Inc. (OTC Markets Group OTCQX: UNTN), the holding company for Newport Federal Bank, reported that net income for the first quarter March 31, 2016, decreased $49,000, or 12%, from $395,000 to $346,000 compared to the same period last year. The decrease in net income is primarily the result of a decrease in non-interest income of $48,000 and an increase in non-interest expense of $107,000, partially offset by an increase in net interest income after provision for loan losses of $78,000 and a decrease in income tax expense of $28,000.

Total assets at March 31, 2016 were $201.4 million while total assets at December 31, 2015 were $196.8 million. The increase in total assets was primarily the result of an increase in cash and amounts due from depository institutions, investment securities, and interest earning deposits of $3.8 million and an increase in net loans receivable of $495,000, partially offset by a decrease in foreclosed real estate of $88,000.

Total liabilities at March 31, 2016 and December 31, 2015 were $180.2 million and $176.2 million, respectively. Total deposits increased $3.8 million, which represents the majority of the increase.

The Company's equity increased $597,000, primarily due to net income for the quarter of $346,000, stock transactions of $48,000, and an increase in accumulated other comprehensive income of $203,000. The change in accumulated comprehensive income was a result of an increase in bond market prices during the quarter ended March 31, 2016. 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 ended March 31, 2016 and 2015 and selected financial condition data as of March 31, 2016 and December 31, 2015.

UNITED TENNESSEE BANKSHARES, INC.
UNAUDITED CONDENSED STATEMENTS OF INCOME
FOR THE QUARTER ENDED MARCH 31, 2016 AND 2015
(In Thousands)

	Three Months Ended March 31,	
	2016	2015
Interest Income	$1,639	$1,622
Interest Expense	244	230
Net Interest Income	1,395	1,392
Provision for loan losses	0	75
Net interest income after provision for loan losses	1,395	1,317
Noninterest income	182	230
Noninterest operating expense	1,041	934
Income before income taxes	536	613
Income taxes	190	218
Net Income	$ 346	$ 395
Earnings per Share:	$ 0.41	$ 0.47

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

	As of March 31, 2016 (Unaudited)	As of December 31, 2015
Total Assets	$201,363	$196,789
Loans Receivable, net	93,800	93,305
Cash and amounts due from depository institutions	7,449	4,302
Investment Securities, available for sale, at fair value	86,100	85,302
Deposit Accounts	177,899	174,087
Equity	21,170	20,573