United Tennessee Bankshares, Inc. (UNTN)

Updated April 14th, 2026 by Ian Bezek

Key Metrics

Current Price:	$25	**5 Year Annual Expected Total Return:**	7.8%	**Market Cap:**	$18.3 M
Fair Value Price:	$28	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	03/31/26
% Fair Value:	92%	**5 Year Valuation Multiple Estimate:**	1.7%	**Dividend Payment Date:**	04/30/26
Dividend Yield:	2.5%	**5 Year Price Target**	$33	**Years Of Dividend Growth:**	12
Dividend Risk Score:	C	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

United Tennessee Bankshares, Inc. is the holding company for Newport Federal Bank. This has been the case since 1998, when Newport converted into a stock savings bank. Previously, the predecessor firm had operated since 1934 as the Newport Federal Savings and Loan Association. Newport Federal Bank operates in Newport, TN, which is a town of about 7,000 people east of Knoxville and close to the tourist destinations of Gatlinburg and Pigeon Forge.

United Tennessee Bankshares is one of the smallest companies in our coverage universe, with a market capitalization of less than $20 million. The company's stock trades on the over-the-counter market and it averages just a few hundred shares a day in trading volume, so discretion is advised when making larger transactions in UNTN stock.

As of December 31, 2025, the bank held $275 million in total assets, with deposits sitting at $247 million. The bank has a lower-risk loan book, with the vast majority of its assets being invested in single-family residential mortgages and investment securities. To that point, the company had no credit losses whatsoever in 2024 and just $7,000 in 2025. Net charge-offs have been 0.03% of assets or less in each of the past five years, demonstrating excellent asset quality.

In March, the bank reported its full-year 2025 results. It was a strong year for the bank, with its net interest margin jumping to 2.5%, up nicely from the 2.2% reported the prior year. This, along with an improved efficiency ratio, led to $2.65 in full-year 2025 EPS, up $1.01 versus the prior year. While we don't see any catalysts for a similar big jump in 2026 earnings, the combination of a bit of loan growth and the firm's share repurchase program could add a few percent to this year's EPS figure.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.78	$1.46	$2.17	$1.76	$1.40	$1.97	$2.81	$2.50	$1.64	$2.65	***$2.75***	***$3.35***
DPS	$0.52	$0.53	$0.54	$0.55	$0.56	$0.57	$0.58	$0.60	$0.61	$0.62	***$0.63***	***$0.70***
Shares	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	***0.7***	***0.7***

United Tennessee Bankshares has not had all that consistent of an earnings growth trajectory. EPS was largely flat between 2016 and 2021. Earnings spiked to a record high of $2.81 in 2022 but fell back over the next two years. 2025 was a great year for the bank, however, and we project that 2026 could come in near the prior 2022 EPS high. We are modeling 4% EPS growth going forward. Though in 2025, the bank did permanently shut down a branch location which had been heavily damaged by inclement weather. So, there could be a negative impact if clients that preferred that shuttered bank branch exit the institution rather than moving their business to one of the firm's two other remaining branch locations.

The bank has been growing its dividend at a 3% annualized rate over the past decade with almost all the annual dividend increases being one cent in nature. The 2026 hike continued that trend. The dividend is paid annually, in April. The bank also repurchases about 2% of its outstanding stock annually.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	10.1	14.4	10.1	12.8	13.6	11.9	7.5	7.2	10.4	7.5	***9.2***	***10.0***
Avg. Yld.	2.8%	2.5%	2.5%	2.4%	2.9%	2.4%	2.8%	3.3%	3.6%	3.1%	***2.5%***	***2.1%***

Over the last decade, United Tennessee Bankshares has averaged a P/E ratio of 10.6, with that falling to 8.9 over the past five years. We see a 10x P/E multiple as being appropriate. The bank's small size and limited growth profile will constrain the valuation, however the bank's excellent asset quality offsets that to a significant extent. The bank's current 2.5% dividend yield is slightly below the 2.8% long-term median.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	29%	36%	25%	31%	40%	29%	21%	24%	37%	23%	***23%***	***21%***

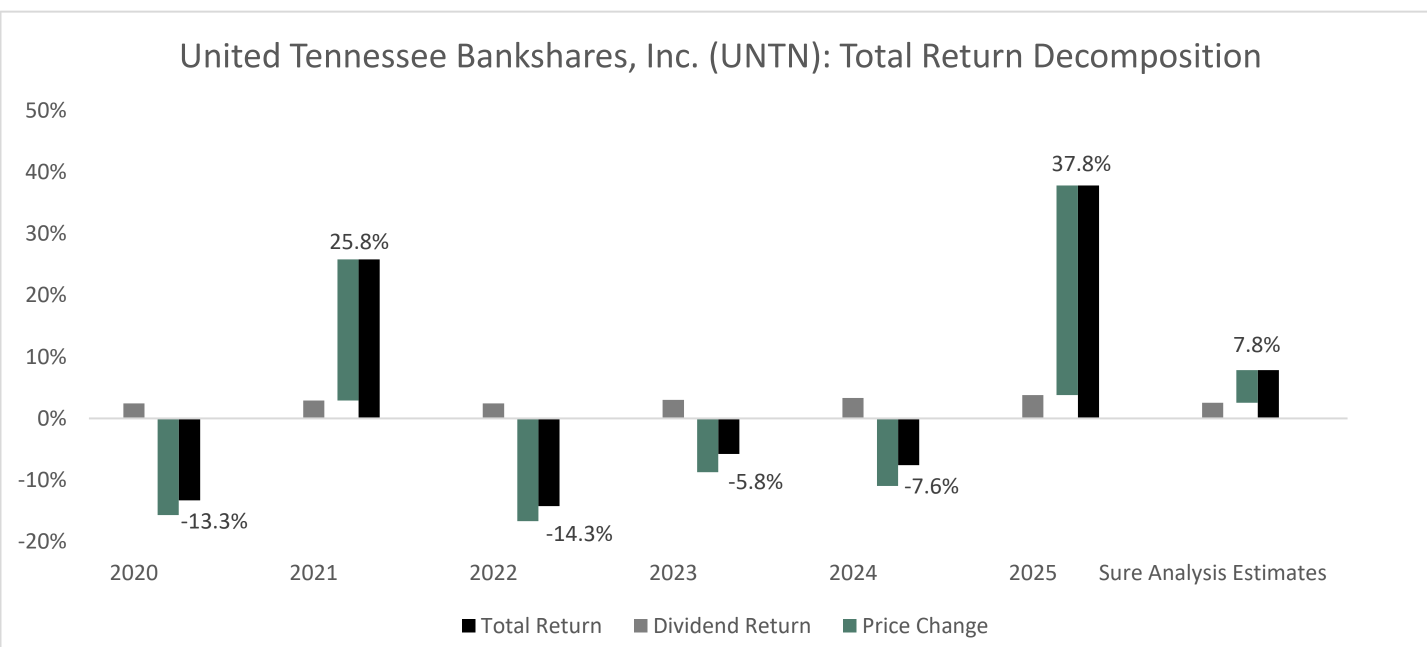
The bank has averaged a payout ratio of 30% over the past 10 years with that figure moving lower over the past few years. The dividend is well-covered out of earnings and should be safe even in a moderate recession.

The bank's biggest risk comes from its small size and limited geographic reach. An economic downturn in Eastern Tennessee could have a major negative impact on the bank. That said, the low-risk nature of the firm's loan book, with the emphasis on single-family residential, helps diminish that risk. The bank could also lose clients to other bigger banks or FinTech institutions; there has been a considerable wave of M&A in the community bank sector as these smaller financial institutions try to obtain some scale to remain competitive in the changing economic landscape.

Final Thoughts & Recommendation

United Tennessee Bankshares appeared to be significantly undervalued for the past few years. However, the stock has rallied 50% over the past 12 months. That's a huge move for a community bank such as this one. With the significant multiple expansion, shares are now much closer to fair value. With that in mind, the total return outlook has settled at 7.8% annualized, which would be a fine result but is not enough to support a buy rating at this time.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	7	7	8	8	8	7	8	10	11	12
Operating Profit	2	2	2	2	1	2	3	2	1	2
Op. Margin	29.5%	29.9%	28.9%	22.7%	18.3%	25.2%	32.2%	23.0%	12.7%	18.1%
Net Profit	1	1	2	2	1	2	2	2	1	2
Net Margin	21.0%	16.6%	23.6%	18.6%	15.5%	21.0%	25.9%	18.7%	10.7%	16.2%
Free Cash Flow	3	0	3	3	2	3	3	3	2	1
Income Tax	1	1	0	0	0	0	1	0	0	0

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	201	203	206	212	241	259	251	263	271	275
Cash & Equivalents	5	4	9	16	11	9	4	13	10	9
Total Liabilities	180	181	183	187	214	235	237	245	252	252
Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Total Equity	21	22	23	25	27	23	15	19	19	24
LTD/E Ratio	-	-	-	-	-	-	-	-	-	-

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.8%	0.6%	0.9%	0.7%	0.5%	0.6%	0.8%	0.7%	0.5%	0.7%
Return on Equity	7.2%	5.7%	8.1%	6.2%	4.5%	6.0%	11.0%	11.2%	6.5%	9.1%
ROIC	7.2%	5.7%	8.1%	6.2%	4.5%	6.0%	11.0%	11.2%	6.5%	9.1%
Shares Out.	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7
Revenue/Share	8.48	8.74	9.16	9.50	9.00	9.39	10.84	13.35	15.27	16.34
FCF/Share	3.19	0.55	3.42	3.02	2.71	3.54	4.20	4.15	3.06	1.41

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.