



For Immediate Release

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Sevier County Bancshares, Inc.

*Reports Net Income of \$309,085 and Core Earnings of \$612,339 for the
Third Quarter of 2019*

October 28, 2019, Sevierville, Tennessee – Sevier County Bancshares, Inc. (the “Company”) (Pink Sheets: SVRH) parent company to Sevier County Bank (the “Bank”) reported today its financial results for the third quarter of 2019. For the three months ended September 30, 2019, the Company had net income available to Common Shareholders of \$309,085 or \$0.14 per share (wt. avg. outstanding (“WAO”)), compared to a net income of \$90,978 or \$0.6 per share, for the same period in 2018, representing a 133% increase in net income available to common shareholders in the third quarter of 2019 compared to the third quarter of 2018. Core earnings (excluding \$303,254 of legacy OREO charges) were \$612,339 or \$0.28 per WAO share for the quarter ended September 30, 2019.

Earnings

Year to date net loss for the nine months ended September 30, 2019, was \$2,178,008 or \$1.27 loss per WAO share compared to net income of \$263,709 or \$0.18 per share for the same period of 2018; however, 2019 core earnings to date are \$1,874,584 or \$1.09 per WAO share compared to \$1,442,638 or \$.98 per share of core earnings for 2018.

Factors contributing to the Company’s year to date net loss for the nine months ended September 30, 2019, include:

- Losses and holding costs related to legacy OREO of \$4,052,452, primarily from \$3,464,990 in disposition losses, for the nine months ended September 30, 2019, compared to \$1,164,224 of losses and holding costs for the same nine-month period in 2018.
- Total Bank Income (excluding legacy OREO Charges), which includes interest income and fee income, of \$10,104,596, compared to \$9,292,338 for the same period last year, a \$812,258 or 8.7% increase.
- Total Bank operating expenses (excluding legacy OREO charges and loan provision) for the nine months ended September 30, 2019, of \$8,165,370, compared to \$8,162,315 for the same period of 2018, a \$3,055 or 0.03% increase.

Balance Sheet



Total Assets at the Bank as of September 30, 2019, were \$325,968,681 compared to \$316,459,880 at September 30, 2018, an increase of \$9.5 million or 3%.

Factors contributing to the growth of the Bank and Company were:

- Total Loans increased to \$222,304,212 at September 30, 2019, from \$219,059,771 at September 30, 2018, a \$3.2 million or 1.5% increase.
- Investment securities increased to \$32,131,944 at September 30, 2019, compared to \$30,616,265 at September 30, 2018.
- Cash and due from Banks increased to \$55,651,092 at September 30, 2019, compared to \$35,215,503 at September 30, 2018.
- Total Deposits at September 30, 2019, decreased to \$293,350,823 compared to \$296,665,648 at September 30, 2018.
- Total Company Equity Capital increased to \$27,914,780 at September 30, 2019, compared to \$16,678,077 at December 31, 2018, primarily from a \$13,000,000 equity raise during the third quarter. The capital infusion is partially offset by OREO losses and expenses at the Bank level and capital expenses.
- Total Bank Equity Capital increased to \$30,689,904 at September 30, 2019, compared to \$17,267,653 at September 30, 2018. Equity increased primarily from down-streaming from the \$13,000,000 capital raise and a \$5,000,000 Sub Debt issue by the Company, both during the third quarter, somewhat offset by the \$3.4 million loss and other costs from legacy OREO. Approximately \$15 million of the subordinated debt and equity proceeds were down-streamed by the Company to the Bank.

Asset Quality

Total OREO balance at September 30, 2019, dramatically decreased to \$3,424,525 compared to \$18,408,298 at September 30, 2018. Total past due loans at September 30, 2019, are \$819,052 or 0.37% of total loans.



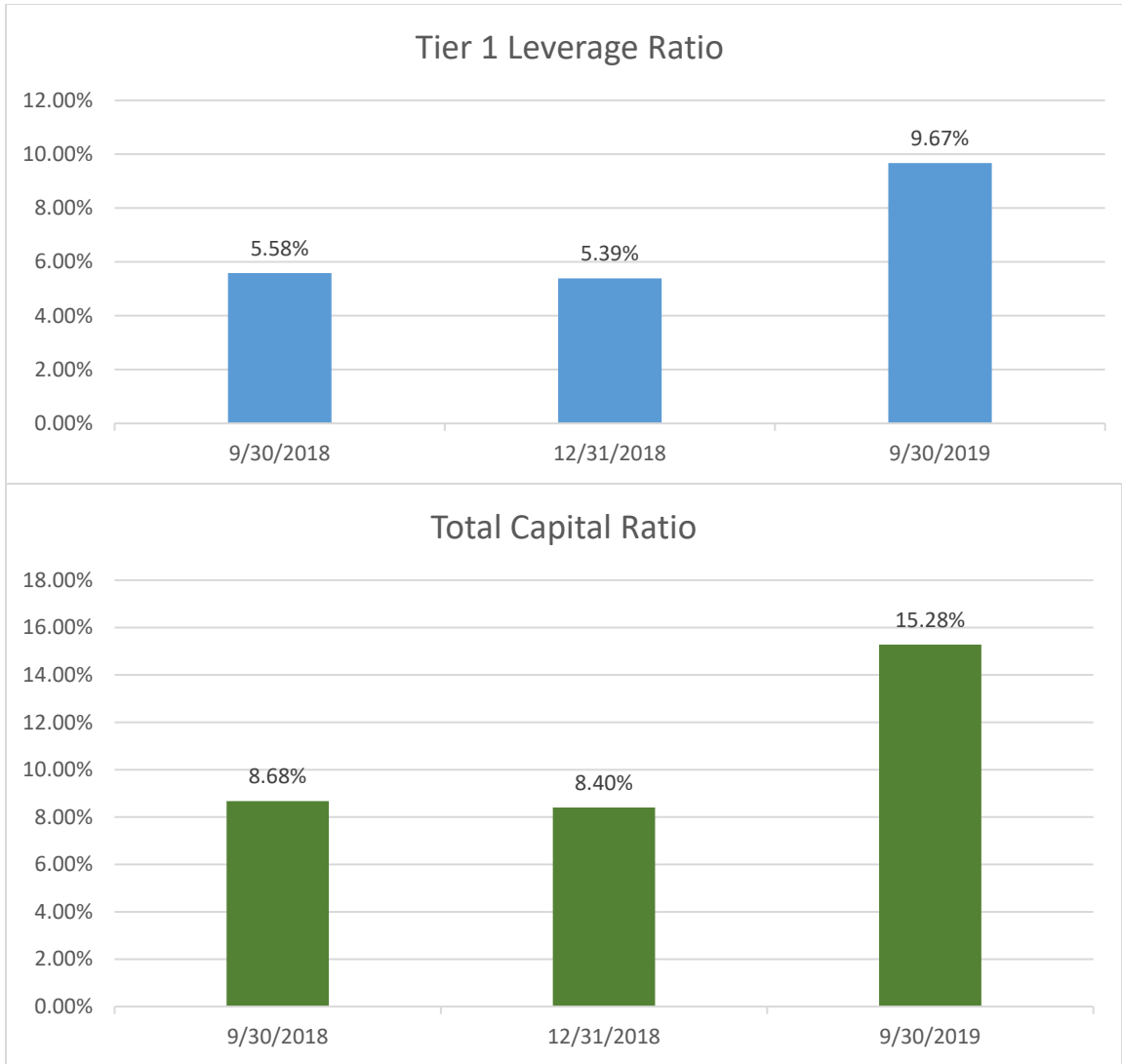
The following table reflects details related to asset quality and the allowance for loan losses:

	September 30, 2019	December 31, 2018	September 30, 2018
Nonaccrual Loans	\$423	\$168	\$979
Loans past due 90 days and accruing interest	159	26	-
Total nonperforming loans	582	194	979
Other real estate owned	3,425	10,895	18,408
Total nonperforming assets	<u>\$ 4,007</u>	<u>\$ 11,089</u>	<u>\$ 19,387</u>
Key Ratios:			
Allowance for loan losses to period end loans	1.12%	1.07%	1.08%
Nonperforming assets to total loans & OREO	1.78%	4.71%	8.16%
Nonperforming assets to total assets	1.23%	3.64%	6.13%
Allowance for loan losses to nonaccrual loans	586.05%	1433.33%	241.27%

	For the Three Months Ended		
	September 30, 2019	December 31, 2018	September 30, 2018
Allowance for loan losses:			
Beginning balance	\$ 2,468	\$ 2,362.0	\$ 2,663
(Recovery of) provision for loan losses	-	-	(300)
Net Recoveries (charge-offs)	11	46	(1)
Ending Balance	<u>\$ 2,479</u>	<u>\$ 2,408.0</u>	<u>\$ 2,362</u>

Equity

The following tables illustrate graphically the Equity Capital narrative in the Balance Sheet discussion above.



As of September 30, 2019, the Bank is well-capitalized and in compliance with all regulatory orders for all regulatory capital ratios.

Other Significant Events

The Bank opened its first new branch location in over a decade on October 28, 2019, at 242 Wears Valley Road, Pigeon Forge, TN.

Readers are cautioned that this press release contains unaudited financial information and may include forward-looking statements made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management's current knowledge, assumptions, and analyses, which it believes are appropriate in the circumstances regarding future events, and may address issues that involve significant risks including, but not limited to: changes in interest rates; changes in accounting principles, policies, or guidelines; significant changes in general economic, competitive, and business conditions; significant changes in or additions to laws and regulatory requirements; and significant changes in securities markets. Additionally, such aforementioned uncertainties, assumptions, and estimates, may cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements.