



For Immediate Release

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Sevier County Bancshares, Inc.

Reports Consolidated Net Income of \$36,877 and Core Earnings of \$369,193 for the Fourth Quarter of 2019

March 9, 2020, 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 fourth quarter of 2019. For the three months ended December 31, 2019, the Company had a consolidated net income of \$36,877 or \$0.01 per share (wt. avg. outstanding (“WAO")), compared to a consolidated net loss of \$887,456 or \$0.60 per share, for the same period in 2018, representing a 104% increase in net income available to common shareholders in the fourth quarter of 2019 compared to the fourth quarter of 2018. Core earnings (excluding \$300,148 of legacy OREO charges) were \$369,193 or \$0.09 per WAO share for the quarter ended December 31, 2019.

Earnings

Consolidated net loss for the year ended December 31, 2019, was \$1,935,629 or \$0.76 loss per WAO share compared to consolidated net loss of \$623,732 or \$0.42 per share for the same period of 2018; however, 2019 core earnings to date are \$2,448,999 or \$0.96 per WAO share compared to \$2,079,678 or \$1.42 per share of core earnings for 2018.

Factors contributing to the Company’s year to date consolidated net loss for the twelve months ended December 31, 2019, include:

- Losses and holding costs related to legacy OREO of \$4,352,600, primarily from \$3,458,544 in disposition losses, for the year ended December 31, 2019, compared to \$2,706,006 of losses and holding costs for the year in 2018.
- Total Bank income (excluding legacy OREO Charges), which includes interest income and fee income, of \$13,602,493, compared to \$12,569,015 for the same period last year, a \$1,033,478 or 8% increase.



- Total Bank operating expenses (excluding legacy OREO charges and loan provision) for the year ended December 31, 2019, of \$11,307,477, compared to \$10,484,655 for the same period of 2018, an \$822,822 or 8% increase.

Balance Sheet

Total Assets at the Bank as of December 31, 2019, were \$332,605,828 compared to \$304,392,317 at December 31, 2018, an increase of \$28.2 million or 9%.

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

- Total Loans increased to \$226,229,932 at December 31, 2019, from \$224,574,199 at December 31, 2018, a \$1.7 million or 1% increase.
- Investment securities increased to \$31,793,626 at December 31, 2019, compared to \$29,667,617 at December 31, 2018.
- Cash and due from Banks increased to \$57,131,552 at December 31, 2019, compared to \$26,492,861 at December 31, 2018.
- Total Deposits increased to \$298,412,886 at December 31, 2019, compared to \$285,855,537 at December 31, 2018.
- Total Company Equity Capital increased to \$26,996,720 at December 31, 2019, compared to \$16,678,069 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 \$30,789,734 at December 31, 2019, compared to \$16,451,187 at December 31, 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 \$3.5 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 December 31, 2019, dramatically decreased to \$3,393,000 compared to \$10,895,328 at December 31, 2018. Total past due loans at December 31, 2019, are \$140,691 or 0.06% of total loans.



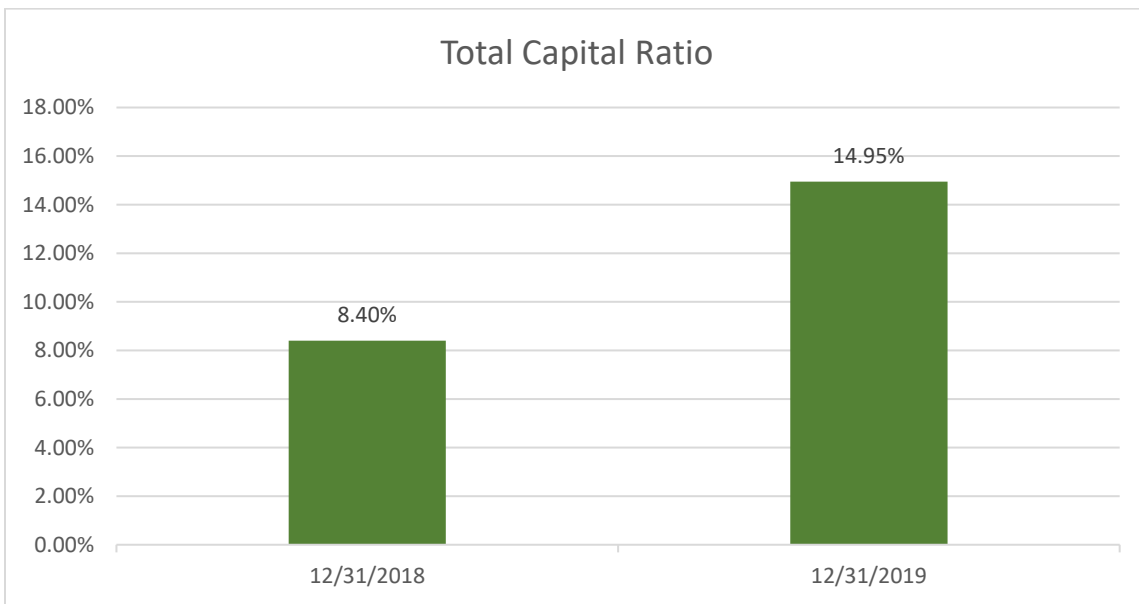
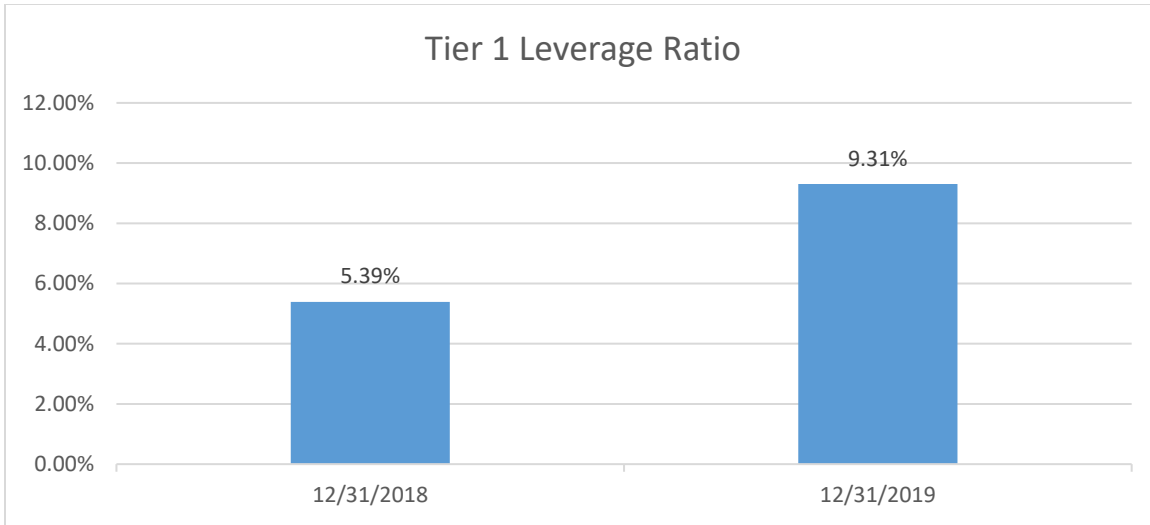
The following table reflects details related to asset quality and the allowance for loan losses (in thousands):

	December 31, 2019	December 31, 2018
Nonaccrual Loans	\$28	\$168
Loans past due 90 days and accruing interest	-	26
Total nonperforming loans	28	194
Other real estate owned	3,393	10,895
Total nonperforming assets	<u>\$ 3,421</u>	<u>\$ 11,089</u>
Key Ratios:		
Allowance for loan losses to period end loans	1.04%	1.07%
Nonperforming assets to total loans & OREO	1.49%	4.71%
Nonperforming assets to total assets	1.03%	3.64%
Allowance for loan losses to nonaccrual loans	8,544.96%	1,433.33%

	For the Three Months Ended	
	December 31, 2019	December 31, 2018
Allowance for loan losses:		
Beginning balance	\$ 2,479	\$ 2,362
(Recovery of) provision for loan losses	-	-
Net Recoveries (charge-offs)	<u>(126)</u>	<u>46</u>
Ending Balance	\$ 2,353	\$ 2,408

Equity

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



As of December 31, 2019, the Bank is well-capitalized and in compliance with all regulatory orders for all regulatory capital ratios.

Other Significant Events and Information

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

The Company engaged an independent third-party firm to conduct a stock valuation analysis as of December 31, 2019. The analysis resulted in a valuation of \$5.25 per share. The valuation is not intended to represent and should not be interpreted as a recommendation of any kind as to the desirability of purchasing or selling Company shares at a given price.



Subsequent Events

On January 30, 2020, the Bank sold at a modest gain the Dumplin Creek foreclosed property, leaving the Bank with an OREO balance of less than \$1MM as of January 31, 2020, the lowest level of OREO on the balance sheet since 1Q 2008.

The Annual Shareholder Meeting is tentatively scheduled for May 1, 2020; additional details forthcoming soon.

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.