SEVIER COUNTY BANCSHARES INC.

For Immediate Release

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Sevier County Bancshares, Inc.

Reports Consolidated Net Loss of $35,123 and Core Earnings of $778,214 for the Second Quarter of 2020

August 5, 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 second quarter of 2020. For the three months ended June 30, 2020, the Company had a consolidated net loss of $35,123, or $0.01 per share (wt. avg. outstanding ("WAO")), compared to a consolidated net loss of $2,918,369, or $1.99 per share for the same period in 2019, representing a 99% increase in net income available to common shareholders in the second quarter of 2020 compared to the second quarter of 2019. Core earnings (after-tax net income, excluding legacy OREO expenses, loan loss provision (net of actual charge-offs), and other non-recurring expenses, including vesting of certain executive benefits) were $778,214, or $0.19 per WAO share for the quarter ended June 30, 2020.

Earnings

Consolidated year to date net income for the six months ended June 30, 2020 was $63,881, or $0.02 per WAO share compared to consolidated net loss of $2,487,093, or $1.69 per share for the same period of 2019; additionally, core earnings for the six months ended June 30, 2020 are $1,208,626, or $0.30 per WAO share compared to $1,262,245, or $0.86 per share of core earnings for the same period of 2019.

Factors contributing to the Company's year to date consolidated net income for the six months ended June 30, 2020 include:

- Holding and other costs net of income related to legacy OREO for the six months ended June 30, 2020 resulted in a loss of $164,275, compared to a $3,749,199 loss for the same period of 2019, primarily from the year over year cost savings from the decrease in foreclosed asset holdings of $9.6MM and foreclosed property sales resulting in a $10,215 disposition gain for the six months ended June 30, 2020, compared to $3,464,991 in losses on OREO disposals for the same period of 2019.

- Total Bank income (excluding legacy OREO Charges), which includes interest income and fee income, of $6,784,670, compared to $6,614,750 for the same period last year, a $169,920 or 3% increase.

- Total Bank operating expenses (excluding loan provision, non-recurring executive benefits and OREO-related items) for the six months ended June 30, 2020 of $5,400,750, compared to $5,350,541 for the same period of 2019, a $50,209 or 0.94% increase.

- Bad debt provision of $410,000 for the six months ended June 30, 2020, compared to $0 for the same period of 2019.

- Deferred tax benefit recognition of $580,648 for the six months ended June 30, 2020, compared to $0 for the same period of 2019.

Balance Sheet

Total Assets at the Bank as of June 30, 2020, were $371,113,648 compared to $305,669,221 at June 30, 2019, an increase of $65 million or 21%.

Factors contributing to the growth of the Bank and Company and other items of interest include:

- Total Deposits increased to $335,683,718 at June 30, 2020, compared to $287,509,781 at June 30, 2019, a $48.2 million or 17% increase.

- Total Company Equity Capital increased to $27,588,625 at June 30, 2020, compared to $14,707,757 at June 30, 2019, primarily from a $13,000,000 equity raise during the third quarter of 2019. The capital infusion is partially offset by OREO losses and expenses at the Bank level and capital expenses.

- Total Bank Equity Capital increased to $31,549,948 at June 30, 2020, compared to $16,482,977 at June 30, 2019. Equity increased primarily from down-streaming from the $13,000,000 capital raise and the $5,000,000 Sub Debt issue by the Company, both during the third quarter of 2019, somewhat offset by the 2019 $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.

- Total Loans increased to $240,680,740 at June 30, 2020, from $225,144,712 at June 30, 2019, a $15.5 million or 7% increase.

- Investment securities increased to $45,867,969 at June 30, 2020, compared to $30,025,465 at June 30, 2019.

- Cash and due from Banks increased to $69,191,904 at June 30, 2020, compared to $34,236,428 at June 30, 2019.

Asset Quality

Total OREO balance at June 30, 2020 dramatically decreased to $493,983 compared to $3,722,125 at June 30, 2019, primarily due to dispositions as well as certain regulatory reductions in carrying value. In an abundance of caution, the full amount of the budgeted loan loss provision has been recognized as of June 30. There were no past due loans at June 30, 2020.

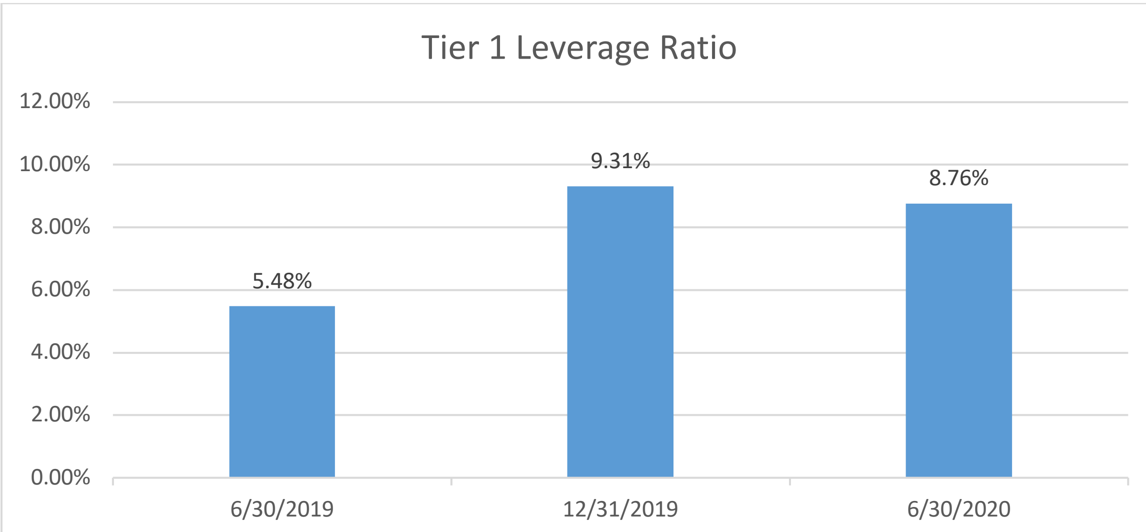
The following table reflects details related to asset quality and the allowance for loan losses (in thousands):

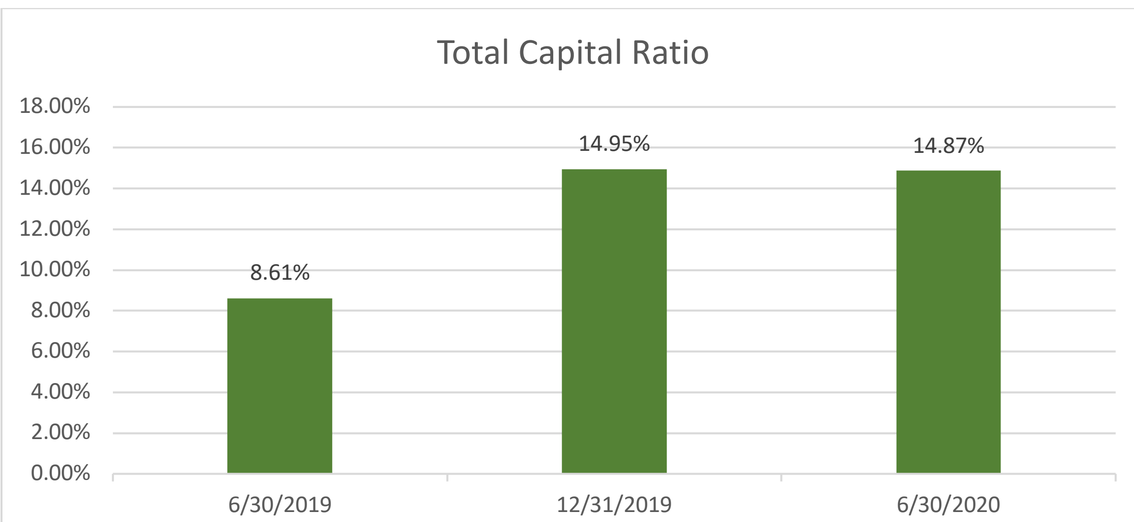
	June 30, 2020	December 31, 2019	June 30, 2019
Nonaccrual Loans	$ 24	$ 28	$ 425
Loans past due 90 days and accruing interest	-	-	-
Total nonperforming loans	24	28	425
Other real estate owned	494	3,393	3,722
Total nonperforming assets	$ 518	$ 3,421	$ 4,147
Key Ratios:			
Allowance for loan losses to period end loans	1.19%	1.04%	1.10%
Nonperforming assets to total loans & OREO	0.21%	1.49%	1.81%
Nonperforming assets to total assets	0.14%	1.03%	1.36%
Allowance for loan losses to nonaccrual loans	11,652.78%	8,544.96%	581.37%

	For the Six Months Ended		
	June 30, 2020	December 31, 2019	June 30, 2019
Allowance for loan losses:			
Beginning balance	$ 2,353	$ 2,468	$ 2,408
(Recovery of) provision for loan losses	410	-	-
Net Recoveries (charge-offs)	(7)	(115)	60
Ending Balance	$ 2,756	$ 2,353	$ 2,468

Equity

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





As of June 30, 2020, the Bank is well-capitalized and in compliance with all regulatory orders for all regulatory capital ratios.

The decrease in the capital ratios for the six months ended June 30, 2020, resulted mainly from steep growth in average total assets, recognition of various non-recurring costs (discussed above), and the income effect from the precipitous drop in interest rates combined with the Bank's high liquidity position.

Other Significant Events

1. During and especially near the end of March 2020, the local economy was increasingly negatively impacted by the global COVID-19 pandemic, as all non-essential businesses were closed and people encouraged to quarantine at home to slow the spread of the disease. Many businesses furloughed employees, at least temporarily offsetting years of positive employment trends and both fixed income and equity markets incurred volatility. The government issued safeguards to lessen any permanent impact to the economy, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020. While businesses began to reopen at the beginning of June, Bank evaluation of the impact of the pandemic is being monitored on an ongoing basis. Steps taken by Bank leadership in regard to COVID-19 include:

   - Increased frequency of applicable channels of communication focused on COVID-19 issues, including Tennessee Bankers CEO forum, Executive Team, cross-discipline Management Leadership Team, Employee Open Forums, peer bank information sharing and interdisciplinary informational on-line forums, especially as related to human resource, asset-liability management and Small Business Association (SBA) loan programs.

   - Implementation of customer and employee safety measures, including primary public customer service through drive-thru assistance and lobby access by appointment only for 6 weeks, ending May 4, remote employment where feasible and internal distancing of mission critical employees in conjunction with our Business Continuity Plan.

   - Various sanitization and distancing measures, including hand sanitizer stations at key areas throughout facilities, separation of operational areas and following CDC protocols.

   - Customer and community support consistent with regulatory and treasury guidelines, including temporary loan relief concessions and assisting customers applying for Paycheck Protection Program loans.

   - President Stoffle and Lead Director Wade participated on Governor Lee's Economic Recovery Bank Working Group.

2. Rescission of regulatory orders:

   a. Effective April 3, 2020, the Tennessee Department of Financial Institutions (TDFI) terminated the Written Agreement with the Bank dated November 5, 2012.

   b. Effective April 6, 2020, the Federal Deposit Insurance Corporation (FDIC) terminated the Consent Order issued to the Bank on July 27, 2010.

   c. Effective April 16, 2020, the Federal Reserve Bank of Richmond authorized rescission of the Company's Board Resolution agreement with the Federal Reserve dated July 20, 2009.

3. On May 1, 2020, the Company held its annual meeting via conference call due to COVID concerns. The Company elected two new Directors, Mr. Doug Blalock and Mr. Svend Brooks. Directors Gary Wade and Joe Jim Summitt were re-elected to 3-year terms.

4. The Bank originated 144 SBA Paycheck Protection Program (PPP) loans totaling $7,552,851. Deferred fee income from these loans totaled $377,643, accreted over 24 months or until loan forgiveness, with $30,687 recognized as of June 30, 2020.

5. As of June 30, 2020, the Bank provided COVID-19 related relief on 89 loans totaling 89,342,000. The relief was in the form of interest-only payments for 120 days on $69,482,000 or 77.8% of the modifications granted.

6. On May 4, 2020, the Bank re-opened all lobbies to the public.

Subsequent Events

1. On July 2, 2020, as a new step taken by Bank leadership in regard to COVID-19, all employees are required to wear face masks in the presence of customers and in all situations not conducive to social distancing. Customers entering SCB are requested to wear a face mask, provided if necessary, when inside the lobbies.

2. On July 16, 2020, SCB implemented its new relationship banking model to all branches as a new phase of retail banking and marketing strategy.