

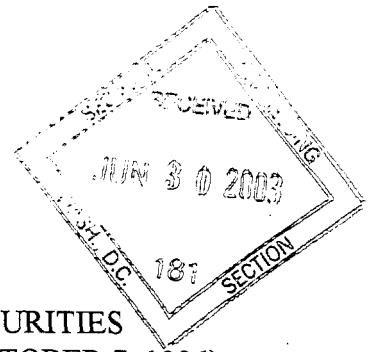
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K



03025550

ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934



(Mark one):

- ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996)

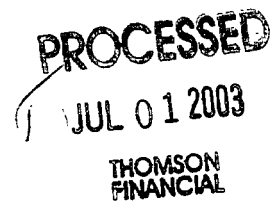
For the fiscal year ended December 31, 2002.

OR

- TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from _____ to _____.

Commission file number 0-23551



- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Newport Federal Savings and Loan Association 401(k) Retirement Savings Plan

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

United Tennessee Bankshares, Inc., 344 W. Broadway, Newport TN 37821-0249

Annual Return/Report of Employee Benefit Plan
 This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6039D, 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).
 Complete all entries in accordance with the instructions to the Form 5500.

Official Use Only
 OMB Nos. 1210-0110
 1210-0089

2002

This Form Is Open to Public Inspection

Part I Annual Report Identification Information

For the calendar plan year **2002** or fiscal plan year beginning and ending

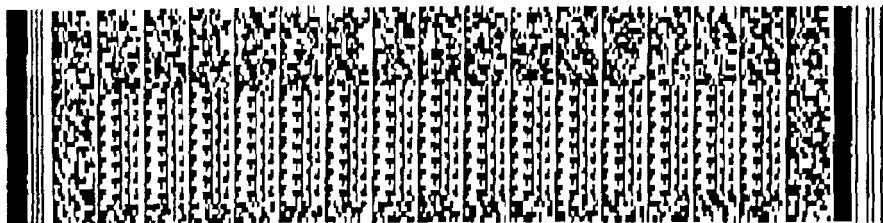
- A** This return/report is for: (1) a multiemployer plan; (3) a multiple-employer plan; or
 (2) a single-employer plan (other than a multiple-employer plan); (4) a DFE (specify) _____
- B** This return/report is: (1) the first return/report filed for the plan; (3) the final return/report filed for the plan;
 (2) an amended return/report; (4) a short plan year return/report (less than 12 months).
- C** If the plan is a collectively-bargained plan, check here _____
- D** If filing under an extension of time or the DFVC program, check box and attach required information (see instructions) _____

Part II Basic Plan Information -- enter all requested information.

1a Name of plan NEWPORT FEDERAL BANK 401 (K) RETIREMENT PLAN	1b Three-digit plan number (PN) ▶ 002
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) NEWPORT FEDERAL BANK P.O. BOX 249 344 WEST BROADWAY NEWPORT TN 37821-0249	1c Effective date of plan (mo., day, yr.) 01/01/1986
	2b Employer Identification Number (EIN) 62-0309135
	2c Sponsor's telephone number 423-623-6088
	2d Business code (see instructions) 922120

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.
 Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report if it is being filed electronically, and to the best of my knowledge and belief, it is true, correct and complete.

SIGN HERE /s/ Richard Harwood	6/27/03	RICHARD HARWOOD
Signature of plan administrator	Date	Type or print name of individual signing as plan administrator
SIGN HERE /s/ Richard Harwood	6/27/03	RICHARD HARWOOD
Signature of employer/plan sponsor/DFE	Date	Type or print name of individual signing as employer, plan sponsor or DFE



3a Plan administrator's name and address (If same as plan sponsor, enter "Same") SAME	3b Administrator's EIN
	3c Administrator's telephone number

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report below: a Sponsor's name NEWPORT FEDERAL SAVINGS AND LOAN ASSOCIATION	b EIN 62-0309135
	c PN 002

5 Preparer information (optional) a Name (including firm name, if applicable) and address	b EIN
	c Telephone number

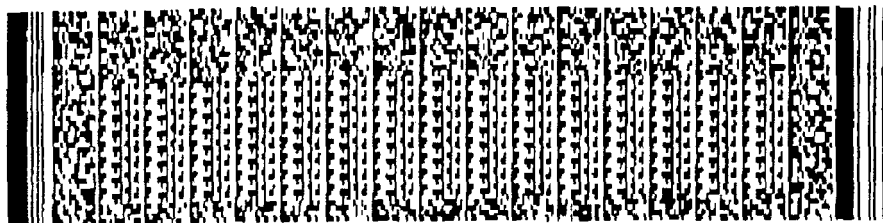
6 Total number of participants at the beginning of the plan year	6	30
7 Number of participants as of the end of the plan year (welfare plans complete only lines 7a, 7b, 7c, and 7d)		
a Active participants	7a	27
b Retired or separated participants receiving benefits	7b	0
c Other retired or separated participants entitled to future benefits	7c	3
d Subtotal. Add lines 7a, 7b, and 7c	7d	30
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	7e	0
f Total. Add lines 7d and 7e	7f	30
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	7g	0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	7h	2
i If any participant(s) separated from service with a deferred vested benefit, enter the number of separated participants required to be reported on a Schedule SSA (Form 5500)	7i	1

8 Benefits provided under the plan (complete 8a and 8b as applicable)

a Pension benefits (check this box if the plan provides pension benefits and enter the applicable pension feature codes from the List of Plan Characteristics Codes printed in the instructions): 2E 2H 2J 3E

b Welfare benefits (check this box if the plan provides welfare benefits and enter the applicable welfare feature codes from the List of Plan Characteristics Codes printed in the instructions):

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(i) insurance contracts	(2) <input type="checkbox"/> Code section 412(i) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> General assets of the sponsor



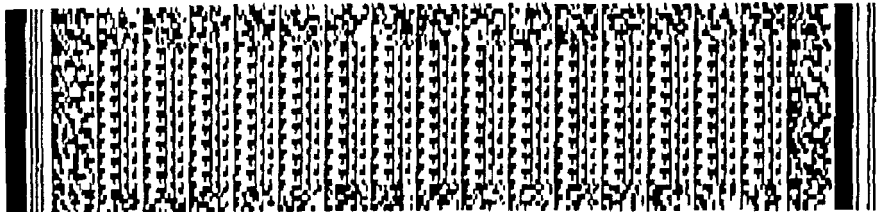
10 Schedules attached (Check all applicable boxes and, where indicated, enter the number attached. See instructions.)

a Pension Benefit Schedules

- (1) R (Retirement Plan Information)
- (2) 1 T (Qualified Pension Plan Coverage Information)
If a Schedule T is not attached because the plan is relying on coverage testing information for a prior year, enter the year ▶ _____
- (3) B (Actuarial Information)
- (4) E (ESOP Annual Information)
- (5) SSA (Separated Vested Participant Information)

b Financial Schedules

- (1) H (Financial Information)
- (2) I (Financial Information -- Small Plan)
- (3) A (Insurance Information)
- (4) C (Service Provider Information)
- (5) D (DFE/Participating Plan Information)
- (6) G (Financial Transaction Schedules)
- (7) 1 P (Trust Fiduciary Information)



**SCHEDULE I
(Form 5500)**

Department of the Treasury
Internal Revenue Service

Department of Labor
Pension and Welfare Benefits
Administration

Pension Benefit Guaranty Corporation

Financial Information -- Small Plan

This schedule is required to be filed under Section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

File as an attachment to Form 5500.

Official Use Only

OMB No. 1210-0110

2002

This Form is Open
to Public Inspection.

For calendar year 2002 or fiscal plan year beginning _____ and ending _____

A Name of plan NEWPORT FEDERAL BANK 401(K) RETIREMENT PLAN	B Three-digit plan number 002
C Plan sponsor's name as shown on line 2a of Form 5500 NEWPORT FEDERAL BANK	D Employer Identification Number 62-0309135

Complete Schedule I if the plan covered fewer than 100 participants as of the beginning of the plan year. You may also complete Schedule I if you are filing as a small plan under the 80-120 participant rule (see instructions). Complete Schedule H if reporting as a large plan or DFE.

Part I Small Plan Financial Information

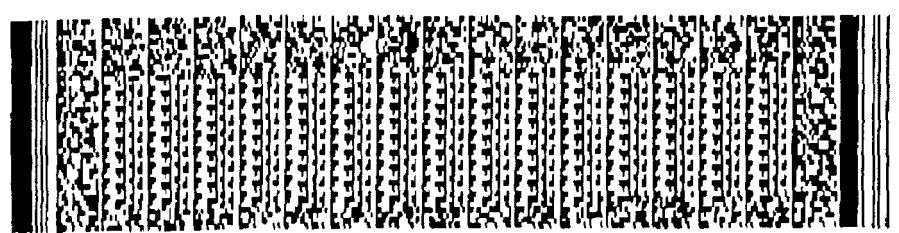
Report below the current value of assets and liabilities, income, expenses, transfers and changes in net assets during the plan year. Combine the value of plan assets held in more than one trust. Do not enter the value of the portion of an insurance contract that guarantees during this plan year to pay a specific dollar benefit at a future date. Include all income and expenses of the plan including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar.

1 Plan Assets and Liabilities:		(a) Beginning of Year	(b) End of Year
a	Total plan assets	911984	1103120
b	Total plan liabilities	0	
c	Net plan assets (subtract line 1b from line 1a)	911984	1103120
2 Income, Expenses, and Transfers for this Plan Year:		(a) Amount	(b) Total
a	Contributions received or receivable		
	(1) Employers	73308	
	(2) Participants	6015	
	(3) Others (including rollovers)	0	
b	Noncash contributions	0	
c	Other income	111613	
d	Total income (add lines 2a(1), 2a(2), 2a(3), 2b, and 2c)		191136
e	Benefits paid (including direct rollovers)	0	
f	Corrective distributions (see instructions)	0	
g	Certain deemed distributions of participant loans (see instructions)	0	
h	Other expenses	0	
i	Total expenses (add lines 2e, 2f, 2g, and 2h)		0
j	Net income (loss) (subtract line 2i from line 2d)		191136
k	Transfers to (from) the plan (see instructions)		0

3 Specific Assets: If the plan held assets at anytime during the plan year in any of the following categories, check "Yes" and enter the current value of any assets remaining in the plan as of the end of the plan year. Allocate the value of the plan's interest in a commingled trust containing the assets of more than one plan on a line-by-line basis unless the trust meets one of the specific exceptions described in the instructions.

	Yes	No	Amount
a Partnership/joint venture interests		X	
b Employer real property		X	

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500. v5.0 Schedule I (Form 5500) 2002



Official Use Only

	Yes	No	Amount
3c Real estate (other than employer real property)		X	
d Employer securities	X		473445
e Participant loans	X		6106
f Loans (other than to participants)		X	
g Tangible personal property		X	

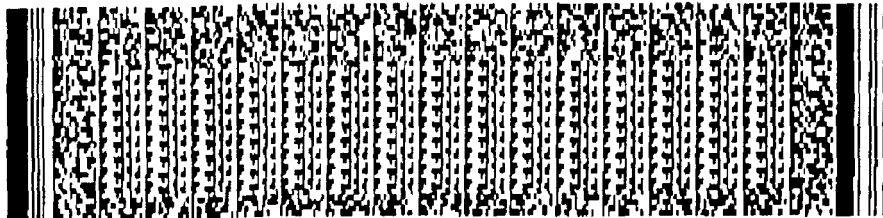
Part III Transactions During Plan Year

	Yes	No	Amount
During the plan year:			
4a Did the employer fail to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by the participants' account balance		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible?		X	
d Did the plan engage in any nonexempt transaction with any party-in-interest?		X	
e Was the plan covered by a fidelity bond?	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan at any time hold 20% or more of its assets in any single security, debt, mortgage, parcel of real estate, or partnership/joint venture interest?	X		473445
j Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
k Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? If no, attach the IQPA's report or 2520.104-50 statement. (See instructions on waiver eligibility and conditions.)	X		

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year Yes No **Amount** _____

5b If during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
_____	_____	_____
_____	_____	_____



NOTE 4f: AMOUNT IS EMPLOYER SECURITIES

**SCHEDULE P
(FORM 5500)**

**Annual Return of Fiduciary
of Employee Benefit Trust**

Official Use Only

OMB No. 1510-0110

This schedule may be filed to satisfy the requirements under section 6033(a) for an annual information return from every section 401(a) organization exempt from tax under section 501(a).

2002

Filing this form will start the running of the statute of limitations under section 6501(a) for any trust described in section 401(a) that is exempt from tax under section 501(a).

This Form is Open to Public Inspection.

Department of the Treasury
Internal Revenue Service

▶ File as an attachment to Form 5500 or 5500-EZ.

For trust calendar year 2002 or fiscal year beginning _____ and ending _____

1a Name of trustee or custodian

HOME FEDERAL BANK OF TENNESSEE

b Number, street, and room or suite no. (If a P.O. box, see the instructions for Form 5500 or 5500-EZ.)

515 MARKET STREET

c City or town, state, and ZIP code

KNOXVILLE TN 37902

2a Name of trust

NEWPORT FEDERAL BANK 401(K) RETIREMENT PLAN

b Trust's employer identification number 62-6219008

3 Name of plan if different from name of trust

SAME

4 Have you furnished the participating employee benefit plan(s) with the trust financial information required to be reported by the plan(s)?

Yes

No

5 Enter the plan sponsor's employer identification number as shown on Form 5500 or 5500-EZ

62-0309135

Under penalties of perjury, I declare that I have examined this schedule, and to the best of my knowledge and belief it is true, correct, and complete.

**SIGN
HERE**

Signature of
fiduciary

▶ /s/ Richard Harwood

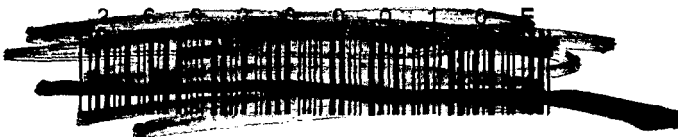
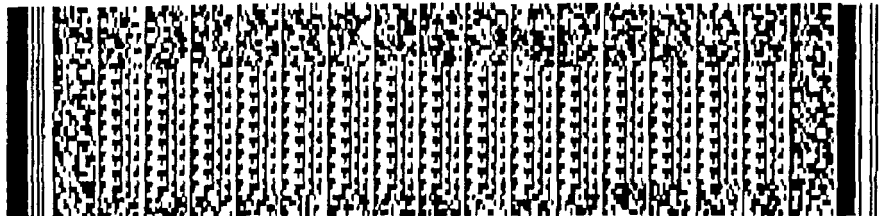
Date ▶

6/27/03

For the Paperwork Reduction Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-EZ.

v5.0

Schedule P (Form 5500) 2002



**SCHEDULE SSA
(Form 5500)**

**Annual Registration Statement Identifying Separated
Participants With Deferred Vested Benefits**

Under Section 6057(a) of the Internal Revenue Code

▶ File as an attachment to Form 5500 unless box 1b is checked.

Official Use Only

OMB No. 1210-0110

2002

This Form is NOT Open
to Public Inspection.

Department of the Treasury
Internal Revenue Service

For calendar year 2002 or fiscal plan year beginning _____ and ending _____

A Name of plan NEWPORT FEDERAL BANK 401 (K) RETIREMENT PLAN	B Three-digit plan number ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 NEWPORT FEDERAL BANK	D Employer Identification Number 62-0309135

1a Check here if additional participants are shown on attachments. All attachments must include the sponsor's name, EIN, name of plan, plan number, and column identification letter for each column completed for line 4.

1b Check here if plan is a government, church or other plan that elects to voluntarily file Schedule SSA. If so, complete lines 2 through 3c, and the signature area. Otherwise, complete the signature area only.

2 Plan sponsor's address (number, street, and room or suite no.) (If a P.O. box, see the instructions for line 2.)

City or town, state, and ZIP code

3a Name of plan administrator (if other than sponsor)

3b Administrator's EIN

3c Number, street, and room or suite no. (If a P.O. box, see the instructions for line 2.)

City or town, state, and ZIP code

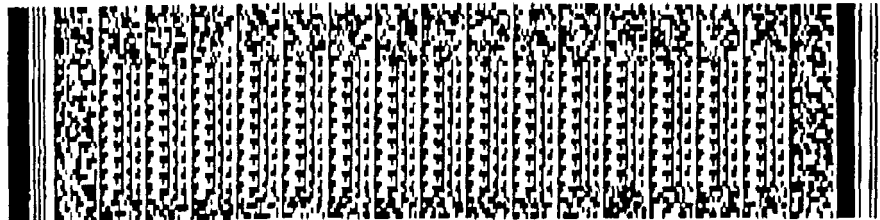
Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE Signature of plan administrator ▶ /s/ Richard Harwood

Phone number of plan administrator ▶ 423-623-6088

Date ▶ 6/27/03

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 v5.0 Schedule SSA (Form 5500) 2002



4 Enter one of the following Entry Codes in column (a) for each separated participant with deferred vested benefits that:

Code A -- has not previously been reported.

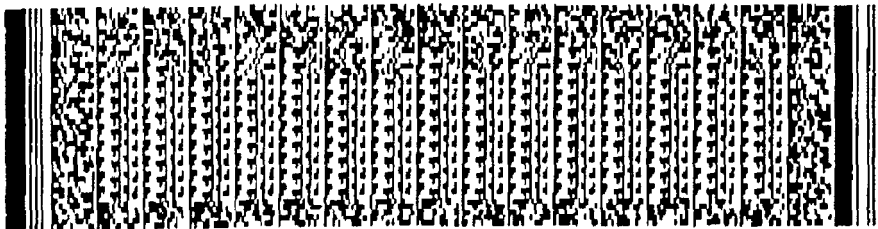
Code B -- has previously been reported under the above plan number but requires revisions to the information previously reported.

Code C -- has previously been reported under another plan number but will be receiving their benefits from the plan listed above instead.

Code D -- has previously been reported under the above plan number but is no longer entitled to those deferred vested benefits.

(a) Entry Code	(b) Social Security Number	Use with entry code "A", "B", "C", or "D"			Use with entry code "A" or "B"		(f) Defined benefit plan -- periodic payment
		(c) Name of Participant			Enter code for nature and form of benefit		
		(First)	(M.I.)	(Last)	(d) Type of annuity	(e) Payment frequency	
B	408065856	GLORIE	A	JONES	A	A	

(a) Entry Code	Use with entry code "A" or "B"			Use with entry code "C"	
	Amount of vested benefit			(i) Previous sponsor's employer identification number	(j) Previous plan number
	Defined contribution plan				
(g) Units or shares	Share Indicator	(h) Total value of account			
			320.79		



**SCHEDULE T
(Form 5500)**

Department of the Treasury
Internal Revenue Service

Qualified Pension Plan Coverage Information

This form is required to be filed under section 6058(a) of the Internal Revenue Code (the Code).

File as an attachment to Form 5500.

Official Use Only

OMB No. 1510-0110

2002

This Form is Open to Public Inspection.

For calendar year 2002 or fiscal plan year beginning _____ and ending _____

A Name of plan NEWPORT FEDERAL BANK 401(K) RETIREMENT PLAN	B Three-digit plan number 002
C Plan sponsor's name as shown on line 2a of Form 5500 NEWPORT FEDERAL BANK	D Employer Identification Number 62-0309135

Note: If the plan is maintained by:

- More than one employer and benefits employees who are not collectively-bargained employees, a separate Schedule T may be required for each employer (see the instruction for line 1).
- An employer that operates qualified separate lines of business (QSLOBs) under Code section 414(r), a separate Schedule T may be required for each QSLOB (see the instruction for line 2).

1 If this schedule is being filed to provide coverage information regarding the noncollectively bargained employees of an employer participating in a plan maintained by more than one employer, enter the name and EIN of the participating employer:

1a Name of participating employer	1b Employer identification number
------------------------------------------	------------------------------------------

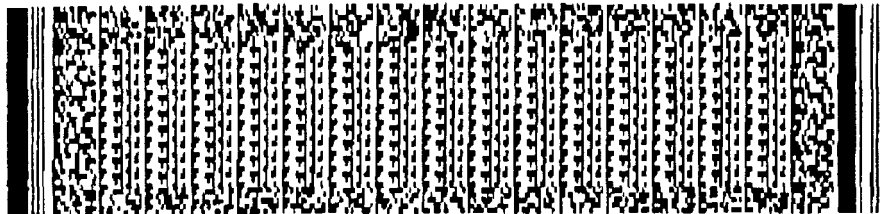
2 If the employer maintaining the plan operates QSLOBs, enter the following information:

- a** The number of QSLOBs that the employer operates is _____.
- b** The number of such QSLOBs that have employees benefiting under this plan is _____.
- c** Does the employer apply the minimum coverage requirements to this plan on an employer-wide rather than a QSLOB basis? ... Yes No
- d** If the entry on line 2b is two or more and line 2c is "No," identify the QSLOB to which the coverage information given on line 3 or 4 relates.
▶

3 Exceptions - Check the box before each statement that describes the plan or the employer. Also see instructions. If you check any box, do not complete the rest of this Schedule.

- a** The employer employs only highly compensated employees (HCEs).
- b** No HCEs benefited under the plan at anytime during the plan year.
- c** The plan benefits only collectively-bargained employees.
- d** The plan benefits all nonexcludable nonhighly compensated employees of the employer (as defined in Code sections 414(b), (c), and (m)), including leased employees and self-employed individuals.
- e** The plan is treated as satisfying the minimum coverage requirements under Code section 410(b)(6)(C).

For Paperwork Reduction Act Notice and OMB Control Numbers, see the Instructions for Form 5500. v5.0 Schedule T (Form 5500) 2002



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**Newport Federal Savings and Loan Association
401(k) Retirement Savings Plan**

Date: June 27, 2003

/s/ Richard G. Harwood
Richard G. Harwood
President

EXHIBIT INDEX

99.1* Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

99.2* Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* A signed original of this written statement required by Section 906 has been provided to the Newport Federal Savings and Loan Association 401(k) Retirement Savings Plan (the "Plan") and will be retained by the Plan and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

**Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with this annual report on Form 11-K for the fiscal year ended December 31, 2002 as filed on behalf of the Newport Federal Savings and Loan Association 401(k) Retirement Savings Plan (the "Plan"), I, Richard G. Harwood, the President of United Tennessee Bankshares, Inc., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Plan.

Date: June 27, 2003

/s/ Richard G. Harwood
Richard G. Harwood
President

CERTIFICATION

**Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with this annual report on Form 11-K for the fiscal year ended December 31, 2002 as filed on behalf of the Newport Federal Savings and Loan Association 401(k) Retirement Savings Plan (the "Plan"), I, Chris H. Triplett, Controller of United Tennessee Bankshares, Inc., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Plan.

Date: June 27, 2003

/s/ Chris H. Triplett

Chris H. Triplett

Controller