



FOR IMMEDIATE RELEASE

July 12, 2016

**Highlands Bankshares, Inc.
Reports 2016 Second Quarter Earnings
And Declares Quarterly Dividend**

Petersburg, WV - Highlands Bankshares, Inc. (OTCQB: HBSI) announced unaudited earnings of \$1,894,000 for the first six month period ended June 30, 2016. This represents an increase of approximately 19.4% from the \$1,586,000 earned during the same period in 2015. On a per share basis, net income was \$1.42 per share for the first six months of 2016, compared to \$1.19 earnings per share for the six months ended June 30, 2015.

On July 12, 2016, the Board of Directors declared a quarterly dividend of \$0.28 per share to be paid on August 5, 2016 to all shareholders of record as of July 29, 2016. This is an increase of 12.0% in the quarterly dividend of \$0.25 per share declared for the second quarter of 2015. Based upon the current market price and annualizing the dividends paid to shareholders this quarter, Highlands' current dividend yield is 3.9%.

John Van Meter, Chairman and Chief Executive Officer of the holding company, stated "Our performance in the first half of 2016 continues to demonstrate the growing potential of Highlands and our focus on increasing returns to our shareholders. The results reflect our emphasis on maintaining a high quality balance sheet while generating growth.

"The advancements we have made in technology continue to enhance our delivery systems and allow us to provide financial services to our customers when and where they want to bank, although our talented bankers have not lost sight of building profitable face to face relationships with our existing and prospective customers."

Highlands Bankshares, Inc. operates twelve banking locations in West Virginia and Virginia through its two wholly-owned subsidiary banks, The Grant County Bank and Capon Valley Bank, and offers insurance services through its wholly-owned subsidiary HBI Life Insurance Company.