



FOR IMMEDIATE RELEASE

July 10, 2018

**Highlands Bankshares, Inc.
Reports 2018 Second Quarter Earnings
And Declares Quarterly Dividend**

Petersburg, WV - Highlands Bankshares, Inc. (OTC: HBSI) announced unaudited earnings of \$1,909,000 for the first six month period ended June 30, 2018. This represents an increase of 19.3% from the \$1,600,000 earned during the same period in 2017. On a per share basis, net income was \$1.43 for the first six months of 2018, compared to earnings of \$1.20 per share for the six months ended June 30, 2017.

On July 10, 2018, the Board of Directors declared a quarterly dividend of \$0.45 per share to be paid on August 3, 2018 to all shareholders of record as of July 27, 2018. This is an increase of 60.7% in the quarterly dividend compared to \$0.28 per share declared for the second quarter of 2017. Based upon the current market price and annualizing the dividends paid to shareholders this quarter, Highlands' current dividend yield is 4.1%.

John Van Meter, Chairman and Chief Executive Officer of the holding company, stated "We are pleased with our second quarter results and the overall strength of our balance sheet. We have seen growth in our total loans, book value, and earnings per share over the prior quarter and prior year. Core deposit growth remains a part of our focus to minimize our funding costs to allow us to deliver ongoing, consistent returns for our shareholders.

As we outlined last quarter, as a result of recent tax law changes and in light of our strong capital position, we are able to return a higher percentage of our earnings to our shareholders in the form of dividends. We remain committed to maintaining a healthy capital ratio while paying a fair return to our shareholders."

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.