



FOR IMMEDIATE RELEASE

July 15, 2020

**Highlands Bankshares, Inc.
Reports 2020 Second Quarter Earnings
And Declares Quarterly Dividend**

Petersburg, WV - Highlands Bankshares, Inc. (OTC: HBSI) announced unaudited earnings of \$1,539,000 for the first six month period ended June 30, 2020. This represents an increase of 2.93% from the \$1,495,000 earned during the same period in 2019. On a per share basis, net income was \$1.15 for the first six months of 2020, compared to earnings of \$1.12 per share for the six months ended June 30, 2019.

On July 14, 2020, the Board of Directors declared a quarterly dividend of \$0.40 per share to be paid on August 6, 2020 to all shareholders of record as of July 30, 2020. Based upon the current market price and annualizing the dividends paid to shareholders this quarter, Highlands' current dividend yield is 4.21%.

John Van Meter, Chairman and Chief Executive Officer of the holding company, stated "The first six months of 2020 have certainly been challenging for all of us. The economy has begun to bounce back, but we expect it to do so very unevenly as impacts from the virus vary substantially depending on the geographic location and the type of business. We have been working with impacted consumers and business customers to alleviate cash flow issues and are proud to have assisted over 200 of our local businesses in obtaining needed relief through the Paycheck Protection Program. Rapidly falling interest rates, coupled with decreased loan demand in normal channels have resulted in slightly lower net interest income as compared to the same period last year and we have increased provisions for loan losses due to expected softness in economic conditions in the future. In addition, we have elected to reduce the quarterly dividend by \$0.05 which we believe strikes an appropriate balance of prudently conserving capital while still paying a fair return on our shareholder's investment".

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.