



Highlands Bankshares, Inc.
Financial Results
As of September 30, 2022

Unaudited

HIGHLANDS BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands of Dollars, Except Per Share Data)

	Quarter Ending September 30,	
	2022	2021
	Unaudited	Unaudited
Interest Income		
Interest and fees on loans	\$ 13,435	\$ 14,733
Interest on federal funds sold	119	31
Interest on deposits in other banks	160	157
Interest and dividends on securities	1,508	818
Total Interest Income	<u>15,222</u>	<u>15,739</u>
Interest Expense		
Interest on deposits	1,027	1,448
Interest on borrowed money	70	139
Total Interest Expense	<u>1,097</u>	<u>1,587</u>
Net Interest Income	14,125	14,152
Provision for Loan Losses	43	19
Net Interest Income After Provision for Loan Losses	<u>14,082</u>	<u>14,133</u>
Non-interest Income		
Service charges	883	689
Life insurance investment income	191	195
Gains (losses) on securities transactions	(21)	22
Other non-interest income	1,210	1,198
Total Non-interest Income	<u>2,263</u>	<u>2,104</u>
Non-interest Expense		
Salaries and employee benefits	6,780	6,552
Occupancy and equipment expense	1,375	1,407
Data processing expense	1,470	1,354
Directors fees	336	343
Legal and professional fees	461	365
Office supplies, postage and freight expense	166	168
FDIC premiums	113	101
Loan and foreclosed asset expense	184	184
(Gains) on sale of foreclosed property	(71)	(213)
Losses on appraisal adjustments of other real estate	12	47
Other non-interest expense	1,315	995
Total Non-interest Expense	<u>12,141</u>	<u>11,303</u>
Income Before Provision For Income Taxes	4,204	4,934
Provision for Income Taxes	928	1077
Net Income	<u>\$ 3,276</u>	<u>\$ 3,857</u>
Per Share Data		
Net Income	\$2.45	\$2.88
Cash Dividends	\$1.35	\$1.22
Weighted Average Common Shares Outstanding	1,336,873	1,336,873

The accompanying notes are an integral part of these financial statements.

HIGHLANDS BANKSHARES, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands of dollars)

	September 30, 2022	December 31, 2021
ASSETS		
Cash and due from banks	\$ 4,422	\$ 5,341
Interest bearing deposits in banks	\$ 14,995	\$ 26,932
Federal funds sold	\$ -	\$ 16,928
Investment securities available for sale	\$ 111,033	\$ 108,698
Restricted investments, at cost	\$ 3,051	\$ 3,292
Loans	\$ 358,565	\$ 333,800
Allowance for loan losses	\$ (4,136)	\$ (4,132)
Bank premises and equipment, net of depreciation	\$ 11,510	\$ 11,690
Interest receivable	\$ 1,713	\$ 1,453
Investment in life insurance contracts	\$ 9,857	\$ 9,666
Foreclosed assets, net of valuation allowance	\$ -	\$ 144
Goodwill	\$ 1,534	\$ 1,534
Other intangible assets, net of amortization	\$ 37	\$ 48
Other assets	\$ 3,060	\$ 3,029
Total Assets	\$ 515,641	\$ 518,423
LIABILITIES		
Deposits		
Non-interest bearing deposits	\$ 140,546	\$ 135,416
Interest bearing transaction and savings accounts	\$ 195,152	\$ 180,970
Time deposits over \$250,000	\$ 14,056	\$ 16,775
All other time deposits	\$ 105,416	\$ 113,226
Total Deposits	\$ 455,170	\$ 446,387
Long term debt instruments	\$ -	\$ 5,178
Other short term borrowing	\$ 1,934	\$ -
Accrued expenses and other liabilities	\$ 5,507	\$ 7,433
Total Liabilities	\$ 462,611	\$ 458,998
STOCKHOLDERS' EQUITY		
Common Stock, \$5 par value, 3,000,000 shares authorized, 1,436,874 shares issued, 1,336,873 shares outstanding	\$ 7,184	\$ 7,184
Surplus	\$ 1,662	\$ 1,662
Treasury stock (100,001 shares, at cost)	\$ (3,372)	\$ (3,372)
Retained earnings	\$ 58,293	\$ 56,822
Other accumulated comprehensive loss	\$ (10,737)	\$ (2,871)
Total Stockholders' Equity	\$ 53,030	\$ 59,425
Total Liabilities and Stockholders' Equity	\$ 515,641	\$ 518,423

The accompanying notes are an integral part of these financial statements

Highlands Bankshares, Inc
(Unaudited)
September 30, 2022

Highlands Bankshares, Inc. (HBSI) is a registered bank holding company incorporated under the laws of West Virginia. It is the parent company of The Grant County Bank, Capon Valley Bank, and HBI Life Insurance Company. Highlands Bankshares, Inc. operates community banking in West Virginia and Virginia from 12 locations.

The accounting and reporting policies of Highlands Bankshares, Inc. and its subsidiaries (collectively, the Company) conform to accounting principles generally accepted in the United States of America. The consolidated financial statements included herein are for Highlands Bankshares, Inc. and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying interim consolidated financial statements have been prepared under the presumption that users of the interim consolidated financial information have either read or have access to the audited consolidated financial statements of Highlands Bankshares, Inc. and subsidiaries for the year ended December 31, 2021.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are based on information available to management at the time the estimates are made.

The unaudited consolidated financial statements as of September 30, 2022 include, in the opinion of management, all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the financial results for the respective interim periods and are not necessarily indicative of results of operations to be expected for the entire fiscal year.

The Company's critical accounting policies are unchanged since December 31, 2021.