



FOR IMMEDIATE RELEASE

November 8, 2022

Highlands Bankshares, Inc. Announces Year to Date 2022 Results

Highlands Bankshares, Inc. (OTC: HBSI) announces results of operations for the year to date 2022.

Highlands Bankshares, Inc., the parent company of The Grant County Bank and Capon Valley Bank, posted year to date 2022 earnings of \$3,276,000 or \$2.45 per share of common stock outstanding (EPS), compared to \$3,857,000 or \$2.88 EPS for the same period of 2021.

On October 11, 2022, the Board of Directors declared a quarterly dividend to shareholders of \$0.45 per share. The dividend was payable to all shareholders of record as of October 28, 2022 and was paid on or about November 4, 2022. Based upon the current market price and annualizing the dividends paid to shareholders this quarter, Highlands' current dividend yield is 4.24%

Return on average assets (ROAA) decreased in 2022 to 0.85%, as compared to 1.00% in the same period of 2021. The return on average equity (ROAE) decreased to 8.24% at September 30, 2022, as compared to 8.82% at September 30, 2021.

Total assets, as of September 30, 2022, decreased \$2,782,000 to \$515,641,000 compared to December 31, 2021. Total liabilities increased \$3,613,000 as of September 30, 2022 to \$462,611,000 compared to December 31, 2021 as a result of deposit growth.

Shareholders' Equity at September 30, 2022 was \$53,030,000 or \$39.67 per outstanding share, compared to December 31, 2021 of \$59,425,000 or \$44.45 per outstanding share.

Jack H. Walters, Chairman and Chief Executive Officer of the holding company, stated, "Highlands is pleased to report continued solid earnings through the third quarter. Year over year comparisons suffer due to the impact of Paycheck Protection Program loans on both the balance sheet and income statement in 2021 as compared to this year. We continued to experience good loan growth in Q3 but have noted demand beginning to slow across most loan segments as the effects of very rapid increases in interest rates have begun to be felt. We continue to be one of the best capitalized banking companies in the state, which provides a measure of safety should economic conditions continue to deteriorate."

Highlands Bankshares, Inc. is listed on the OTC market under the symbol HBSI (<http://www.otcmarkets.com>) and is the holding company for The Grant County Bank and Capon Valley Bank. Highland's subsidiary banks operate twelve banking locations in West Virginia and Virginia and offer credit insurance through its wholly-owned subsidiary, HBI Life Insurance Company.

Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include projections, predictions, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often characterized by the use of qualified words (and their derivatives) such as "expect", "believe",

“estimate”, “plan”, “project”, “anticipate” or other similar words. Although the company believes that its expectations with respect to certain forward-looking statements are based upon reasonable assumptions within the bounds of its existing knowledge of its business and operations, there can be no assurance that actual results, performance or achievements of the company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual future results and trends may differ materially from historical results or those anticipated depending on a variety of factors, including, but not limited to, the effects of and changes in: general economic conditions, the interest rate environment, legislative and regulatory requirements, competitive pressures, new products and delivery systems, inflation, changes in the stock and bond markets, technology, downturns in the trucking, mining, and timber industries, downturns in the housing market affecting manufacturers of household cabinetry and thus, employment, effects of mergers and/or downsizing in the poultry industry in Hardy County, continued challenges in the current economic environment affecting our financial condition and results of operations, continued deterioration in the financial condition of the U.S. banking system impacting the valuations of investments the company has made in the securities of other financial institutions, and consumer spending and savings habits, particularly in the current economic environment. Additionally, actual future results and trends may differ from historical or anticipated results to the extent: (1) any significant downturn in certain industries, particularly the trucking and timber industries are experienced; (2) loan demand decreases from prior periods; (3) the company may make additional loan loss provisions due to negative credit quality trends in the future that may lead to a deterioration of asset quality; (4) the company may not experience significant recoveries of previously charged-off loans or loans resulting in foreclosure; (5) the company is unable to control costs and expenses as anticipated, (6) legislative and regulatory changes could increase expenses (including changes as a result of rules and regulations adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act); and (7) any additional assessments imposed by the FDIC. The company does not update any forward-looking statements that may be made from time to time by or on behalf of the company.