



Highlands Bankshares, Inc.
Financial Results
As of June 30, 2024

Unaudited

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

	Quarter Ending June 30,	
	2024	2023
	Unaudited	Unaudited
Interest Income		
Interest and fees on loans	\$ 12,943	\$ 10,166
Interest on federal funds sold	343	304
Interest on deposits in other banks	118	111
Interest and dividends on securities	942	973
Total Interest Income	<u>14,346</u>	<u>11,554</u>
Interest Expense		
Interest on deposits	3,751	2,051
Interest on borrowed money	376	67
Total Interest Expense	<u>4,127</u>	<u>2,118</u>
Net Interest Income	10,219	9,436
Provision for Loan Losses	514	212
Net Interest Income After Provision for Loan Losses	<u>9,705</u>	<u>9,224</u>
Non-interest Income		
Service charges	483	549
Life insurance investment income	169	145
Gains (losses) on securities transactions	90	(770)
Other non-interest income	900	878
Total Non-interest Income	<u>1,642</u>	<u>802</u>
Non-interest Expense		
Salaries and employee benefits	4,504	4,214
Occupancy and equipment expense	946	937
Data processing expense	1,228	1,132
Directors fees	238	242
Legal and professional fees	305	256
Office supplies, postage and freight expense	100	107
FDIC premiums	148	94
Loan and foreclosed asset expense	124	118
(Gains) losses on sale of foreclosed property	1	(4)
Losses on appraisal adjustments of other real estate	0	0
Other non-interest expense	1,064	1,041
Total Non-interest Expense	<u>8,658</u>	<u>8,137</u>
Income Before Provision For Income Taxes	2,689	1,889
Provision for Income Taxes	568	330
Net Income	<u>\$ 2,121</u>	<u>\$ 1,559</u>
Per Share Data		
Net Income	\$1.59	\$1.17
Cash Dividends	\$0.84	\$0.90
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)

	June 30, 2024	December 31, 2023
ASSETS		
Cash and due from banks	\$ 5,964	\$ 5,502
Interest bearing deposits in banks	\$ 15,525	\$ 19,282
Federal funds sold	\$ 657	\$ 2,324
Investment securities available for sale	\$ 85,987	\$ 87,346
Restricted investments, at cost	\$ 3,175	\$ 3,381
Loans	\$ 424,457	\$ 403,679
Allowance for loan losses	\$ (5,043)	\$ (4,579)
Bank premises and equipment, net of depreciation	\$ 11,753	\$ 11,937
Interest receivable	\$ 2,306	\$ 2,131
Investment in life insurance contracts	\$ 12,406	\$ 12,237
Foreclosed assets, net of valuation allowance	\$ 109	\$ 164
Goodwill	\$ 1,534	\$ 1,534
Other intangible assets, net of amortization	\$ 14	\$ 20
Other assets	\$ 2,973	\$ 3,205
Total Assets	\$ 561,817	\$ 548,163
LIABILITIES		
Deposits		
Non-interest bearing deposits	\$ 137,953	\$ 130,992
Interest bearing transaction and savings accounts	\$ 224,547	\$ 220,197
Time deposits over \$250,000	\$ 12,750	\$ 14,114
All other time deposits	\$ 109,729	\$ 107,711
Total Deposits	\$ 484,979	\$ 473,014
Long term debt instruments	\$ 14,673	\$ 15,412
Other short term borrowing	\$ -	\$ -
Accrued expenses and other liabilities	\$ 5,040	\$ 4,219
Total Liabilities	\$ 504,692	\$ 492,645
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	\$ 60,005	\$ 59,296
Other accumulated comprehensive loss	\$ (8,354)	\$ (9,252)
Total Stockholders' Equity	\$ 57,125	\$ 55,518
Total Liabilities and Stockholders' Equity	\$ 561,817	\$ 548,163

The accompanying notes are an integral part of these financial statements

Highlands Bankshares, Inc
(Unaudited)
June 30, 2024

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, 2023.

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 June 30, 2024 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, 2023.