



Highlands Bankshares, Inc.
Financial Results
As of June 30, 2026

Unaudited

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

	June 30, 2026	December 31, 2025
ASSETS		
Cash and due from banks	\$ 5,687	\$ 4,994
Interest bearing deposits in banks	\$ 16,286	\$ 14,374
Federal funds sold	\$ 21,660	\$ 17,399
Investment securities available for sale	\$ 82,912	\$ 84,238
Restricted investments, at cost	\$ 2,342	\$ 2,566
Loans	\$ 488,195	\$ 477,370
Allowance for loan losses	\$ (5,673)	\$ (5,527)
Bank premises and equipment, net of depreciation	\$ 16,117	\$ 15,003
Interest receivable	\$ 2,580	\$ 2,418
Investment in life insurance contracts	\$ 12,699	\$ 12,522
Foreclosed assets, net of valuation allowance	\$ 519	\$ 312
Goodwill	\$ 1,534	\$ 1,534
Other intangible assets, net of amortization	\$ 4	\$ 6
Other assets	\$ 4,388	\$ 4,587
Total Assets	<u>\$ 649,250</u>	<u>\$ 631,796</u>
LIABILITIES		
Deposits		
Non-interest bearing deposits	\$ 146,023	\$ 140,186
Interest bearing transaction and savings accounts	\$ 265,403	\$ 256,642
Time deposits over \$250,000	\$ 26,800	\$ 28,801
All other time deposits	\$ 132,055	\$ 125,293
Total Deposits	<u>\$ 570,281</u>	<u>\$ 550,922</u>
Long term debt instruments	\$ 4,526	\$ 8,843
Other short term borrowing	\$ -	\$ -
Accrued expenses and other liabilities	\$ 4,804	\$ 4,389
Total Liabilities	<u>\$ 579,611</u>	<u>\$ 564,154</u>
STOCKHOLDERS' EQUITY		
Common Stock, \$5 par value, 3,000,000 shares authorized, 1,436,874 shares issued - 1,318,003 shares outstanding at 6/30/2026 - 1,319,360 shares outstanding at 12/31/2025	\$ 7,184	\$ 7,184
Surplus	\$ 1,662	\$ 1,662
Treasury stock (118,871 shares at cost 6/30/2026 -117,514 shares at cost 12/31/2025)	\$ (4,331)	\$ (3,973)
Retained earnings	\$ 68,021	\$ 65,424
Other accumulated comprehensive loss	\$ (2,897)	\$ (2,655)
Total Stockholders' Equity	<u>\$ 69,639</u>	<u>\$ 67,642</u>
Total Liabilities and Stockholders' Equity	<u>\$ 649,250</u>	<u>\$ 631,796</u>

The accompanying notes are an integral part of these financial statements

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

	Quarter Ending June 30, 2026	2025
	Unaudited	Unaudited
Interest Income		
Interest and fees on loans	\$ 16,459	\$ 14,613
Interest on federal funds sold	448	450
Interest on deposits in other banks	156	128
Interest and dividends on securities	1,276	1,088
Total Interest Income	<u>18,339</u>	<u>16,279</u>
Interest Expense		
Interest on deposits	4,336	4,288
Interest on borrowed money	298	339
Total Interest Expense	<u>4,634</u>	<u>4,627</u>
Net Interest Income	13,705	11,652
Provision for Loan Losses	<u>320</u>	<u>503</u>
Net Interest Income After Provision for Loan Losses	<u>13,385</u>	<u>11,149</u>
Non-interest Income		
Service charges	600	527
Life insurance investment income	176	158
Gains on securities transactions	4	0
Other non-interest income	989	876
Total Non-interest Income	<u>1,769</u>	<u>1,561</u>
Non-interest Expense		
Salaries and employee benefits	5,144	4,589
Occupancy and equipment expense	1,184	1,095
Data processing expense	1,608	1,265
Directors fees	279	234
Legal and professional fees	285	215
Office supplies, postage and freight expense	116	133
FDIC premiums	174	151
Loan and foreclosed asset expense	173	174
(Gains) on sale of foreclosed property	(29)	0
Losses on appraisal adjustments of other real estate	0	0
Other non-interest expense	1,356	1,270
Total Non-interest Expense	<u>10,290</u>	<u>9,126</u>
Income Before Provision For Income Taxes	4,864	3,584
Provision for Income Taxes	<u>1,027</u>	<u>776</u>
Net Income	<u>\$ 3,837</u>	<u>\$ 2,808</u>
Per Share Data		
Net Income	\$2.91	\$2.12
Cash Dividends	\$0.94	\$0.90
Weighted Average Common Shares Outstanding	1,318,003	1,326,122

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Highlands Bankshares, Inc
(Unaudited)
June 30, 2026

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 13 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, 2025.

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, 2026 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, 2025.