Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

NOTE: The Annual Report of Holding Companies must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

I, John G. Van Meter

Name of the Holding Company Director and Official
Chairman of the Board, President, & CEO
Title of the Holding Company Director and Official

 attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official
02/01/2016
Date of Signature

For holding companies not registered with the SEC—Indicate status of Annual Report to Shareholders:
☐ is included with the FR Y-6 report
☐ will be sent under separate cover
☐ is not prepared

For Federal Reserve Bank Use Only

RSSD ID: 131750
C.I.:

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

12/2015
Highlands Bankshares, Inc. Petersburg, WV
Incorporated in West Virginia

The Grant County Bank
Petersburg, WV
100% Ownership
Incorporated in West Virginia
No LEI

HBI Life Insurance Company
Petersburg, WV
100% Ownership
Incorporated in Arizona
No LEI

Capon Valley Bank
Wardensville, WV
100% Ownership
Incorporated in West Virginia
No LEI
Reconciliation and Verification Steps
1. In the Data Action column of each branch row, enter one or more of the actions specified below.
2. If required, enter the data in the Effective Date column.

Actions
OK: If the branch information is correct, enter 'OK' in the Data Action column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the Data Action column and the date when this information first became correct.
Close: If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the Data Action column and the opening or acquisition date in the Effective Date column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.

Note:
To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add. The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

Data Action | Effective Date | Branch Service Type | Branch ID | Popular Name | Street Address | City | State | Zip Code | County | Country | FDIC UNINUM | Office Number | Head Office | Head Office ID | RSSD | Comments
--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | ---
OK | Full Service | 168331 | CAPON VALLEY BANK | 2 W MAIN ST | WARDENSVILLE | WV | 26851 | HARDY | United States | 6391 | 0 | CAPON VALLEY BANK | 18836
OK | Full Service | 30563118 | WESTERN FREDERICK BRANCH | 6701 NORTHWESTERN PIKE | GORE | VA | 22637 | FREDERICK | UNITED STATES | 360589 | 3 | CAPON VALLEY BANK | 18836
OK | Full Service | 4211617 | STEPHENS CITY BRANCH | 5511 SOUTH MAIN STREET | STEPHENS CITY | VA | 22655 | FREDERICK | UNITED STATES | 521947 | 4 | CAPON VALLEY BANK | 18836
OK | Full Service | 2579621 | BAKER BRANCH | 17558 SR 55 | BAKER | WV | 26801 | HARDY | UNITED STATES | 221675 | 2 | CAPON VALLEY BANK | 18836
OK | Full Service | 7811389 | MOOREFIELD BRANCH | 717 NORTH MAIN STREET | MOOREFIELD | WV | 26836 | HARDY | UNITED STATES | 221674 | 1 | CAPON VALLEY BANK | 18836
OK | Full Service | 7183538 | GRANT COUNTY BANK, THE | 3 N MAIN STREET BOX 929 | PETERSBURG | WV | 26847 | GRANT | UNITED STATES | 7629 | 0 | GRANT COUNTY BANK, THE | 718538
OK | Full Service | 476128 | CANANAL VALLEY BRANCH | 5002 APPALACHIAN HIGHWAY | DAVIS | WV | 26260 | TUCKER | UNITED STATES | 212125 | 6 | GRANT COUNTY BANK, THE | 718538
OK | Full Service | 353923 | DAVID BRANCH | 905 WILLIAM AVENUE | DAVIS | WV | 26260 | TUCKER | UNITED STATES | 4538 | 5 | GRANT COUNTY BANK, THE | 718538
OK | Full Service | 499127 | MAIN STREET HARMAN BRANCH | MAIN STREET | HARMAN | WV | 26270 | RANDOLPH | UNITED STATES | 5766 | 4 | GRANT COUNTY BANK, THE | 718538
OK | Full Service | 2520972 | KEYSER BRANCH | 1336 NEW CREEK HIGHWAY | KEYSER | WV | 26726 | MINERAL | UNITED STATES | 226014 | 2 | GRANT COUNTY BANK, THE | 718538
OK | Full Service | 932646 | MOOREFIELD BRANCH | 500 SOUTH MAIN ST | MOOREFIELD | WV | 26836 | HARDY | UNITED STATES | 226015 | 3 | GRANT COUNTY BANK, THE | 718538
OK | Full Service | 2448709 | RIVERTON BRANCH | 16198 MOUNTAINEER DRIVE | RIVERTON | WV | 26814 | PENDLETON | UNITED STATES | 226013 | 1 | GRANT COUNTY BANK, THE | 718538
Report Item 3: Securities holders
(1)(a)(b)(c) and (2)(a)(b)(c)

Item 3:1
Current Securities holders with ownership, control or holdings of 5% or more
with power to vote as of fiscal year ending 12-31-2015

None

Item 3:2
Securities holders with ownership, control or holdings of 5% or more
during 2015.

None
<table>
<thead>
<tr>
<th>Name, City, State of Director</th>
<th>Principal Occupation of Director if otherwise than that of Bank Holding Company</th>
<th>Title &amp; Position with Bank Holding Company</th>
<th>Title &amp; Position with Bank Subsidiaries (include names of Bank Subsidiaries)</th>
<th>Percentage of Voting Shares in Bank Holding Company</th>
<th>Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leslie A. Barr, Retired Heritage Bankshares, Inc., Wardensville, WV</td>
<td>Director</td>
<td>Capon Valley Bank and HBI Life</td>
<td>N/A</td>
<td>0.51%</td>
<td>N/A</td>
</tr>
<tr>
<td>Morris M. Homan, Retired Heritage Bankshares, Inc., Moorefield, WV</td>
<td>Retired</td>
<td>Director</td>
<td>Lawyer, Mountaineer Veterinary Services</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>James R. Pate, Self-employed Heritage Bankshares, Inc., Augusta, WV</td>
<td>Director</td>
<td>Capon Valley Bank and HBI Life</td>
<td>Owner, Mountaineer Veterinary Services</td>
<td>0.14%</td>
<td>N/A</td>
</tr>
<tr>
<td>John O. Van Meter, Retired Heritage Bankshares, Inc., Petersburg, WV</td>
<td>Attorney</td>
<td>Chairman of the Board</td>
<td>Van Meter &amp; Van Meter, PLLC</td>
<td>3.90%</td>
<td>N/A</td>
</tr>
<tr>
<td>Jack H. Walters, Retired Heritage Bankshares, Inc., Moorefield, WV</td>
<td>Attorney</td>
<td>Vice Chairman of the Board</td>
<td>Van Meter &amp; Van Meter, PLLC</td>
<td>0.90%</td>
<td>N/A</td>
</tr>
<tr>
<td>Kathy G. Pyles, Retired Heritage Bankshares, Inc., Petersburg, WV</td>
<td>Director</td>
<td>President &amp; Chief Executive Officer</td>
<td>Van Meter &amp; Van Meter, PLLC</td>
<td>0.26%</td>
<td>N/A</td>
</tr>
<tr>
<td>Alan L. Atiy, Retired Heritage Bankshares, Inc., Wardensville, WV</td>
<td>N/A</td>
<td>Director, Treasurer</td>
<td>Van Meter &amp; Van Meter, PLLC</td>
<td>0.44%</td>
<td>N/A</td>
</tr>
<tr>
<td>George A. Ford, Retired Heritage Bankshares, Inc., Petersburg, WV</td>
<td>N/A</td>
<td>Director, Secretary</td>
<td>Van Meter &amp; Van Meter, PLLC</td>
<td>0.21%</td>
<td>N/A</td>
</tr>
<tr>
<td>Donald J. Baker, Retired Heritage Bankshares, Inc., Moorefield, WV</td>
<td>N/A</td>
<td>Director</td>
<td>Van Meter &amp; Van Meter, PLLC</td>
<td>0.23%</td>
<td>N/A</td>
</tr>
<tr>
<td>Jack H. Pate, Retired Heritage Bankshares, Inc., Petersburg, WV</td>
<td>N/A</td>
<td>Director</td>
<td>Van Meter &amp; Van Meter, PLLC</td>
<td>0.10%</td>
<td>N/A</td>
</tr>
</tbody>
</table>