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Board of Governors of the Federal Reserve System

APR - 8 2016

FR Y-6 OMB Number 7100-0297 Approval expires September 30, 2018 Page 1 of 2



FRB RICHMOND Y-6



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.

, Timothy K. Schools	
Name of the Holding Company Director and Official	
President/CEO/Director	

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 conversion that individual.

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Signature of Holding Company Director and Official

Date of Signature
For holding companies <u>not</u> registered with the SEC– Indicate status of Annual Report to Shareholders:
□ is included with the FR Y-6 report
i will be sent under separate cover
is not prepared
For Federal Reserve Bank Use Only
RSSD ID 2371200
C.I.

This report form is to be filed by all top-tier bank holding companies and top-tier savings and loan holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2015

Month / Day / Year

549300ZS0XKMQCIH6I27

Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Abingdon	<u>VA</u>	24212-1120 Zip Code
(Mailing Address of the Holding		Р.О. Box 24212-1128
340 West Main Street		
Legal Title of Holding Company	у	
Highlands Bankshare	s, Inc.	
Reporter's Name, Street	-	ddress

Physical Location (if different from mailing address)

		1. Little, Jr.	CRO
·		-9181 81515	
Poord's		Phone Number / Extension	
Part 261,	276-619		
ase or all _		FAX Number	
		ubank.com	
	-mail Addr		
		bank.com	
-			vis web page
-		RL) for the Holding Company	y's web page
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Ā	ddress (UP	RL) for the Holding Company reporter request confide on?	
Ā	Does the submissi	RL) for the Holding Company reporter request confide on? Please identify the repo	ntial treatment for any portion of this rt items to which this request applies: he instructions on pages GEN-2 ing the request is being provided.
Ā	Does the submissi	RL) for the Holding Company reporter request confide on? Please identify the repo In accordance with t and 3, a letter justify The information for v	ntial treatment for any portion of this rt items to which this request applies: he instructions on pages GEN-2

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.

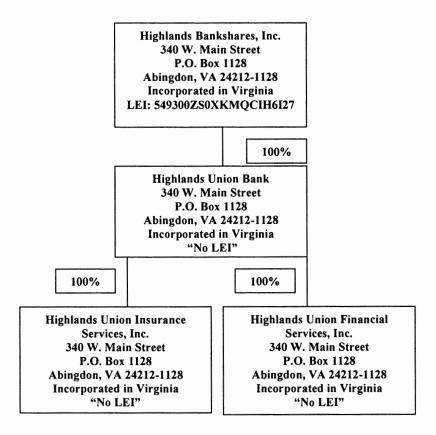
Form FR Y-6

Highlands Bankshares, Inc. Abingdon, Virginia Fiscal Year Ending December 31, 2015

Report Item

1. Annual Report to Shareholders is not yet available and will be sent to the Richmond Federal Reserve Bank as soon as possible.

2.a. Organization Chart.



Results: A list of branches for your depository institution: HIGHLANDS UNION BANK (ID_RSSD: 969424). This depository institution is held by HIGHLANDS BANKSHARES, INC. (2391270) of ABINGDON, VA. The data are as of 12/31/2015. Data reflects information that was received and processed through 01/07/2016.

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 date 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 valid in the Effective Date column.

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. If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

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.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data	Effective	Branch Service Type	Branch	Popular Name	Street Address	City	Stat	ZIP Code	County	Country	FDIC				Comments
OK		Full Service (Head	969424	HIGHLANDS UNION BANK	340 WEST MAIN STREET	ABINGDON	VA	24210	WASHINGTO	UNITED	32516	0	HIGHLANDS UNION BANK	969424	
OK		Full Service	3239025	BANNER ELK BRANCH	115 MAIN STREET EAST	BANNER ELK	NC	28604		UNITED	429579		HIGHLANDS UNION BANK	969424	1 1
OK		Full Service	2984654	BOONE BRANCH	1013 HWY 105	BOONE	NC	28607	WATAUGA	UNITED	361507	8	HIGHLANDS UNION BANK	969424	
OK		Full Service	3210813	BLOUNT VILLE BRANCH	2217 HIGHWAY 394	BEOUNTVILLE	IN	5,01,		UNITED	429578		HIGHLANDS UNION BANK	969424	
OK		Full Service	3648841	MOUNTAIN GROVE BRANCH	7570 MOUNTAIN GROVE DRIVE	KNOXVILLE	IN	37920	KNOX	UNITED	468637	13	HIGHLANDS UNION BANK	969424	
OK		Full Service	940432	ROGERSVILLE BRANCH	4020 HIGHWAY 66 S	ROGERSVILLE	IN	37857	HAWKINS	UNITED	222173	9	HIGHLANDS UNION BANK	969424	
OK		Full Service	3920921	EAST SEVIERVILLE BRANCH	1824 VETERANS BOULEVARD	SEVIERVILLE	IN	37862	SEVIER	UNITED	492944	14	HIGHLANDS UNION BANK	969424	1 1
OK		Full Service	3375343	SEVIERVILLE BRANCH	113 HARDIN LANE	SEVIERVILLE	IN	37862	SEVIER	UNITED	465256	12	HIGHLANDS UNION BANK	969424	
OK		Full Service	2133564	EAST ABINGDON BRANCH	24412 MARINGO ROAD	ABINGDON	VA	24211	WASHINGTO	UNITED	258506	3	HIGHLANDS UNION BANK	969424	
OK		Full Service	2265362	WEST ABINGDON BRANCH	164 OLD JONESBORO ROAD	ABINGDON	VA	24210	WASHINGTO	UNITED	258507	4	HIGHLANDS UNION BANK	969424	
OK		Full Service	2380827	BRISTOL OFFICE	821 COMMONWEALTH AVENUE	BRISTOL	VA	24201	BRISTOL CITY	UNITED	258508		HIGHLANDS UNION BANK	969424	
OK		Full Service	1224287	EAST BRISTOL BRANCH	999 OLD AIRPORT ROAD	BRISTOL	VA	124201	BRISTOL CITY		258505		HIGHLANDS UNION BANK	969424	1 1
OK		Full Service	2759049	GLADE SPRING BRANCH	506 MAPLE ST	GLADE	VA	24340	WASHINGTO	UNITED	258510	/	HIGHLANDS UNION BANK	969424	
OK		Full Service	2639673	MARION BRANCH	1425 NORTH MAIN ST	MARION	VA	24354	SMYTH	UNITED	258509	ь	HIGHLANDS UNION BANK	969424	

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Highlands Bankshares, Inc. Abingdon, Virginia Fiscal Year Ending December 31, 2015

Report Item 3: Securities Holders (1)(a) (1)(c) (2)(a) (2)(b) (2)(c)

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Current shareholder 5% or more w	s with ownership, co ith power to vote as		Shareholders not listed in (3(1)(c) that had ownership, control or holdings of 5% or more with power to vote durin the fiscal year ending 12/31/2015				
(1)(a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities	(2)(a) Name & Address (City, State, Country)	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities		
James D. Moore, Jr. Abingdon, Virginia, USA	USA	720,997 – 9.15% Common Stock	N/A	N/A	N/A		
Keefe Ventures Fund II LP 310 South Street, 3rd Floor Morristown, NJ USA	USA	407,033 – 5.17% Common Stock					
TNH Financial Fund, LP 780 Third Avenue 29 th Floor New York, NY USA	USA	388,678 – 4.93% Common Stock 2,092,287 – 100% Series A Convertible Perpetual Preferred Stock Combined (Assuming 100% Conversion) 2,480,965 – 24.88%					

Form FR Y-6

Highlands Bankshares, Inc. Abingdon, Virginia Fiscal Year Ending December 31, 2015

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Report Item 4: Insiders (1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)

(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title and Position with Bank Holding Company	(3)(b) Title and Position with Subsidiaries (Include names of subsidiaries	(3)(c) Title and Position with Other Businesses (include names of other businesses	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (Include names of subsidiaries)	(4)(c) List names of other companies (Includes partnerships) if 25% or more of voting securities are held
Attorney in private practice	Director	Director, Highlands Union Bank	Attorney in private practice	1.53%	N/A	N/A
President, Kiser Furniture, a furniture retailer	Director	Director, Highlands Union Bank	President, Kiser Furniture Company	0.63%	N/A	N/A
Physician	Director and President	Director, Highlands Union Bank	Physician, Seasons of Abingdon	9.15%	N/A	N/A
Accountant in private practice	Director	Director, Highlands Union Bank	Certified Public Accountant in private practice	0.42%	N/A	50% ownership in Blackley, Olinger CPA's
Private businesman	Director	Director, Highlands Union Bank	Zazzy'z	0.51%	N/A	N/A
N/A	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer Highlands Union Bank	N/A	0.00%	N/A	N/A
Financial services professional	Director	Director, Highlands Union Bank	Vice President at Stephens, Inc.	0.02%	N/A	N/A
President, The Corporate Image; Chief Executive Officer of Corporate Marketing; First District state representative for the State of Tennessee	Director	Director, Highlands Union Bank	President, The Corporate Image; Chief Executive Officer of Corporate Marketing; First District state representative for the State of Tennessee	0.07%	N/A	N/A
	Principal Occupation if other than with Bank Holding Company Attorney in private practice President, Kiser Furniture, a furniture retailer Physician Accountant in private practice Private businesman N/A Financial services professional President, The Corporate Image; Chief Executive Officer of Corporate Image; First District state representative for the State of	Principal Occupation if other than with Bank Holding Company(3)(a) Title and Position with Bank Holding CompanyAttorney in private practiceDirectorPresident, Kiser Furniture, a furniture retailerDirectorPhysicianDirector and PresidentAccountant in private practiceDirectorPrivate businesmanDirectorPrivate businesmanDirectorPrivate businesmanDirectorPresident, The Corporate Image; Chief Executive Officer of Corporate Marketing; First District state representative for the State ofDirector	Principal Occupation if other than with Bank Holding Company(3)(a) Title and Position with Bank Holding Company(3)(b) Title and Position with Subsidiaries (Include names of subsidiariesAttorney in private practiceDirectorDirector, Highlands Union BankPresident, Kiser Furniture, a furniture retailerDirectorDirector, Highlands Union BankPhysicianDirector and PresidentDirector, Highlands Union BankAccountant in private practiceDirectorDirector, Highlands Union BankPrivate businesmanDirectorDirector, Highlands Union BankPrivate businesmanDirectorDirector, Highlands Union BankPrivate businesmanDirectorDirector, Highlands Union BankPrivate businesmanDirector, President and Chief Executive OfficerDirector, Highlands Union BankFinancial services professionalDirectorDirector, Highlands Union BankPresident, The Corporate Image; Chief Executive Officer of Corporate Marketing; First District state representative for the State ofDirector, Highlands Director, Highlands	(2) Principal Occupation if Bank Holding Company(3)(a) Title and Position with Bank Holding CompanyTitle and Position with Subsidiaries (Include names of other Businesses (include names of subsidiaries)Title and Position with Subsidiaries (Include names of other businessesAttorney in private practiceDirectorDirector, Highlands Union BankAttorney in private practicePresident, Kiser Furniture retailerDirectorDirector, Highlands Union BankPresident, Kiser Furniture (CompanyPhysicianDirector and PresidentDirector, Highlands Union BankPhysician, Seasons of AbingdonAccountant in private practiceDirectorDirector, Highlands Union BankCertified Public Accountant in private practicePrivate businesmanDirector, Director, President and Chief Executive OfficerDirector, President and Chief Executive Director, Highlands Union BankN/APrivate financial services professionalDirector, President and Chief Executive Director, Highlands Union BankN/APresident, The Corporate Marketing; First District state representative for the State ofPresident, The Corporate Marketing; First District state representative for He State ofPresident, The State of Director, Highlands	(2) (3)(a) Title and (3)(b) Title and (3)(b) Title and Occupation if other than with Bank Holding Company (3)(b) Title and Distion with Subsidiaries (Include names of subsidiaries Position with Businesses of other businesses Precentage of Voting Attomey in private practice Director Director, Highlands Union Bank Attomey in private practice Director President, Kiser Furniture, a furniture retailer Director Director, Highlands Union Bank President, Kiser Furniture, a furniture retailer President, Kiser Furniture, a furniture retailer President Director and Physician Director Director, Highlands Union Bank Physician, Seasons of Abingdon 9.15% Accountant in private practice Director, Highlands Union Bank Certified Public Accountant in private practice 0.42% Priviate businesman Director, President and Chief Executive Officer Director, President and Chief Executive Officer Highlands Union Bank Zazzy'z 0.51% President, The Corporate Marketing; First District state representative for Corporate Director, Highlands Union Bank President at Stephens, Inc. 0.02%	(2) Principal Occupation if Bank Holding Company(3)(a) Title and Position with Bank Holding CompanyTitle and (3)(b) Title and Position with SubsidiariesTitle and Position with BusinessesPercentage Percentage of Other BusinessesPercentage Shares in SubsidiariesAttorney in private practiceDirectorDirector, Highlands Union BankAttorney in private practiceN/APresident, Kiser Furniture retailerDirector, Highlands Union BankPresident, Kiser President, KiserN/APhysicianDirector and PresidentDirector, Highlands Union BankPhysician, Seasons of AbingdonN/AAccountant in private practiceDirector, Highlands Union BankPhysician, Seasons of AbingdonN/AAccountant in private practiceDirector, Highlands Union BankCerrified Public Accountant in private practiceN/APrivate professionalDirector, Highlands Union BankZazzy'z0.51%N/AAccountant in private practiceDirector, Highlands Union BankZazzy'z0.51%N/APrivate professionalDirector, Highlands Union BankZazzy'z0.51%N/APrivate professionalDirector, Highlands Union BankN/A0.00%N/APrivate professionalDirector, Highlands Union BankN/A0.00%N/APresident, The Corporate Marketing; First District state representative for the State ofDirector, Highlands Union BankN/AN/A <tr< td=""></tr<>

Highlands Bankshares, Inc. Abingdon, Virginia Fiscal Year Ending December 31, 2015

Report Item 4: Insiders (Cont	inued)
(1)(2)(3)(a)(b)(c) and $(4)(a)(b)(c)$	(c)

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(1)(2)(3)(a)	(0)(0) and $(4)(a)(0)$						
					388,678 - 4.95%		
					Common Stock		
TNH Financial Fund, LP					2,092,287 – 100% Series A Convertible Perpetual Preferred Stock		
780 Third Avenue					Combined		
29 th Floor		Principal			(Assuming 100%		
New York, NY		Security			Conversion)		
USA	Financial Fund	Holder	N/A	N/A	2,480,965 - 24.88%	N/A	N/A

Report Item 4: Directors and Officers (1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Name & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title and Position with Bank Holding Company	(3)(b) Title and Position with Subsidiaries (Include names of subsidiaries	(3)(c) Title and Position with Other Businesses (include names of other businesses	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (Include names of subsidiaries)	(4)(c) List names of other companies (Includes partnerships) if 25% or more of voting securities are held
James R. Edmondson Bristol, Virginia USA	N/A	V.P. Accounting	Chief Financial Officer Highlands Union Bank	N/A	0.09%	N/A	N/A
Edward T. Farmer Damascus, Virginia USA	N/A	Senior Operations Officer	Senior Operations Officer Highlands Union Bank	N/A	0.02%	N/A	N/A
Bryan Booher Blountville, Tennessee USA	N/A	Senior VP and Senior Loan Officer	Senior VP and Senior Loan Officer Highlands Union Bank	N/A	0.05%	N/A	N/A
Robert M. Little, Jr. Bristol, Virginia USA	N/A	Secretary and Chief Financial Officer -HBI	Secretary and VP Accounting, Highlands Union Bank	N/A	0.07%	N/A	N/A