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FR Y-6
OMB Number 7100-0297
Approval expires September 30, 2018
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AUG 7 2017

Board of Governors of the Federal Reserve System



FRB RICHMOND

Annual Report of Holding Companies—FR 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)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate 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.

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. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

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

December 31, 2016

Month / Day / Year

549300ZS0XKMQCIH6127

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

Reporter's Name, Street, and Mailing Address

I, Timothy K. Schools

Highlands Bankshares, Inc.

Legal Title of Holding Company

340 W. Main Street / P.O. Box 1128

(Mailing Address of the Holding Company) Street / P.O. Box

Abingdon

VA

24212-1128

City

State

Zip Code

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.

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Robert M. Little, Jr.

Chief Risk Officer

Name

Title

276-628-9181

Area Code / Phone Number / Extension

276-619-2106

Area Code / FAX Number

rlittle@hubank.com

E-mail Address

www.hubank.com

Address (URL) for the Holding Company's web page

Signature of Holding Company Director and Official

03/31/2017

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

2391270

C.I.

Is confidential treatment requested for any portion of this report submission? 0=No 1=Yes 0

In accordance with the General Instructions for this report (check only one),

- 1. a letter justifying this request is being provided along with the report
- 2. a letter justifying this request has been provided separately

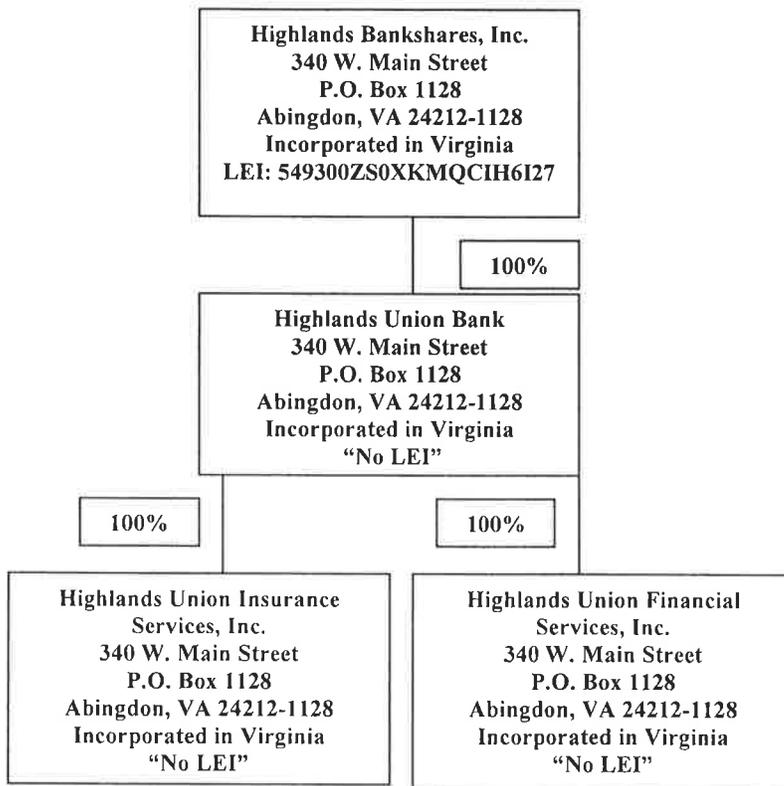
NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Form FR Y-6

Highlands Bankshares, Inc.
Abingdon, Virginia
Fiscal Year Ending December 31, 2016

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.



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Highlands Bankshares, Inc.
Abingdon, Virginia
Fiscal Year Ending December 31, 2016

2.b. Domestic Branch Listing: **Submitted via email on 03/15/2016**

(1) Airport Road Branch - Full Service

Physical/Mailing Address: 999 Old Airport Road, Bristol, VA 24201
(P) 276.669.9300 (F) 276.466.5968

(2) Banner Elk Branch - Full Service

Physical Address: 115 Main Street East, Banner Elk, NC 28604
(P) 828.898.5100 (F) 828.898.5191

(3) Blountville Branch - Full Service

Physical Address: 2217 Highway 394, Blountville TN 37617
(P) 423.323.9181 (F) 423.323.9436

(4) Boone Branch - Full Service

Physical Address: 1013 NC Hwy 105, Boone, NC 28607
(P) 828.264.7040 (F) 828.263.0535

(5) Commonwealth Branch - Full Service

Physical/Mailing Address: 821 Commonwealth Ave., Bristol, VA 24201
(P) 276.645.7110 (F) 276.466.3929

(6) East Abingdon Branch - Full Service

Physical Address: 24412 Maringo Road, Abingdon, VA 24211
(P) 276.628.6300 (F) 276.628.8831

(7) Glade Spring Branch - Full Service

Physical Address: 506 Maple Street, Glade Spring, VA 24340
(P) 276.429.3000 (F) 276.429.4555

(9) Main Branch - Full Service

Physical Address: 340 W Main Street, Abingdon, VA 24210
(P) 276.628.9181 (F) 276.619.2101

(10) Marion Branch - Full Service

Physical Address: 1425 N Main Street, Marion, VA 24354
(P) 276.782.9394 (F) 276.783.8369

(11) Rogersville Branch - Full Service

Physical Address: 4020 Hwy 66 S, Rogersville, TN 37857
(P) 423.272.1987 (F) 423.272.1897

(12) Sevierville Branch - Full Service

Physical/Mailing Address: 113 Hardin Lane, Sevierville, TN 37862
(P) 865.908.0455 (F) 865.908.0456

(13) South Knoxville Branch - Full Service

Physical/Mailing Address: 7570 Mountain Grove Dr, Knoxville, TN 37920
(P) 865.573.4471 (F) 865.573.4475

(14) West Abingdon Branch - Full Service

Physical/Mailing Address: 164 Old Jonesboro Road, Abingdon, VA 24210
(P) 276.628.3933 (F) 276.676.4431

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Highlands Bankshares, Inc.
Abingdon, Virginia
Fiscal Year Ending December 31, 2016

Report Item 3: Securities Holders

(1)(a) (1)(c) (2)(a) (2)(b) (2)(c)

Current shareholders with ownership, control or holdings of 5% or more with power to vote as of 12/31/2016			Shareholders not listed in (3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12/31/2016		
(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	727,322 – 8.87% Common Stock	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 – 4.48% Common Stock 2,092,287 – 100% Series A Convertible Perpetual Preferred Stock Combined (Assuming 100% Conversion) 2,480,965 – 24.43%			

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Highlands Bankshares, Inc.
Abingdon, Virginia
Fiscal Year Ending December 31, 2016

Report Item 4: Insiders

(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
E. Craig Kendrick Meadowview, Virginia USA	Attorney in private practice	Director	Director, Highlands Union Bank	Attorney in private practice	1.85%	N/A	N/A
James D. Moore, Jr, Abingdon, Virginia USA	Physician	Director and President	Director, Highlands Union Bank	Physician, Seasons of Abingdon	8.87%	N/A	N/A
Charles P. Olinger Bristol, Tennessee USA	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
H. Ramsey White, Jr. Abingdon, Virginia USA	Private businessman	Director	Director, Highlands Union Bank	Zazzy'z	0.50%	N/A	N/A
Timothy K. Schools Greenville, South Carolina USA	N/A	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer Highlands Union Bank	N/A	4.00%	N/A	N/A
Edward M. Rosinus 1603 Orrington Avenue Suite 1093, Evanston Illinois USA	Financial services professional	Director	Director, Highlands Union Bank	Vice President at Stephens, Inc.	0.02%	N/A	N/A
John C. Lundberg 212 Skyline Drive Bristol, Tennessee USA	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

Highlands Bankshares, Inc.
Abingdon, Virginia
Fiscal Year Ending December 31, 2016

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

TNH Financial Fund, LP 780 Third Avenue 29 th Floor New York, NY USA	Financial Fund	Principal Security Holder	N/A	N/A	388,678 – 4.48% Common Stock 2,092,287 – 100% Series A Convertible Perpetual Preferred Stock Combined (Assuming 100% Conversion) 2,480,965 – 24.43%	N/A	N/A
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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	Chief Financial Officer	Chief Financial Officer Highlands Union Bank	N/A	0.09%	N/A	N/A
Ray Skinner Abingdon, Virginia USA	N/A	EVP Consumer Banking	EVP Consumer and Business Banking	N/A	0.00%	N/A	N/A
Bryan Booher Blountville, Tennessee USA	N/A	EVP Business Banking	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 Risk Officer -HBI	Secretary and Chief Risk Officer Highlands Union Bank	N/A	0.15%	N/A	N/A
Vicki Andrews Abingdon, Virginia USA	N/A	EVP Deposit Operations	EVP Deposit Operations Highlands Union Bank	N/A	0.00%	N/A	N/A
Brian Lowery Abingdon, Virginia USA	N/A	Chief Credit Officer	Chief Credit Officer	N/A	0.07%	N/A	N/A