

PIONEER BANKSHARES, INC. ANNOUNCES

2019 2nd QUARTER EARNINGS

Stanley, VA, August 23, 2019-- Pioneer Bankshares, Inc., (OTC Bulletin Board: PNBI) parent company of Pioneer Bank, reported unaudited consolidated net income for the 2nd quarter of 2019 of \$1.225 million or \$1.25 per share as compared to \$1.31 million or \$1.308 per share for the 2nd quarter of 2018. The Company's earnings through June 30, 2019 showed a decrease of \$83,000, as compared to the 2nd quarter earnings for 2018. The net decrease in earnings for the first half of 2019 is primarily attributed to a non-recurring loss on other real estate assets owned, increased interest expense on deposits and borrowings, and increases in certain general operating expenses.

The Company's subsidiary, Pioneer Bank, had core deposit growth of \$7.5 million or 4.39% during the first half of 2019. Total deposits as of June 30, 2019 were \$183.7 million. The bank had a net increase in its loan portfolio of \$3.4 million or 2.02% during the first six months and a total of \$9.5 million or 5.82% in loan growth as compared to the same period in 2018.

The Company's consolidated total assets as of June 30, 2019 were \$219.2 million compared to \$203.3 million as of June 30, 2018.

The Company and its Bank subsidiary continue to maintain a strong capital position and are classified as well-capitalized with total consolidated capital of \$30.0 million. The Company's total number of outstanding common shares as of June 30, 2019 were 981,089. The Company's book value per share has increased from \$28.76 as of June 30, 2018 to \$30.56 per share as of June 30, 2019.

The Company issued a 2019 2nd quarter dividend payment of \$0.22 per share, which represented an increase of 4.76% when compared to the same period last year. This dividend payment represents an annualized yield and return to investors of 3.15% based on the market price per share of PNBI stock as of the date of this release.

Pioneer Bankshares, Inc. is a one-bank holding company headquartered in Page County, Virginia. The Company's main branch and corporate office are located in Stanley, Virginia, with other branch locations in Shenandoah, Luray, Harrisonburg, Stanardsville, Ruckersville, and Charlottesville, Virginia. The Bank also operates a small finance company known as Valley Finance Services, a Division of Pioneer Bank, which specializes in consumer and auto lending.

This press release may contain "forward-looking statements" as defined by federal securities laws, which may involve significant risks and uncertainties. These statements address issues that involve risks, uncertainties, estimates and assumptions made by management, and actual results could differ materially from the results contemplated by these forward-looking statements. Other risk factors that could have a material adverse effect on our operations and future prospects include, but are not limited to, changes in: interest rates, general economic conditions, legislative and regulatory policies, and a variety of other matters. Readers should consider these risks and uncertainties in evaluating forward-looking statements and should not place undue reliance on such statements. We undertake no obligation to update these statements following the date of this press release.

The Company's quarter-end financial highlights are included in the tables below:

FINANCIAL HIGHLIGHTS
(In thousands, except for per share information)

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Earnings Results		
Interest and dividend income	\$ 5,372	\$ 4,915
Interest expense	649	464
Net interest income	<u>4,723</u>	<u>4,451</u>
Provision for loan losses	136	141
Net interest income after provision for loan losses	4,587	4,310
Noninterest income	688	889
Noninterest expense	<u>3,894</u>	<u>3,699</u>
Income before income taxes	1,381	1,500
Income tax expense	<u>156</u>	<u>192</u>
Net Income	<u>\$ 1,225</u>	<u>\$ 1,308</u>
Financial Condition		
Assets	\$ 219,151	\$ 203,274
Deposits	182,998	170,070
Loans, net of allowance	170,490	161,173
Stockholders' Equity	29,979	28,066
Per Share Data		
Net income per share, basic and diluted	\$ 1.25	\$ 1.34
Dividends per share	0.44	0.42
Book value per share	30.56	28.76
Performance Ratios		
Return on assets	1.11%	1.17%
Return on equity	8.10%	8.49%