

PIONEER BANKSHARES, INC.
RELEASES 2017 YEAR-END EARNINGS

Stanley, VA, March 15, 2018-- Pioneer Bankshares, Inc., (OTC Bulletin Board: PNBI) parent company of Pioneer Bank, reported unaudited consolidated net income of \$2.041 million or \$2.10 per share for the year ending December 31, 2017, as compared to net earnings in 2016 of \$1.623 million or \$1.68 per share. The net increase in income for 2017 of \$418,000 represents a 25.8% overall increase and is primarily attributed to increased interest income on loans and investments, a reduction in interest expense on borrowings, a reduction in the expense related to provisions for loan losses and non-recurring gains on equity investments as compared to the prior year, as well as reductions in certain general operating expenses. The Company experienced a one-time non-recurring earnings adjustment during the fourth quarter as a result of the changes in corporate income tax rates that were enacted in December 2017. This reduction in corporate income tax rate created a net deferred income tax asset write down of approximately \$222,000.

The Company's subsidiary, Pioneer Bank, had net loan growth of \$2.2 million or 1.37% during 2017. The Bank also had deposit growth of \$8.1 million or 5.1%. The Bank's total loan portfolio as of December 31, 2017 was \$163.0 million and total deposits were \$166.9 million. Overall, the Company had net asset growth of approximately \$8.6 million or 4.40% for the year ended December 31, 2017. The Company's consolidated total assets as of December 31, 2017 were \$203.5 million.

The Company is pleased to report that it continues to maintain a well-capitalized position of \$27.4 million. The Company's total number of outstanding common shares as of December 31, 2017 was 974,563. The Company's book value per share increased by 4.85% during 2017, with a book value of \$28.13 as of December 31, 2017, compared to a book value per share of \$26.83 at December 31, 2016. As a result of the strong capital position and stable financial performance, Pioneer Bankshares, Inc. increased its shareholder dividend payments during 2017. The dividend payout for 2017 totaled \$0.80 per share and increased by 5.26% over the prior year. The 2017 dividend payout also represents a 2.7% return to investors based on the current market price of Pioneer Bankshares, Inc stock. Additionally, the Company's total dividend payout ratio as a percentage of earnings for common equity shareholders in 2017 was 38.10%, as compared to 45.33% in 2016.

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 year-end financial highlights are included in the tables below:

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

	<u>2017</u>	<u>2016</u>
Results of Operations		
Interest and dividend income	\$ 9,625	\$ 9,297
Interest expense	834	740
Net interest income	8,791	8,557
Provision for loan losses	384	538
Net interest income after provision for loan losses	8,407	8,019
Noninterest income	1,749	1,136
Noninterest expense	7,121	7,108
Income before income taxes	3,035	2,047
Income tax expense	994	424
Net Income	\$ <u>2,041</u>	\$ <u>1,623</u>
 Financial Condition, At Year End		
Assets	\$ 203,452	\$ 194,909
Deposits	166,933	158,882
Loans, net of allowance	160,959	158,736
Stockholders' Equity	27,414	26,019
 Per Share Data		
Net income per share, basic and diluted	\$ 2.10	\$ 1.68
Dividends per share	.80	.76
Book value per share	28.13	26.83
 Performance Ratios		
Return on average assets ¹	1.02%	0.84%
Return on average equity ¹	7.58%	6.36%
Dividend payout ratio	38.10%	45.33%
Average equity to average assets ¹	13.40%	13.25%

¹Ratios above are based primarily on daily average balances