

## **PIONEER BANKSHARES, INC. ANNOUNCES**

### **2018 2<sup>nd</sup> QUARTER EARNINGS**

Stanley, VA, August 15, 2018-- Pioneer Bankshares, Inc., (OTC Bulletin Board: PNBI) parent company of Pioneer Bank, reported unaudited consolidated net income for the six month period ending June 30, 2018 of \$1.308 million or \$1.34 per share as compared to \$1.154 million or \$1.19 per share through the 2<sup>nd</sup> quarter of 2017. The Company's earnings through June 30, 2018 resulted in an increase of \$154,000 or 13.3%, as compared to the same period for 2017. The overall net increase in earnings is primarily attributed to non-recurring realized gains on securities transactions, reductions in the provision for loan loss funding, decreases in certain operational expenses, and the decrease in the corporate tax expenses resulting from the 2017 corporate tax rate change.

Net assets as of June 30, 2018 were \$203.3 million. Total loans as of June 30, 2018 were \$163.3 million and total deposits for the period ending June 30, 2018 were \$170.1 million. The bank has increased its deposits by \$5.7 million since June of 2017 and \$3.1 million during the first six months of 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 \$28.1 million. The Company's total number of outstanding common shares as of June 30, 2018 were 975,819.

The Company has issued dividend payments to shareholders during the first two quarters of 2018 at \$0.21 per share each quarter or \$0.42 total year-to-date through June 30, 2018. These dividend payments represent an increase of 5.00% over the prior year's quarterly dividend payments. These dividend payments represent an annualized yield and return to investors of 2.67% 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 comparative quarter-end financial highlights as of June 30, 2018 and June 30, 2017 are included in the tables below:

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Earnings Results</b>		
Interest and dividend income	\$ 4,915	\$ 4,756
Interest expense	464	391
Net interest income	<u>4,451</u>	<u>4,365</u>
Provision for loan losses	141	235
Net interest income after provision for loan losses	<u>4,310</u>	<u>4,130</u>
Noninterest income	889	838
Noninterest expense	<u>3,699</u>	<u>3,442</u>
Income before income taxes	1,500	1,526
Income tax expense	<u>192</u>	<u>372</u>
Net Income	<u>\$ 1,308</u>	<u>\$ 1,154</u>
<b>Financial Condition</b>		
Assets	\$ 203,274	\$ 202,337
Deposits	170,070	164,393
Loans, net of allowance	161,173	162,621
Stockholders' Equity	28,066	26,894
<b>Per Share Data</b>		
Net income per share, basic and diluted	\$ 1.34	\$ 1.19
Dividends per share	0.42	0.40
Book value per share	28.76	27.67
<b>Performance Ratios</b>		
Return on average assets <sup>1</sup>	1.17%	1.06%
Return on average equity <sup>1</sup>	8.49%	7.96%

<sup>1</sup>Ratios above are based primarily on daily average balances