

## PIONEER BANKSHARES, INC. RELEASES 2018 EARNINGS

Stanley, VA, February 15, 2019-- Pioneer Bankshares, Inc., (OTC Bulletin Board: PNBI) parent company of Pioneer Bank, reported unaudited consolidated net income of \$2.229 million or \$2.29 per share for the year ending December 31, 2018, as compared to net earnings in 2017 of \$2.041 million or \$2.10 per share. The net increase in income for 2018 of \$188,000 represents a 9.21% overall increase and is primarily attributed to increased interest income on loans and investments, reduced provision for loan losses, and a decrease in income liability resulting from the change in corporate income tax rates.

The Company's subsidiary, Pioneer Bank, had net loan growth of \$6.4 million or 3.92% during 2018. The Bank also had deposit growth of \$10.6 million or 6.32%. The Bank's total loan portfolio as of December 31, 2018 was \$169.3 million. Total deposits as of December 31, 2018 were \$177.5 million. Overall, the Company had net asset growth of approximately \$10.0 million or 4.90% for the year ended December 31, 2018. The Company's consolidated total assets as of December 31, 2018 were \$213.4 million compared to \$203.5 million at year-end 2017.

The Company is pleased to report that it continues to maintain a well-capitalized position of \$28.9 million. The Company's total number of outstanding common shares as of December 31, 2018 was 977,419. The Company's book value per share increased by 4.98% during 2018, with a book value of \$29.53 as of December 31, 2018, compared to a book value per share of \$28.13 at December 31, 2017. As a result of the strong capital position and stable financial performance, Pioneer Bankshares, Inc. increased its shareholder dividend payments during 2018. The dividend payout for 2018 totaled \$0.84 per share and increased by 5.00% over the prior year. The 2018 dividend payout also represents a 2.89% 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 2018 was 36.78%, as compared to 38.10% in 2017.

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. 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. Other risk factors are detailed from time to time in our Securities and Exchange Commission filings. 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>2018</u>	<u>2017</u>
<b>Results of Operations</b>	<u>Unaudited</u>	<u>Audited</u>
Interest and dividend income	\$ 10,137	\$ 9,625
Interest expense	<u>1,032</u>	<u>834</u>
Net interest income	9,105	8,791
Provision for loan losses	<u>354</u>	<u>384</u>
Net interest income after provision for loan losses	8,751	8,407
Noninterest income	1,215	1,749
Noninterest expense	<u>7,535</u>	<u>7,121</u>
Income before income taxes	2,431	3,035
Income tax expense	<u>202</u>	<u>994</u>
Net Income	<u>\$ 2,229</u>	<u>\$ 2,041</u>
<b>Financial Condition, At Year End</b>		
Assets	\$ 213,522	\$ 203,494
Deposits	177,491	166,933
Loans, net of allowance	167,201	160,959
Stockholders' Equity	28,862	27,414
<b>Per Share Data</b>		
Net income per share, basic and diluted	\$ 2.29	\$ 2.10
Dividends per share	.84	.80
Book value per share	29.53	28.13
<b>Performance Ratios</b>		
Return on average assets <sup>1</sup>	1.08%	1.02%
Return on average equity <sup>1</sup>	7.93%	7.58%
Dividend payout ratio	36.78%	38.10%
Average equity to average assets <sup>1</sup>	13.62%	13.40%

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