

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

### **2018 1<sup>st</sup> QUARTER EARNINGS**

Stanley, VA, May 2, 2018-- Pioneer Bankshares, Inc., (OTC Bulletin Board: PNBI) parent company of Pioneer Bank, reported unaudited consolidated net income for the 1<sup>st</sup> quarter of 2018 of \$758,000 or \$0.78 per share as compared to \$636,000 or \$0.66 per share for the 1<sup>st</sup> quarter of 2017. The Company's 1<sup>st</sup> quarter earnings for 2018 resulted in an increase of \$123,000 or 19.3%, as compared to the 1<sup>st</sup> quarter earnings for 2017. The net increase in earnings is primarily attributed to increased interest income on loans and investments, increased fee income, a reduction in provision expenses relating to reduced loan losses, as well as non-recurring realized gains on equity securities transactions.

The Company's subsidiary, Pioneer Bank, had core deposit growth of \$3.9 million or 2.37% during the 1<sup>st</sup> quarter of 2018 and a total of \$8.4 million or 5.18% in deposit growth when compared to the first quarter of 2017. Total deposits as of March 31, 2018 were \$170.9 million. The bank had a net decrease in its loan portfolio of \$575,000 or 0.35% during the 1<sup>st</sup> quarter of 2018. This decrease was primarily related to certain loan pay-downs and one business property loan, which was reclassified to Other Real Estate Owned during the reporting period. The total loan portfolio balance as of March 31, 2018 was \$162.4 million.

The Company's consolidated total assets as of March 31, 2018 were \$206 million compared to \$198.3 million as of March 31, 2017 and \$203.5 million as of December 31, 2017.

The Company and its Bank subsidiary continue to maintain a strong capital position and are classified as well-capitalized with total consolidated capital of \$27.7 million. The Company's total number of outstanding common shares as of March 31, 2017 were 974,563. The Company's book value per share has increased from \$27.23 as of March 31, 2017 to \$28.42 per share as of March 31, 2018.

The Company issued a 2018 1<sup>st</sup> quarter dividend payment of \$0.21 per share, which represented an increase of 5.00% over the prior quarterly dividend payment. This dividend payment represents an annualized yield and return to investors of 2.80% based on the market price per share of PNBI stock as of the date of this release.

The Bank has also announced current plans to expand its services in the Charlottesville area and to open a new private banking center in July 2018. This new office will primarily offer specialized commercial and business banking services. To facilitate this, the Bank's existing branch in Charlottesville will be closing at the end of June 2018 and will be relocated to the Pantops area, at 630 Peter Jefferson Parkway, Suite 190, Charlottesville, VA. President/CEO, Mark Reed stated, "We are extremely excited about the opportunities this new location and business model provide for us and we look forward to enhancing our services for our existing customers in that area, as well."

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>March 31, 2018</u>	<u>March 31, 2017</u>
<b>Earnings Results</b>		
Interest and dividend income	\$ 2,418	\$ 2,371
Interest expense	221	189
Net interest income	<u>2,197</u>	<u>2,182</u>
Provision for loan losses	106	139
Net interest income after provision for loan losses	<u>2,091</u>	<u>2,043</u>
Noninterest income	627	527
Noninterest expense	<u>1,824</u>	<u>1,719</u>
Income before income taxes	894	851
Income tax expense	<u>136</u>	<u>215</u>
Net Income	<u>\$ 758</u>	<u>\$ 636</u>
<b>Financial Condition</b>		
Assets	\$ 206,029	\$ 198,318
Deposits	170,881	162,468
Loans, net of allowance	160,304	160,971
Stockholders' Equity	27,698	26,415
<b>Per Share Data</b>		
Net income per share, basic and diluted	\$ 0.78	\$ 0.66
Dividends per share	0.21	0.20
Book value per share	28.42	27.23
<b>Performance Ratios</b>		
Return on assets	1.07%	1.07%
Return on equity	7.99%	8.00%