

Pioneer Bankshares, Inc.



2022 Shareholder Report

With 2021 Financial Results

pioneerbks.com





Letter to the Shareholders

2021 was a year again dominated by the pandemic and its collateral effects, which created numerous operational and financial challenges for our company. Despite these challenges, I am pleased to report that last year was the best year financially in our company's 112 year history, with net earnings exceeding \$3.56 million, up 39.37% over 2020. Earnings per share likewise increased 38.46% to \$3.60 per share, another company record and total assets increased to \$290 million. Your board of directors again increased your annual dividend from 92 cents to 96 cents per share in 2021. The company continues to maintain a strong and growing capital position, with our bank being rated "well capitalized" by the regulators, which is the highest capital level rating category a bank can have. Loan quality also improved significantly with past dues and troubled loans reaching their lowest levels in recent years. For a detailed look at the year's finances go to:

<https://www.pioneerbks.com/investor-relations>.

One of the year's highlights was our participation in the Paycheck Protection Program (PPP). Pioneer made 823 PPP loans to local businesses and farmers. Unlike many competitors, our PPP loans were made almost exclusively to businesses within our service communities without regard to their size or their previous banking relationship. Many of these non-Pioneer borrowers have now brought their banking relationship to us because we made a PPP loan to them.

The pandemic has also accelerated the transition of banking services to the digital space. Pioneer is addressing this transition by providing our customers with many new digital services, including a robust app, Zelle, a direct person-to-person payment platform, multiple remote check deposit options for both our consumer and business customers, digital wallet options, including Paypal and GPay, the credit score management app, Savvy Money, and the invoicing platform, Autobooks, among other offerings.

We are excited about the prospect for our company in the coming years. Thank you for your loyalty and continued support of Pioneer Bankshares, Inc. and Pioneer Bank, the only remaining Bank still headquartered in Page County.

Mark N. Reed
President/CEO

**PIONEER BANKSHARES, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS**

**For the reporting periods ending
December 31, 2021 and December 31, 2020**

(In thousands, except for per share information)

	<u>2021</u>	<u>2020</u>
Results of Operations		
Interest and dividend income	\$ 11,899	\$ 10,948
Interest expense	<u>569</u>	<u>1,068</u>
Net interest income	11,330	9,880
Provision for loan losses	<u>(283)</u>	<u>854</u>
Net interest income after provision for loan losses	11,613	9,026
Noninterest income	1,890	1,694
Noninterest expense	<u>9,275</u>	<u>7,883</u>
Income before income taxes	4,228	2,837
Income tax expense	<u>660</u>	<u>277</u>
Net Income	<u>\$ 3,568</u>	<u>\$ 2,560</u>

Financial Condition, At Year End

Assets	\$ 290,405	\$ 264,419
Deposits	252,331	227,816
Loans, net of allowance	176,680	195,678
Stockholders' Equity	34,825	32,823

Per Share Data

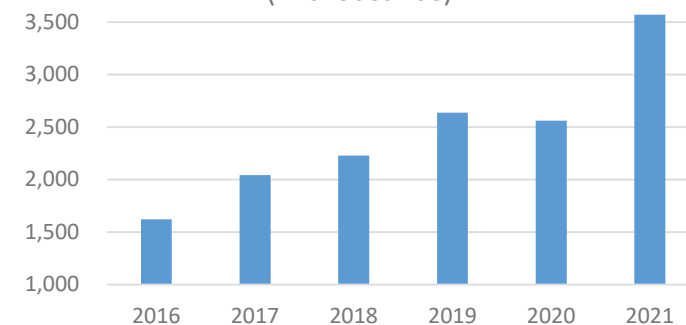
Net income per share, basic and diluted	\$ 3.60	\$ 2.60
Dividends per share	.96	.92
Book value per share	34.96	33.19

Performance Ratios

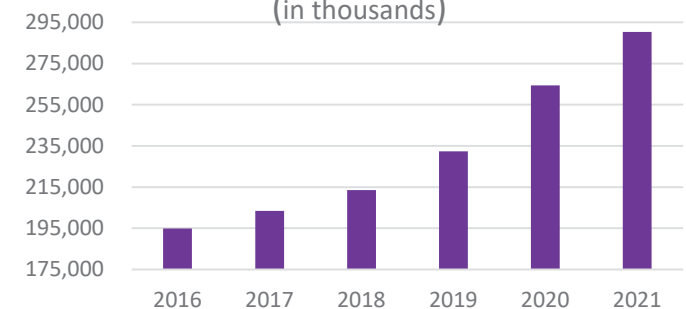
Return on average assets ¹	1.26%	1.03%
Return on average equity ¹	10.52%	8.04%
Dividend payout ratio	26.71%	35.45%
Average equity to average assets ¹	11.99%	12.81%

¹Ratios are based primarily on daily average balances

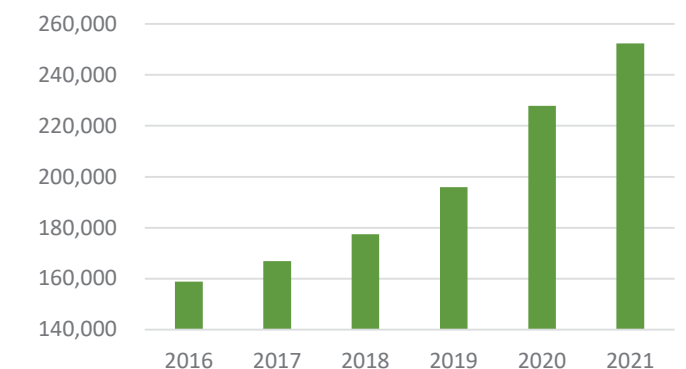
**Net Income
(in thousands)**



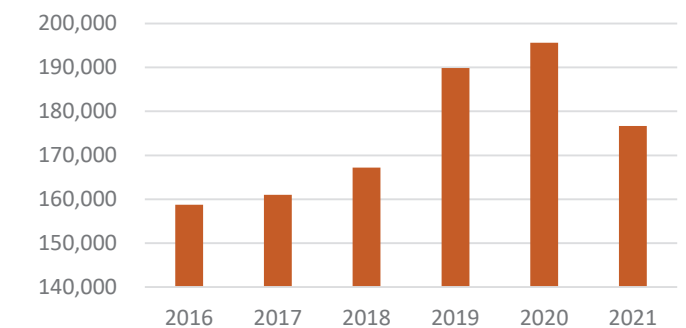
**Asset Growth
(in thousands)**



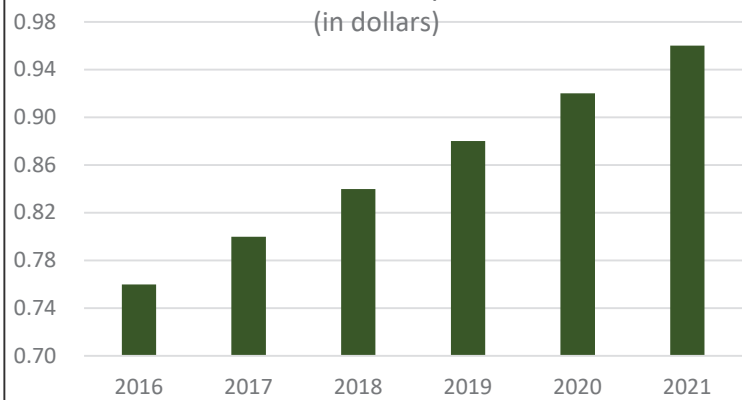
**Deposit Growth
(in thousands)**



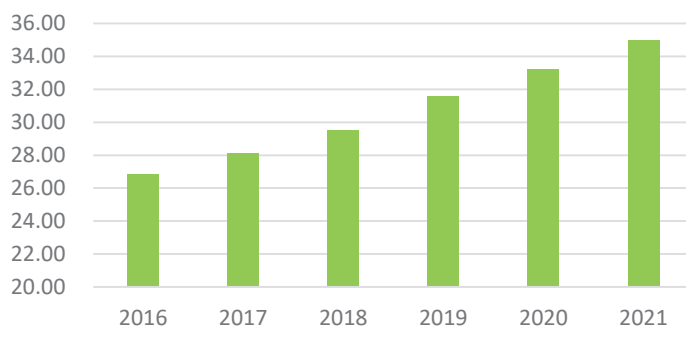
**Loan Growth
(in thousands)**



**Annual Dividends per Share
(in dollars)**



**Book Value Per Share
(as of 12/31/21)**



DONATIONS IN OUR COMMUNITIES



Shriners Hospitals
for Children®



NEW in 2022

zelle

THIS IS HOW MONEY MOVES®

An easy way to send money to people you know and trust. Fast and secure from the Pioneer App.



autobooks

Integrated Invoicing
Online Payment Acceptance

bank@work

Attract, reward, and retain employees with time and money-saving benefits. Increase direct deposit participation and reduce the cost of payroll expenses.

savvymoney®

Integrates credit score functionality into mobile and online banking. Provides clients convenient access to score updates, credit alerts, monitoring, and instant offers, right in the Pioneer Bank app.



PIONEER STUDENT CHECKING

A smart start to a healthy financial future.