

PIONEER BANKSHARES, INC. ANNOUNCES

2021 1st QUARTER EARNINGS

Stanley, VA, May 28, 2021 -- Pioneer Bankshares, Inc., (OTC Bulletin Board: PNBI) parent company of Pioneer Bank, reported unaudited consolidated net income for the 1st quarter of 2021 of \$648,000 or \$0.66 per share as compared to \$244,000 or \$0.25 per share for the 1st quarter of 2020. The increase in earnings for the first quarter of 2021 as compared to the first quarter of the prior year is attributed to reduced interest expense, reduced ALLL funding and an unrealized gain on equity investments compared to an unrealized loss in the same quarter of 2020.

The Company issued a 2021 1st quarter dividend payment of \$0.24 per share, which represented an increase of 4.35% over the prior quarterly dividend payment. This dividend payment represents an annualized yield and return to investors of 3.64% based on the market price per share of PNBI stock as of the date of this release. Pioneer Bankshares' consolidated total assets as of March 31, 2021, were \$276.1 million compared to \$236.1 million as of March 31, 2020, and \$264.4 million as of December 31, 2020.

Pioneer Bank, the Company's subsidiary, had deposit growth of \$11.8 million or 5.16% during the 1st quarter of 2021 and a total of \$40.0 million or 19.94% in deposit growth when compared to the first quarter of 2020. This increase of deposits over last year is primarily attributed to customer's PPP loan funds and government stimulus deposits. The bank had a net decrease in its loan portfolio of \$12.9 million or 6.51% during the 1st quarter of 2021 and a total decrease of \$4.5 million or 2.39% as compared to the first quarter of 2020. This decrease in loans is primarily due to loan forgiveness in the 2020 PPP loan portfolio processed in the 1st quarter of 2021.

The Company and its bank subsidiary continue to maintain a strong capital position and are classified as well-capitalized with total consolidated capital of \$33.1 million. The Company's total number of outstanding common shares as of March 31, 2021, were 988,986. The Company's book value per share has increased from \$31.80 as of March 31, 2020, to \$33.45 per share as of March 31, 2021.

About Pioneer Bankshares, Inc.

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.

Forward-Looking Statements

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, 2021</u>	<u>March 31, 2020</u>
Earnings Results		
Interest and dividend income	\$ 2,665	\$ 2,807
Interest expense	<u>155</u>	<u>376</u>
Net interest income	2,510	2,431
Provision for loan losses	<u>106</u>	<u>167</u>
Net interest income after provision for loan losses	2,404	2,264
Noninterest income	473	132
Noninterest expense	<u>2,136</u>	<u>2,182</u>
Income before income taxes	741	214
Income tax expense (benefit)	<u>93</u>	<u>(30)</u>
Net Income	<u>\$ 648</u>	<u>\$ 244</u>
Financial Condition		
Assets	\$ 276,061	\$ 236,131
Deposits	239,574	199,739
Loans, net of allowance	182,726	187,772
Stockholders' Equity	33,080	31,328
Per Share Data		
Net income per share, basic and diluted	\$ 0.66	\$ 0.25
Dividends per share	0.24	0.23
Book value per share	33.45	31.80
Performance Ratios		
Return on assets	0.74%	0.72%
Return on equity	6.16%	5.44%