

PIONEER BANKSHARES, INC. ANNOUNCES

2020 3rd QUARTER EARNINGS

Stanley, VA, October 30, 2020 -- Pioneer Bankshares, Inc., (OTC Bulletin Board: PNBI) parent company of Pioneer Bank, reported unaudited consolidated net income for the 3rd quarter of 2020 of \$1.879 million or \$1.91 per share as compared to \$1,742 million or \$1.78 per share for the 3rd quarter of 2019. The net increase in earnings for the nine-month period ending September 30, 2020 as compared to the same period of the prior year is primarily due to nonrecurring gains on securities, decreased compensation and decreases in various general operating expenses.

The Company issued a 2020 3rd quarter dividend payment of \$0.23 per share, which brings the dividend total paid year to date to \$0.69 a share, representing an increase of 4.55% over the dividend payment for the same period in 2019. This dividend payment represents an annualized yield and return to investors of 3.07% based on the market price per share of PNBI stock as of the date of this release. Pioneer Bankshares' consolidated total assets as of September 30, 2020, were \$255.5 million compared to \$223.9 million as of September 30, 2019, and \$232.4 million as of December 31, 2019.

Pioneer Bank, the Company's subsidiary, had deposit growth of \$23.1 million or 11.81% during the nine-month period ending September 30, 2020 and a total of \$31.4 million or 16.76% in deposit growth when compared to the same period in 2019. The bank had a net increase in its loan portfolio of \$15.6 million or 8.31% for the nine-month period ending September 30, 2020 and a total of \$24.3 million or 13.22% in loan growth as compared to the same period of 2019. This increase in loans is primarily due to the Bank's participation in the Paycheck Protection loan program (PPP) during the current COVID-19 pandemic, with additional loan growth in the commercial loan category, and the in mortgage participation loans.

The Company and its bank subsidiary continue to maintain a strong capital position and are classified as well capitalized with total consolidated capital of \$32.3 million. The Company's total number of outstanding common shares as of September 30, 2020, were 986,984. The Company's book value per share has increased from \$30.90 as of September 30, 2019, to \$32.72 per share as of September 30, 2020.

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>Sept 30, 2020</u>	<u>Sept 30, 2019</u>
Earnings Results		
Interest and dividend income	\$ 8,302	\$ 8,181
Interest expense	<u>882</u>	<u>994</u>
Net interest income	7,420	7,187
Provision for loan losses	<u>748</u>	<u>212</u>
Net interest income after provision for loan losses	6,672	6,975
Noninterest income	1,313	1,078
Noninterest expense	<u>5,851</u>	<u>6,094</u>
Income before income taxes	2,134	1,959
Income tax (benefit) expense	<u>255</u>	<u>217</u>
Net Income	<u>\$ 1,879</u>	<u>\$ 1,742</u>
Financial Condition		
Assets	\$ 255,518	\$ 223,905
Deposits	219,018	187,583
Loans, net of allowance	205,482	181,487
Stockholders' Equity	32,297	30,311
Per Share Data		
Net income per share, basic and diluted	\$ 1.91	\$ 1.78
Dividends per share	0.69	0.66
Book value per share	32.72	30.90
Performance Ratios		
Return on assets	0.87%	1.03%
Return on equity	6.90%	7.62%