

PIONEER BANKSHARES, INC.
ANNOUNCES RECORD EARNINGS FOR 2021

Stanley, VA, February 4, 2022 -- Pioneer Bankshares, Inc., (OTC Bulletin Board: PNBI) parent company of Pioneer Bank, reported unaudited consolidated net income for the year ended December 31, 2021 of \$3.6 million or \$3.60 per share as compared to \$2.6 million or \$2.60 per share for the year ended December 31, 2020, representing an increase of 39.38%. The net increase in earnings for 2021, as compared to the prior year, is primarily attributed to increased loan fees related to the Payroll Protection Program (PPP), decreased funding for potential loan losses and unrealized gain positions in equity securities.

The Company issued a 2021 4th quarter dividend payment of \$0.24 per share, which brought the 2021 dividend payments to a total of \$0.96 per share, representing an increase of 4.35% over the dividend payment for the same period in 2020. This dividend payment represents an annualized yield and return to investors of 3.25% based on the market price per share of PNBI stock as of the date of this release. Pioneer Bankshares' consolidated total assets as of December 31, 2021, were \$290.1 million compared to \$264.4 million as of December 31, 2020.

The Company had deposit growth of \$24.5 million or 10.8% for the period ending December 31, 2021, compared to an increase of \$31.9 million or 16.3% in deposit growth for 2020. The bank had a net decrease in its loan portfolio of \$19.3 million or -9.73% during 2021 when compared to a net increase of \$6.27 million or 3.3% during the same period in 2020. The decrease in loans year-to-date for 2021 is primarily related to expected pay-downs in the PPP loan program and the associated loan forgiveness process.

The Company and its bank subsidiary continue to maintain a strong capital position and are classified as well-capitalized with total consolidated capital of \$34.8 million. The Company's total number of outstanding common shares as of December 31, 2021, were 996,182. The Company's book value per share has increased from \$33.19 as of December 31, 2020, to \$34.96 per share as of December 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 comparative year-end financial highlights for December 31, 2021 and December 31, 2020 are included in the tables below:

FINANCIAL HIGHLIGHTS
(In thousands, except for per share information)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>audited</u>	<u>audited</u>
Earnings Results		
Interest and dividend income	\$ 11,899	\$ 10,948
Interest expense	569	1,068
Net interest income	11,330	9,880
Provision for loan losses	(283)	854
Net interest income after provision for loan losses	11,613	9,026
Noninterest income	1,890	1,694
Noninterest expense	9,275	7,883
Income before income taxes	4,228	2,837
Income tax (benefit) expense	660	277
Net Income	\$ <u>3,568</u>	\$ <u>2,560</u>
 Financial Condition		
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	0.96	0.92
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