

PIONEER BANKSHARES, INC.
ANNOUNCES EARNINGS FOR 2020

Stanley, VA, March 25, 2021-- Pioneer Bankshares, Inc., (OTC Bulletin Board: PNBI) parent company of Pioneer Bank, reported unaudited consolidated net income of \$2.56 million or \$2.60 per share for the year ending December 31, 2020, as compared to net earnings in 2019 of \$2.64 million or \$2.69 per share. The net decrease in income for 2020, as compared to the prior year, is attributed to reduced interest income on investment and Fed Funds balances. This reduction was impacted by the significant decrease in market interest rates by the Federal Reserve, that occurred during 2020. Other factors impacting the slight decrease in earnings were additional allocations for potential loan losses and non-recurring losses on the sale of other assets and other real estate during 2020.

The Company's subsidiary, Pioneer Bank, had net loan growth of \$6.27 million or 3.3% during 2020. The Bank also had deposit growth of \$31.9 million or 16.3%. The Bank's total loan portfolio for the period ending December 31, 2020 was \$198.3 million and total deposits were \$227.8 million. Overall, the Company had net asset growth of approximately \$32.0 million or 13.8% for the year ended December 31, 2020. The Company's consolidated total assets as of December 31, 2020 were \$264.6 million.

The Company is pleased to report that it continues to maintain a well-capitalized position of \$32.8 million. The Company's total number of outstanding common shares as of December 31, 2020 was 988,986. The Company's book value per share increased by 5.16% during 2020, with a book value of \$33.19 as of December 31, 2020, compared to a book value per share of \$31.56 at December 31, 2019. As a result of the strong capital position and stable financial performance, Pioneer Bankshares, Inc. increased its shareholder dividend payments during 2020. The dividend payout for 2020 totaled \$0.92 per share and increased by 4.55% over the prior year. The 2020 dividend payout also represents a 3.64% annualized return to investors based on the current market price of Pioneer Bankshares, Inc. stock as of the date of this release. Additionally, the Company's total dividend payout ratio as a percentage of earnings for common equity shareholders in 2020 was 35.45%, as compared to 32.76% in 2019.

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. 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. Other risk factors are detailed from time to time in our Securities and Exchange Commission filings. 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, 2020 and December 31, 2019 are included in the tables below:

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

	<u>2020</u>		<u>2019</u>
	<u>Unaudited</u>		<u>Audited</u>
Results of Operations			
Interest and dividend income	\$ 11,102	\$	10,973
Interest expense	<u>1,068</u>		<u>1,361</u>
Net interest income	10,034		9,612
Provision for loan losses	<u>854</u>		<u>288</u>
Net interest income after provision for loan losses	9,180		9,324
Noninterest income	1,578		1,806
Noninterest expense	<u>7,920</u>		<u>8,208</u>
Income before income taxes	2,838		2,922
Income tax expense	<u>278</u>		<u>286</u>
Net Income	<u>\$ 2,560</u>	\$	<u>2,636</u>
 Financial Condition, At Year End			
Assets	\$ 264,571	\$	232,389
Deposits	227,816		195,884
Loans, net of allowance	195,678		189,889
Stockholders' Equity	32,823		31,022
 Per Share Data			
Net income per share, basic and diluted	\$ 2.60	\$	2.69
Dividends per share	.92		.88
Book value per share	33.19		31.56
 Performance Ratios			
Return on average assets ¹	1.03%		1.20%
Return on average equity ¹	8.04%		8.82%
Dividend payout ratio	35.45%		32.76%
Average equity to average assets ¹	12.81%		13.61%

¹Ratios above are based primarily on daily average balances