



Pioneer Bankshares, Inc.



2021 Shareholder Report With 2020 Financial Results



Town of Stanley Ed Good Park Community Amphitheater



Pioneer Bank donates \$35,000.00 for the Ed Good Park Amphitheater in Stanley Va.

In Memoriam: Directors whom we have lost the past year



David Slye
Director
1996-2021



Robert E. Long
Director
1989-2018



Harry Louderback
Director
1998-2020





Letter to the Shareholders

This past year was challenging and full of uncertainty. The pandemic coupled with the Federal Reserve's ultra-low interest rates created a new and unique operating environment for banks. However, as you can see from the financial results on the adjoining page, Pioneer Bankshares not only adapted to this environment, but was able to have a very successful year financially. Our deposits increased by \$31.93 million (16.3%), loans increased \$5.79 million (3%) and shareholder equity grew by \$1.8 million (5.8%). In addition, the shareholder dividend was increased by an additional 4.54%. While net earnings were down \$76,000.00, compared to 2019 (which was the best year in the company's history) this was the direct result of our decision to increase our loan loss reserve by \$566,000.00 (197%) as a precaution against possible loan defaults due to the pandemic. Fortunately, we did not have to use this additional reserve in 2020, since our past due loans ratio dropped to one of the lowest levels in recent years and our loan quality actually increased. The company continues to be rated "well capitalized" by the regulators, which is their highest capital rating.

As shareholders, you can be proud of the support your company provided to our communities during the pandemic. We maintained full banking operations and services throughout the year, assisted our customers that experienced financial hardship, and provided PPP and other assistance to struggling small businesses, while at the same time protecting the health and safety of our employees and customers. The testimonials on the back of this pamphlet, are a small sample of what our customers are saying about our support.

As always, it is a distinct privilege to serve you and our communities. Thank you for your loyalty and continued support of Pioneer Bankshares, Inc.

Mark N. Reed – President & CEO



Customer Testimonials



“ Our partnership with Pioneer pays dividends for us every day!”

Jim Turner,
Hawksbill Brewing Co.



“Pioneer Bank is the epitome of a community bank and while the future remains uncertain, I know my bank is there when the chips are down and the going gets rough”

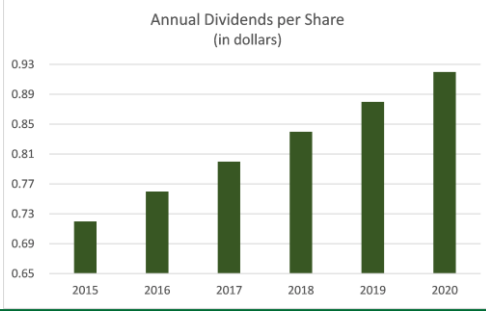
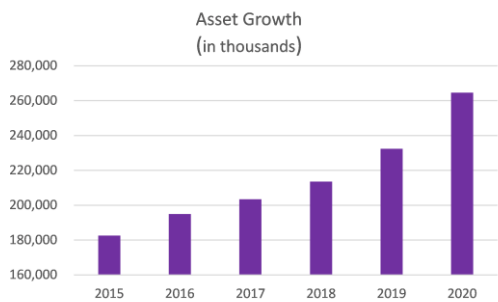
- Mike Walker, Owner

Continuing Care



“ Pioneer Bank clearly has our back. With the help of your bank, we are going to get this 21-year-old small business out the other side of the pandemic crisis. ”

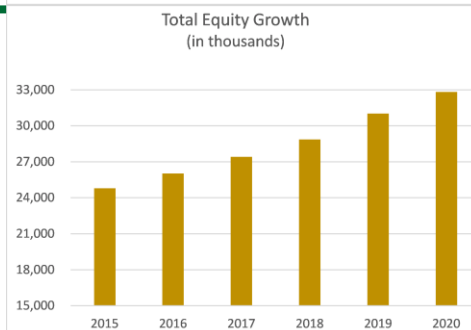
— Donna Russell Martin
Owner, Blue Ridge Trailers



PIONEER BANKSHARES, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS

For the reporting periods ending
December 31, 2020 and December 31, 2019

(In thousands, except for per share information)



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><u>\$ 2,560</u></u>	<u><u>\$ 2,636</u></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

