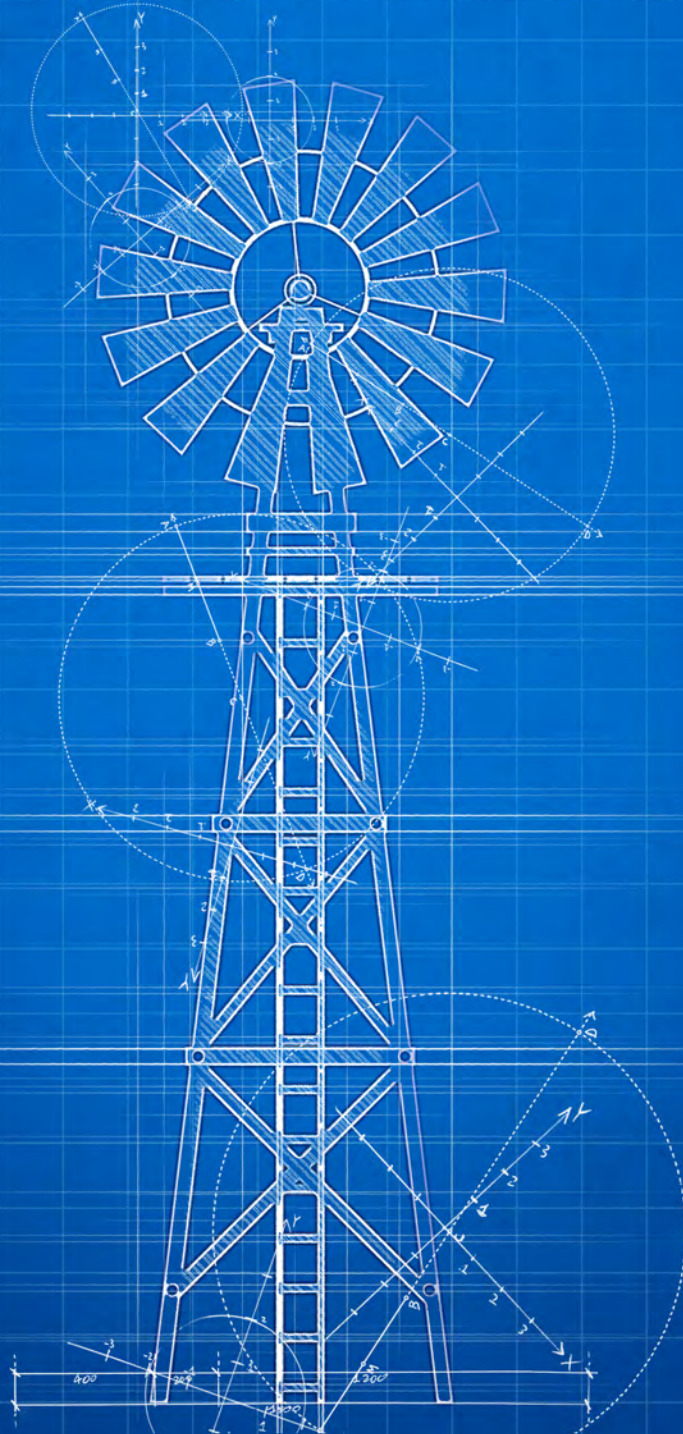


PIONEER

BANCORP, INC.

Annual Letter to Stockholders



2022

FINANCIAL HIGHLIGHTS (Unaudited)

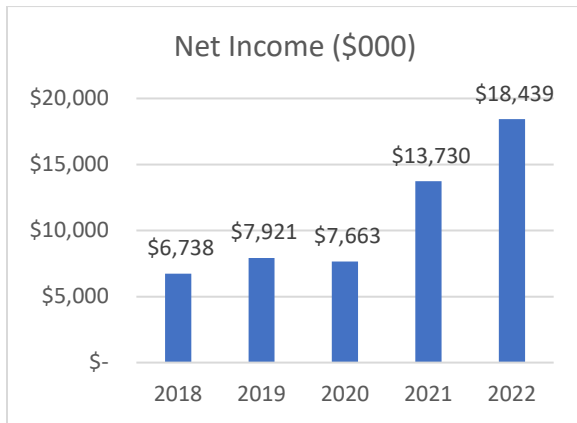
(In thousands, except per share amounts)

	2022	Change	2021	2020	2019	2018
AT YEAR-END						
Assets	\$ 999,957	+ 1%	\$ 990,606	\$ 862,357	\$ 813,601	\$ 820,562
Loans	560,949	+ 15%	486,364	445,610	371,986	359,292
Securities	363,488	+ 2%	358,066	235,559	350,882	382,398
Deposits	793,267	- 1%	801,483	666,969	571,281	519,780
Borrowings	126,620	+ 57%	80,606	91,363	146,509	214,622
Stockholders' equity	59,809	- 33%	89,779	89,231	80,987	72,218
FOR THE YEAR						
Interest and dividend income	36,641	+ 27%	28,792	24,639	27,115	24,748
Interest expense	1,905	+ 199%	638	1,715	5,703	4,858
Net interest income	34,736	+ 23%	28,154	22,924	21,412	19,890
Loan loss provision	1,261	+ 96%	643	1,856	1,097	712
Noninterest income	10,546	+ 7%	9,865	9,659	10,197	11,285
Noninterest expense	25,582	+ 8%	23,646	23,064	22,591	23,725
Net income	18,439	+ 34%	13,730	7,663	7,921	6,738
CAPITAL RATIO						
Equity to assets	6.0%		9.1%	10.3%	10.0%	8.8%
PER SHARE						
Year-end book value	61.47	- 34%	92.70	92.17	83.71	74.75
Year-end tangible book value	102.79	+ 8%	95.29	90.21	85.50	82.22
Earnings	18.97	+ 34%	14.18	7.92	8.19	6.97
Distributions	11.46	+ 26%	9.08	3.16	4.86	5.70
Distribution payout ratio	60.4%		64.0%	39.9%	59.3%	81.8%
PERFORMANCE RATIOS						
Return on average stockholders' equity	24.65%		15.37%	9.00%	10.34%	9.36%
Return on average assets	1.85%		1.48%	0.91%	0.97%	0.82%
Net interest margin	3.61%		3.19%	3.00%	2.77%	2.64%
Efficiency ratio	56.49%		62.20%	70.79%	71.47%	76.10%
SELECTED INFORMATION						
Average common shares (in thousands)	972		968	967	968	966
Full-time equivalent employees	147		147	144	163	158
Customer service facilities:						
Full-service facilities	6		6	6	6	6
Banking branches	5		6	6	5	5
ATMs	21		21	22	21	19

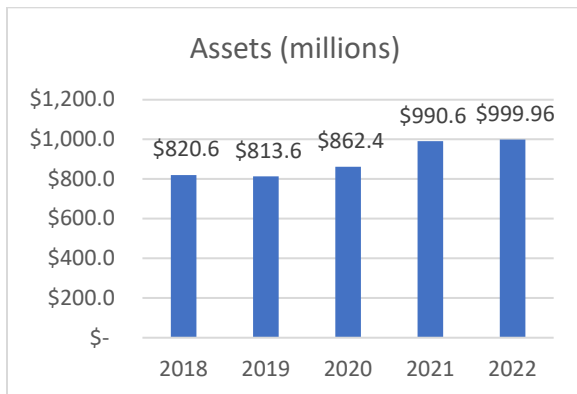


Dear Fellow Stockholders,

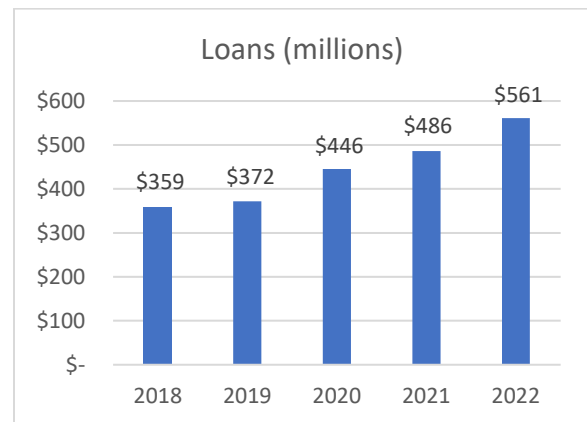
We are excited to report that Pioneer Bancorp, Inc. had record net income in 2022 of \$18.4 million, up \$4.7 million, or 34%, from \$13.7 million in 2021.



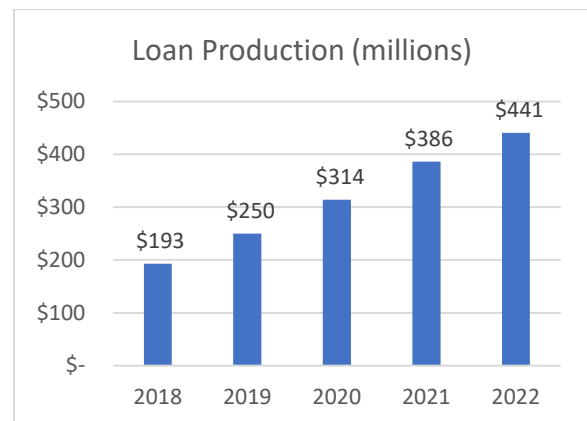
Total assets were \$999.96 million at December 31, 2022, compared to \$990.6 million at December 31, 2021.



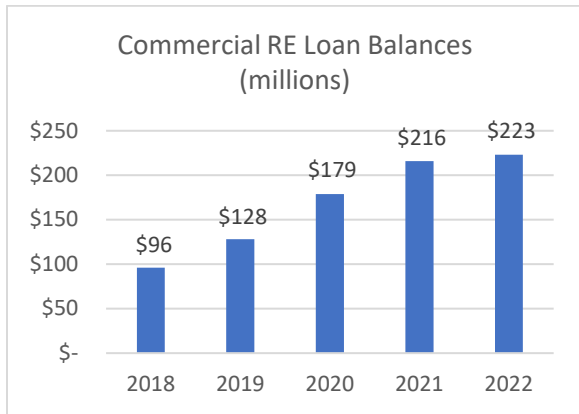
Our focus in 2022 was to grow loans. Total loans were \$561 million, up \$75 million, or 15%, at year-end 2022.



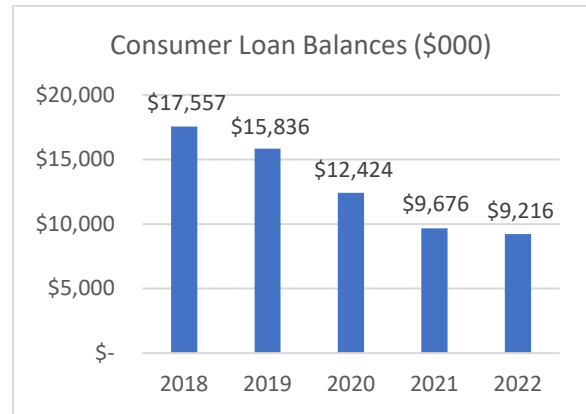
Loan production increased \$55 million, or 14%, to \$441 million in 2022. Our Roswell market generated \$195 million in loans, Las Cruces \$156 million, and loans in El Paso \$52 million. Much of this lending, \$213 million, was participations with other community banks generally not competing directly with us in our markets.



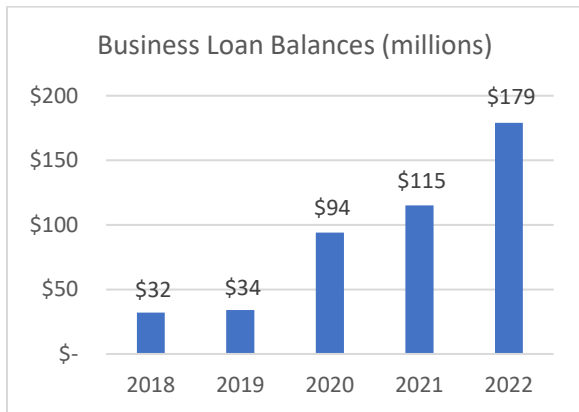
Commercial real estate loan balances increased \$7.4 million, or 3.4%, in 2022.



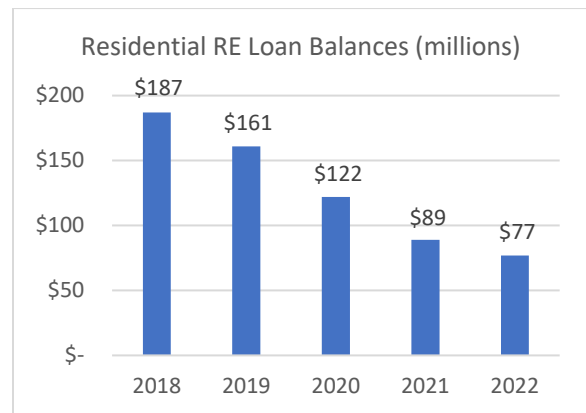
Consumer loan balances decreased \$460 thousand or 4.8% in 2022.



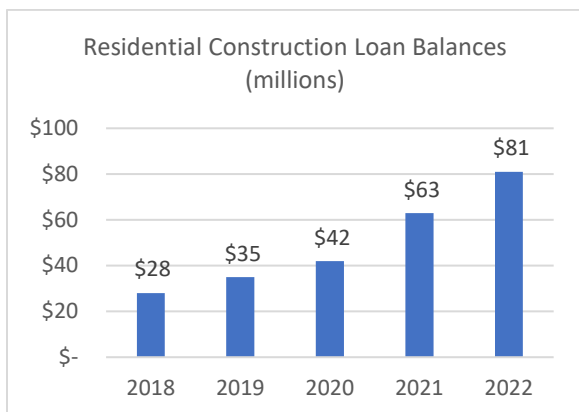
Business loan balances increased \$63.4 million, or 55.1%, to \$178.7 million in 2022.



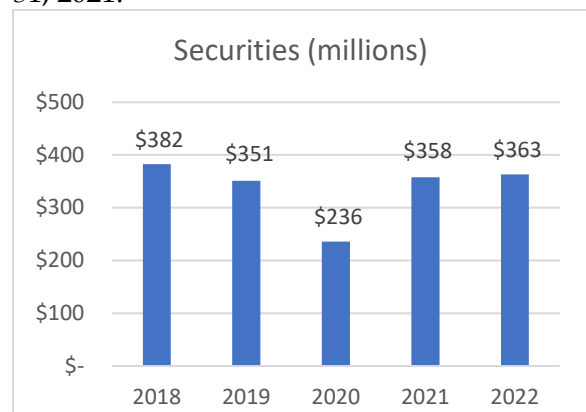
Residential real estate loans decreased \$12.6 million or 14.1%, to \$76.6 million at year-end 2022.



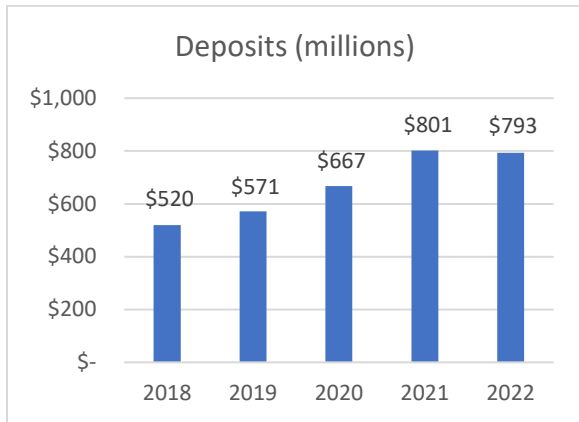
Residential construction loan balances increased \$17.7 million, or 28.2%, to \$80.5 million in 2022.



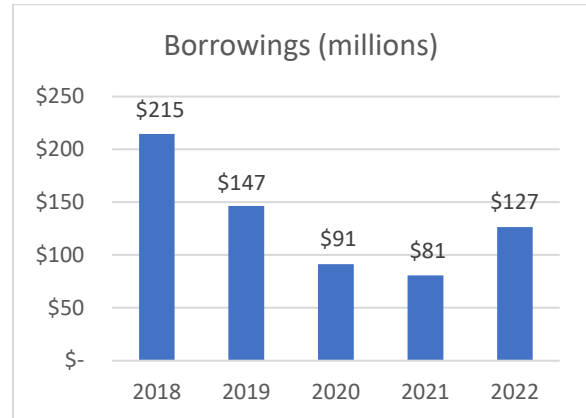
Securities were \$363 million at December 31, 2022, compared to \$358 million at December 31, 2021.



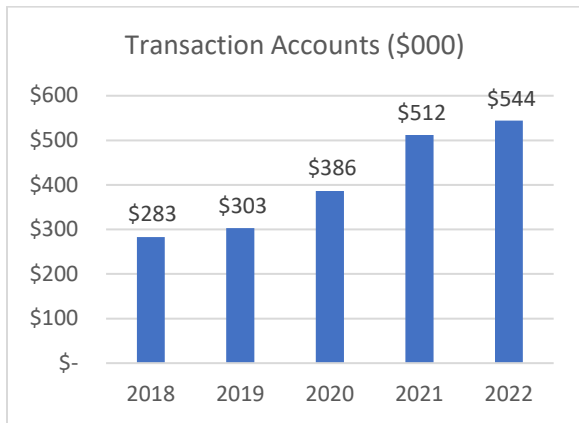
Total deposits were \$793 million at year-end 2022, compared to \$801 million at year-end 2021.



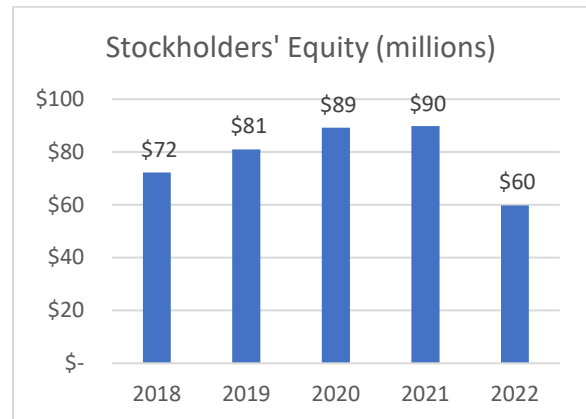
Borrowings, consisting of customer repurchase sweep accounts of \$113.4 million and FHLB borrowings of \$13.2 million, increased \$46 million, or 57%, as of December 31, 2022, reflecting a borrowings-to-assets of 13%.



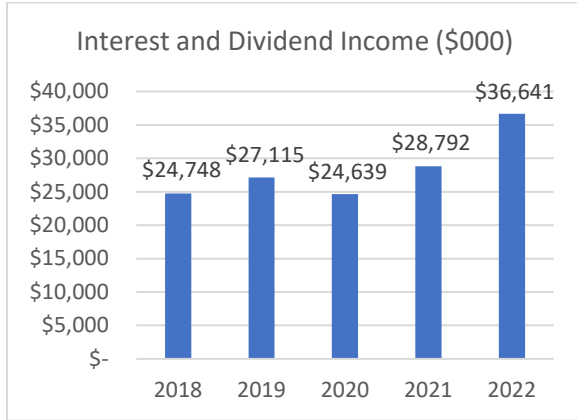
Transaction accounts increased \$32 million, or 6% to \$544 million.



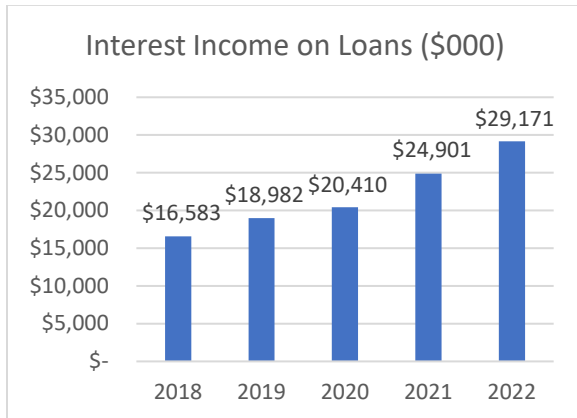
Stockholders' equity decreased \$30 million or 33% at year-end 2022. This was a result of \$18.4 million in income less \$11 million in distributions, less other comprehensive loss of \$38 million (unrealized losses on securities held available-for-sale).



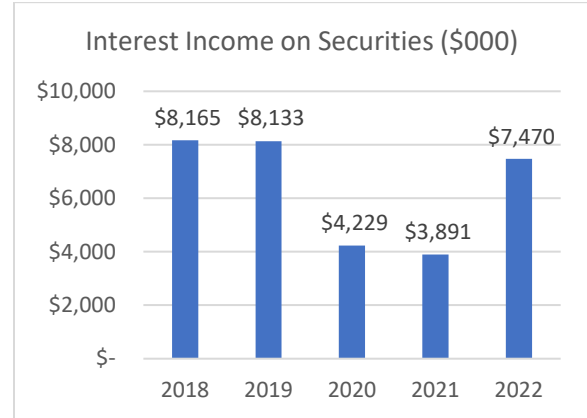
Interest and dividend income increased \$7.8 million, or 27%, to \$36.6 million for 2022.



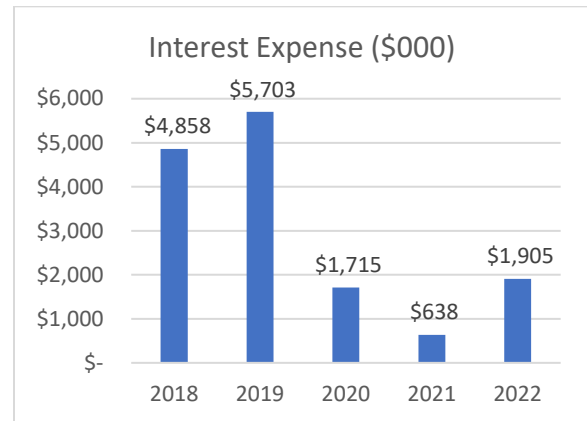
Interest income on loans increased \$4.3 million to \$29.2 million. There was a \$55.8 million increase in the average balance of loans, while the average yield on our loan portfolio increased 28 basis points to 5.65%.



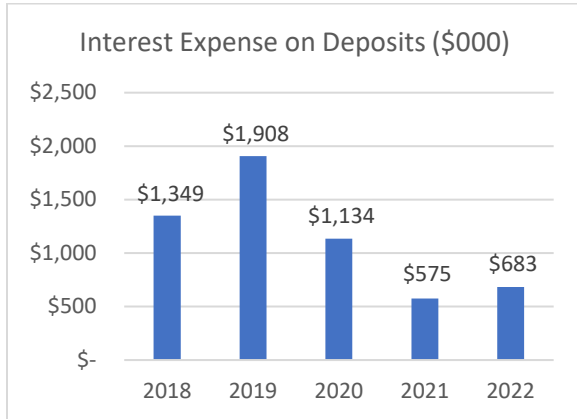
Interest income on securities increased \$3.6 million or 92% to \$7.5 million. There was a \$16.3 million increase in the average balance of securities, while the average yield on our securities portfolio increased 68 basis points to 1.61%.



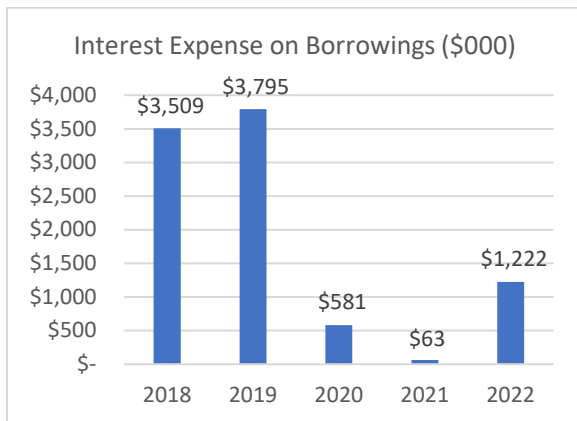
Interest expense increased \$1.3 million, or 199%, to \$1.9 million in 2022. Deposit rates were at historic lows in 2021 and began to increase in 2022. 2022 interest expense was well below 2018 and 2019 amounts.



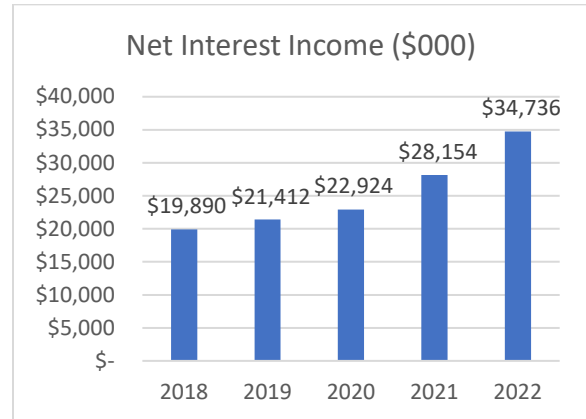
Interest expense on deposits increased \$108 thousand, or 18.8%, to \$683 thousand. The average rate we paid on deposits remained unchanged at 0.08%. The average balance of deposits increased \$81.3 million to \$839.1 million. Deposits in Roswell increased \$10.1 million to \$347.4 million at year-end while deposits in Las Cruces increased \$8.1 million to end the year at \$157.8 million.



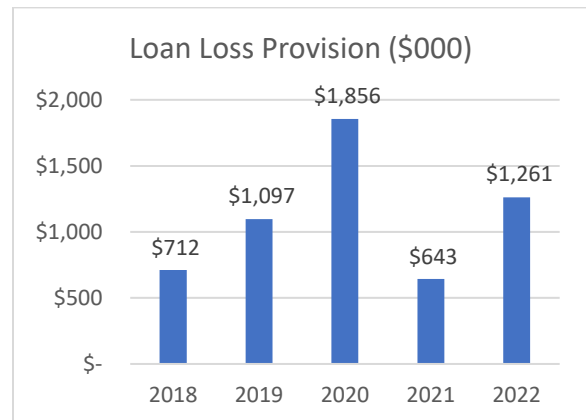
Interest expense on borrowings increased \$1.2 million in 2022. The average balance of borrowings increased \$8.9 million to \$87.7 million, and the average borrowing rate increased from 0.08% to 1.39%.



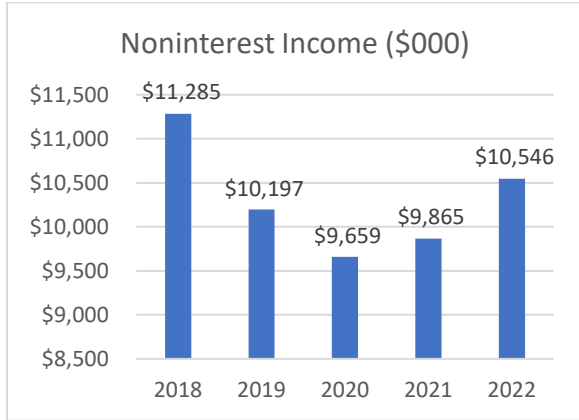
Net interest income increased \$6.6 million, or 23%, to \$35 million for the year.



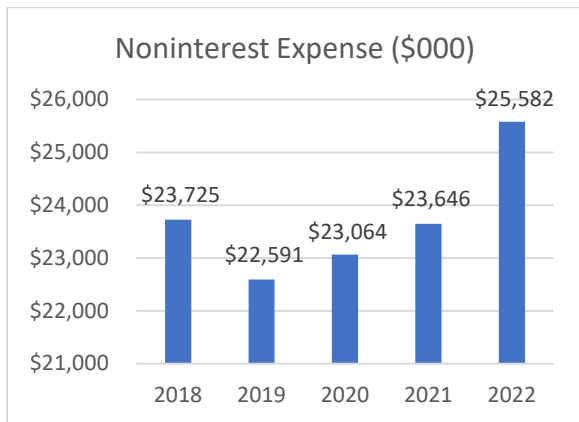
The provision for loan losses for 2022 was \$1.3 million compared to \$643 thousand in 2021. Net charge-offs were \$384 thousand in 2022 compared to \$228 thousand in 2021. The allowance for loan losses was \$6.9 million, or 1.23% of total loans receivable at December 31, 2022.



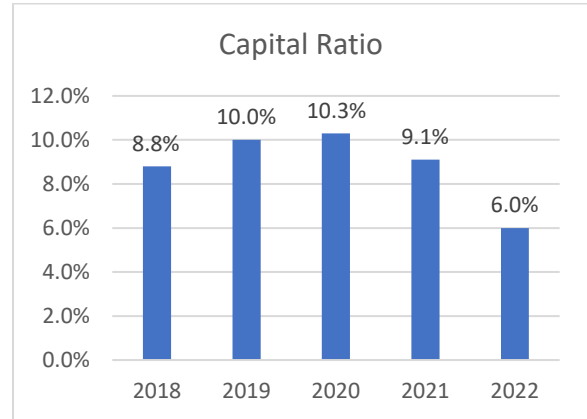
Noninterest income increased \$681 thousand, or 7%, to \$10.5 million for the year.



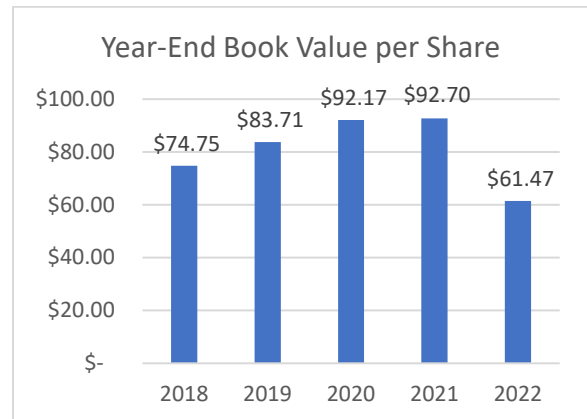
Noninterest expense increased \$1.9 million or 8%, to \$25.6 million for the year.



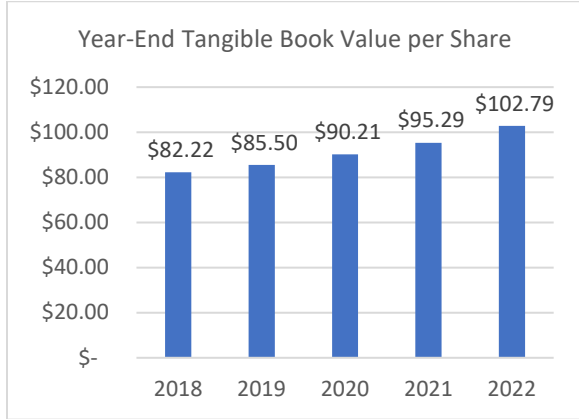
Equity to assets ratio decreased from 9.1% to 6.0% at year-end 2022. The decrease was the result of the unrealized losses from securities that are reflected in the Bank's capital. These losses would not be realized unless the Bank sold these securities. Accountings standards require unrealized gains or losses from securities to be reflected in the Bank's total equity.



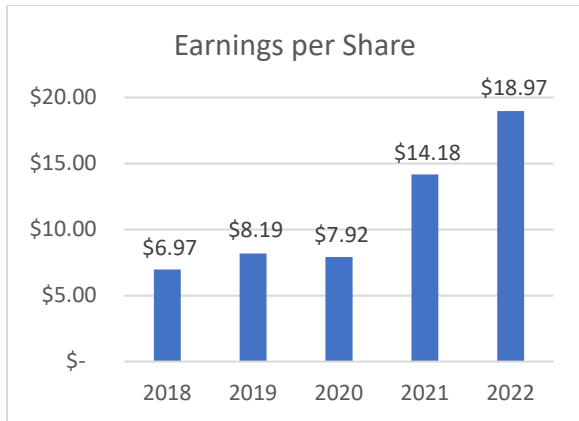
Book value per share decreased to \$61.47 as of December 31, 2022, a decrease from \$92.70 as of December 31, 2021.



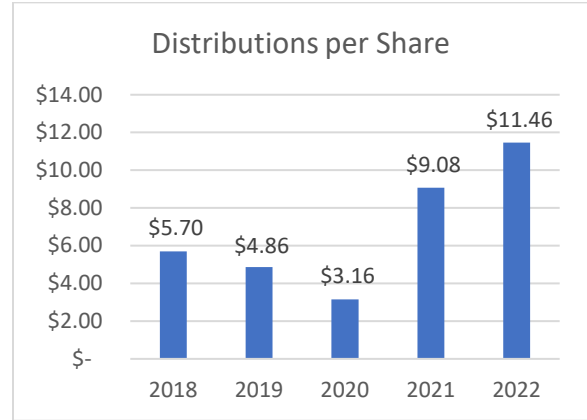
Excluding accumulated other comprehensive loss, tangible book value per share was \$102.79, an increase of \$7.50 per share over 2021.



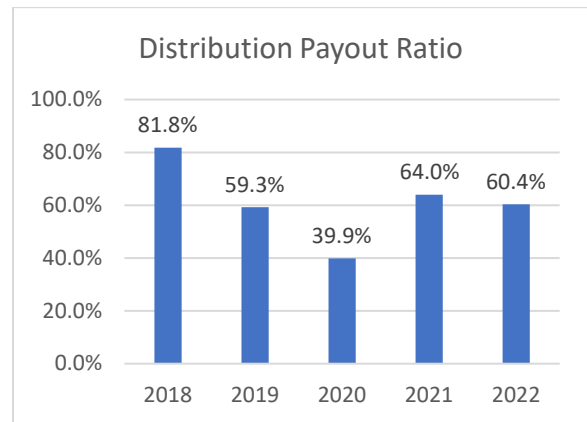
Earnings per share increased \$4.79 to \$18.97 in 2022.



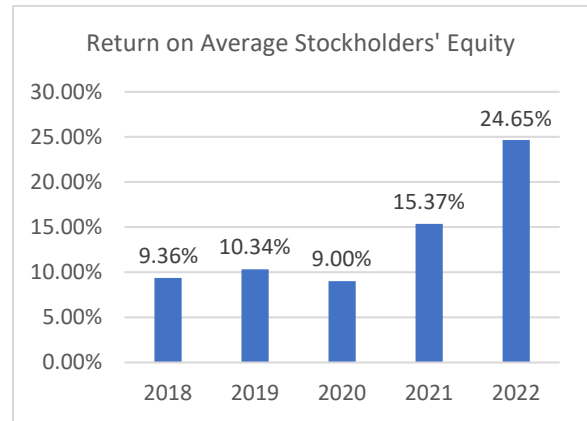
Distributions per share increased \$2.38 to \$11.46 for 2022.



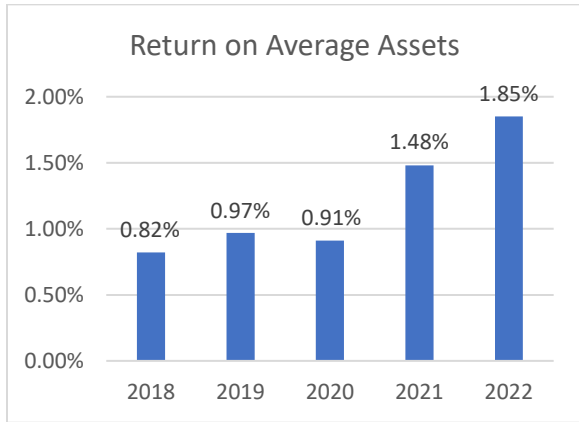
The distribution amount of \$11.46 per share represented a payout ratio of 60.4%.



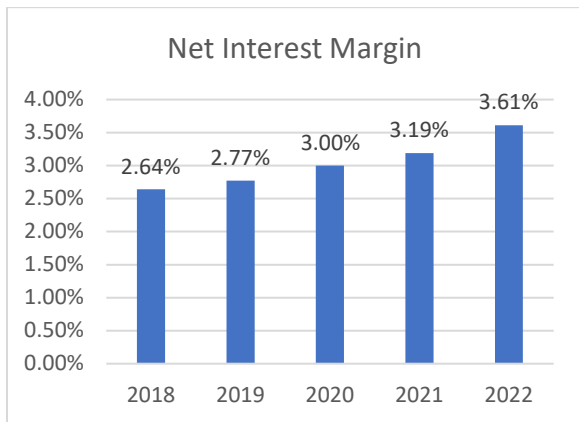
Return on average stockholders' equity increased to 24.65% in 2022.



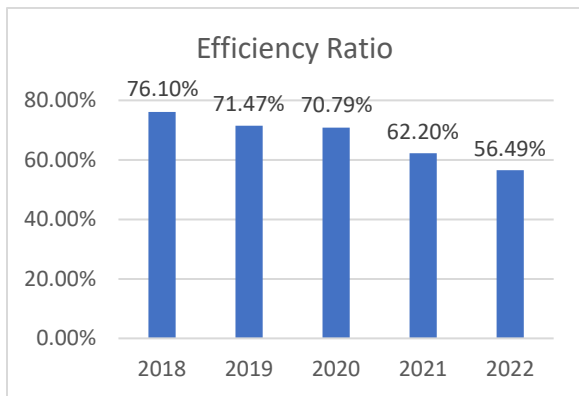
Return on average assets increased from 1.48% in 2021 to 1.85% in 2022.



Net interest margin increased 42 basis points to 3.61% in 2022.



The Bank's efficiency ratio continued to improve in 2022 to 56.49%.



Our Mission is “To make a positive difference in the lives of those who work, bank, invest at Pioneer. For the sixth year in a row, Pioneer Bank was named one of the Top Workplaces in New Mexico by the Albuquerque Journal. We were also named one of Forbes Best-In-State Banks. I continue to be proud of the work Team Pioneer is doing providing opportunities for our Team to grow professionally and personally.

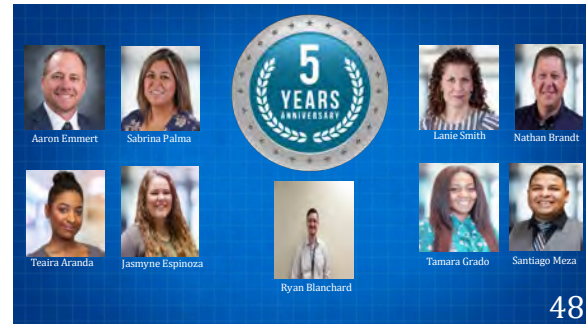
One of Pioneer’s core principles is “We are Leaders creating Leaders”. I am honored to recognize Suzanna Lujan, who graduated from Leadership Roswell, Savannah Montoya who graduated from Leadership Las Cruces, and Kate Davenport who graduated from the Leadership New Mexico Connect program.

In February 2023, we celebrated 122 years of building community. As featured in our 2022 Community Impact Report, Team Pioneer had 86 volunteers who donated 3,116 hours, benefiting 114 organizations. For 2022, eight Team Pioneer members were awarded the Presidential Service Award. Leigh Humble, Adriann Ragsdale, Juliana Halvorson, and Kiel Hoffman, each received the Silver Award, while Lanie

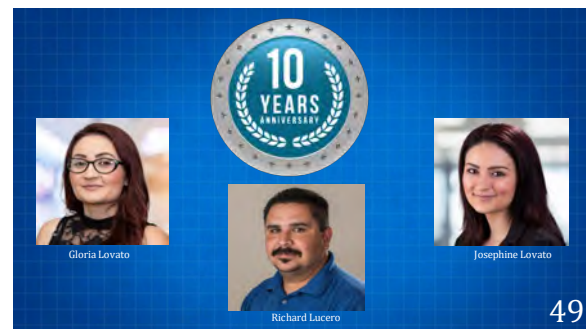


I would like to recognize Team Members who reached years of service milestones in 2022. Those who celebrated 5 years with Pioneer are Teaira Aranda, Ryan Blanchard,

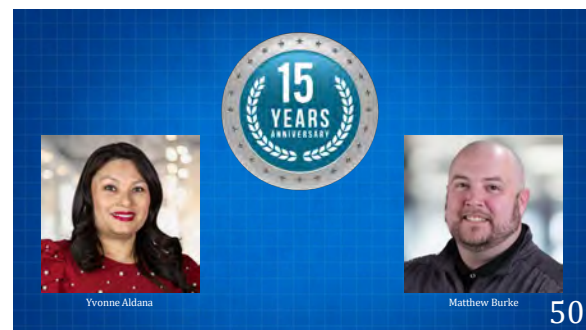
Nathan Brandt, Aaron Emmert, Jasmyne Espinoza, Tamara Grado, Santiago Meza, Sabrina Palma, and Lanie Smith.



Those team members celebrating 10 years of service were Gloria Lovato, Josephine Lovato, and Richard Lucero.



Yvonne Aldana and Matthew Burke celebrated 15 years with the Bank.



Last, but not least, we congratulate Melody Parra who celebrated her 30-year anniversary with Pioneer Bank.



We hope you will plan to join us for our Annual Meeting of Stockholders to be held at 10:30 a.m. on May 16, 2023, at our corporate headquarters, 3000 North Main Street, Roswell, New Mexico.

On behalf of the Board of Directors and Team Pioneer, we thank you for trusting us with your investment in Pioneer Bancorp, Inc.

Sincerely,

Handwritten signature of Christopher G. Palmer

Christopher G. Palmer
President and Chief Executive Officer

Roswell, New Mexico
April 14, 2023

PIONEER BANCORP, INC.

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Pioneer Bank

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