



PIONEER
BANCORP, INC.

2023 ANNUAL
LETTER TO STOCKHOLDERS

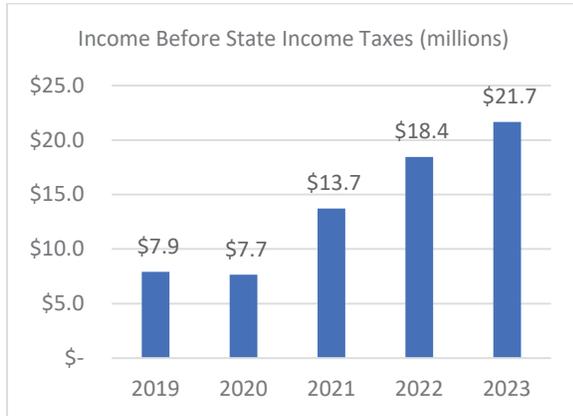
FINANCIAL HIGHLIGHTS (Unaudited)

(In thousands, except per share amounts)

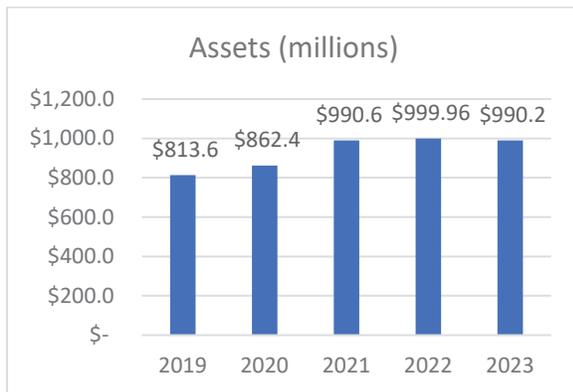
	2023	Change	2022	2021	2020	2019
AT YEAR-END						
Assets	\$ 990,187	- 1%	\$ 999,957	\$ 990,606	\$ 862,357	\$ 813,601
Loans	532,703	- 5%	560,949	486,364	445,610	371,986
Securities	339,582	- 7%	363,488	358,066	235,559	350,882
Deposits	773,002	- 3%	793,267	801,483	666,969	571,281
Borrowings	119,784	- 5%	126,620	80,606	91,363	146,509
Stockholders' equity	76,373	+ 28%	59,809	89,779	89,231	80,987
FOR THE YEAR						
Interest and dividend income	50,185	+ 37%	36,641	28,792	24,639	27,115
Interest expense	8,000	+ 320%	1,905	638	1,715	5,703
Net interest income	42,185	+ 21%	34,736	28,154	22,924	21,412
Credit loss expense	2,966	+ 135%	1,261	643	1,856	1,097
Noninterest income	11,193	+ 6%	10,546	9,865	9,659	10,197
Noninterest expense	28,743	+ 12%	25,582	23,646	23,064	22,591
Income before taxes	21,669	+ 18%	18,439	13,730	7,663	7,921
State income tax expense	1,280		-	-	-	-
Net income	20,389	+ 11%	18,439	13,730	7,663	7,921
CAPITAL RATIO						
Equity to assets	7.7%		6.0%	9.1%	10.3%	10.0%
PER SHARE						
Year-end book value	78.01	+ 27%	61.47	92.70	92.17	83.71
Year-end tangible book value	111.47	+ 8%	102.79	95.29	90.21	85.50
Earnings	20.86	+ 10%	18.97	14.18	7.92	8.19
Distributions*	13.21	+ 15%	11.46	9.08	3.16	4.86
Distribution payout ratio	63.3%		60.4%	64.0%	39.9%	59.3%
PERFORMANCE RATIOS						
Return on average stockholders' equity	29.94%		24.65%	15.37%	9.00%	10.34%
Return on average assets	2.05%		1.85%	1.48%	0.91%	0.97%
Net interest margin	4.40%		3.61%	3.19%	3.00%	2.77%
Efficiency ratio	53.85%		56.49%	62.20%	70.79%	71.47%
SELECTED INFORMATION						
Average common shares (in thousands)	978		972	968	967	968
Full-time equivalent employees	159		147	147	144	163
Customer service facilities:						
Full-service facilities	6		6	6	6	6
Banking branches	5		5	6	6	5
ATMs	20		21	21	22	21

Dear Fellow Stockholders,

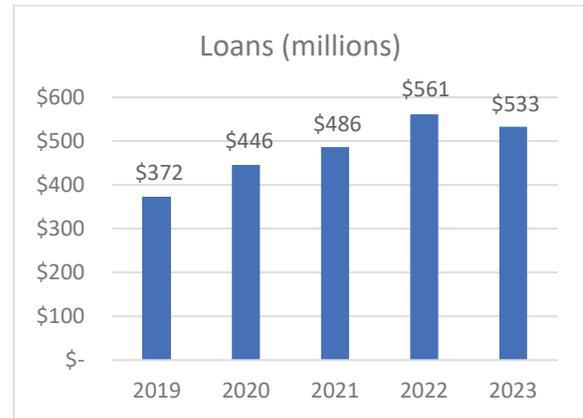
We are excited to report that Pioneer Bancorp, Inc. had record income before state income taxes in 2023 of \$21.7 million, an increase of \$3.3 million, or 18%, over last year's previous record net income of \$18.4 million.



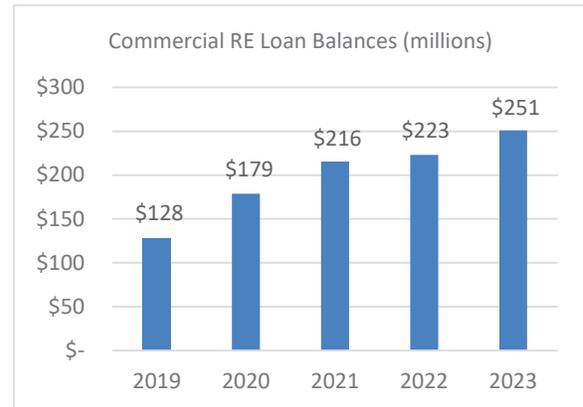
Total assets were \$990.2 million at December 31, 2023, compared to \$999.96 million at December 31, 2022.



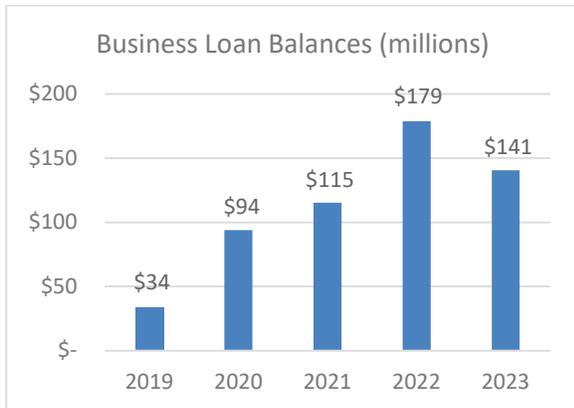
Total loans were \$533 million, down \$28 million, or 5%, at year-end 2023.



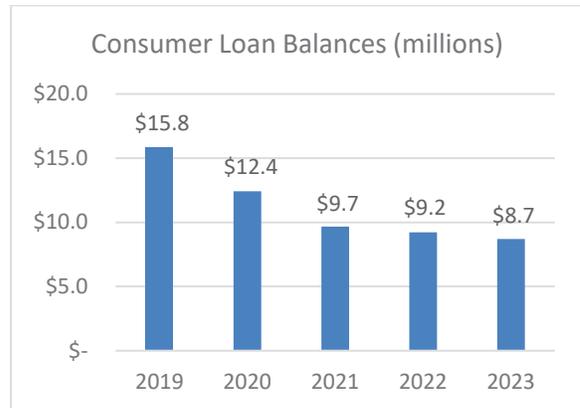
On production of \$168 million, commercial real estate loan balances increased \$28 million, or 13%, in 2023.



On production of \$114 million, business loan balances decreased \$38 million, or 21%, to \$141 million in 2023.



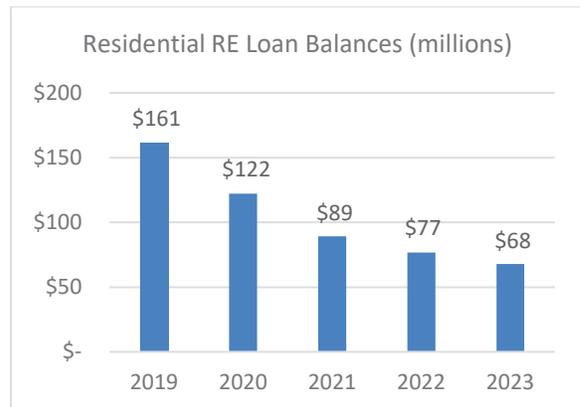
On production of \$7 million, consumer loan balances decreased \$502 thousand, or 5%, in 2023.



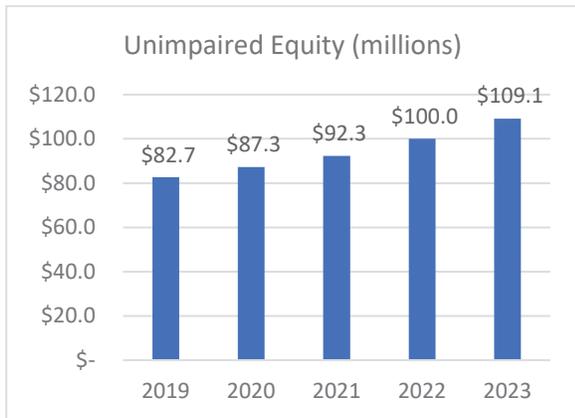
On production of \$103 million, residential construction loan balances decreased \$7 million, or 9%, to \$74 million in 2023.



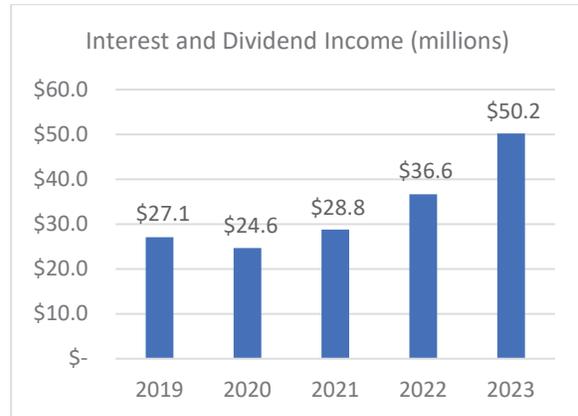
Residential real estate loans decreased \$9 million, or 12%, to \$68 million at year-end 2023.



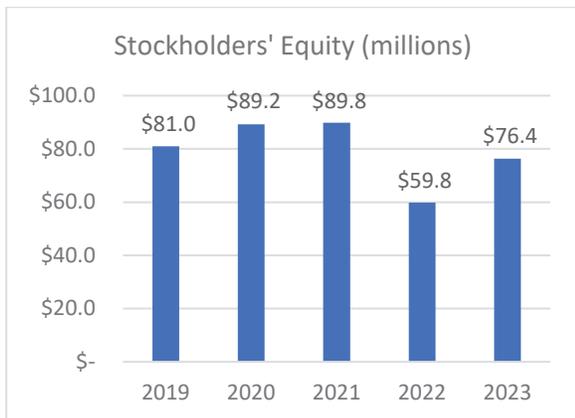
Unimpaired equity increased \$9.1 million, or 9%, at year-end 2023.



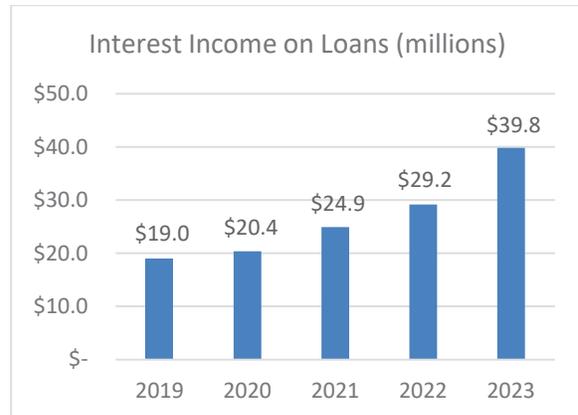
Interest and dividend income increased \$13.6 million, or 37%, to \$50.2 million for 2023.



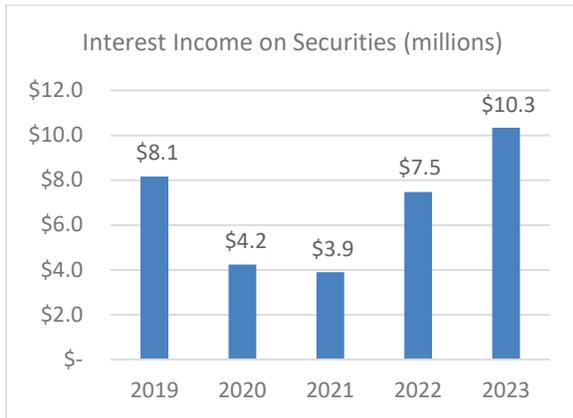
Stockholders' equity increased \$16.6 million, or 28%, at year-end 2023. This was a result of \$20.4 million in income less \$11.6 million in distributions, less \$394 thousand cumulative change in accounting principal (CECL), plus other comprehensive income of \$7.4 million (improvement of unrealized losses on securities held available-for-sale).



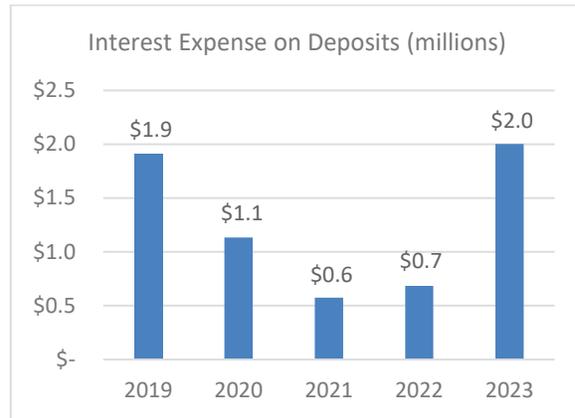
Interest income on loans increased \$10.6 million to \$39.8 million. There was a \$58 million increase in the average balance of loans, while the average yield on our loan portfolio increased 129 basis points to 6.94%.



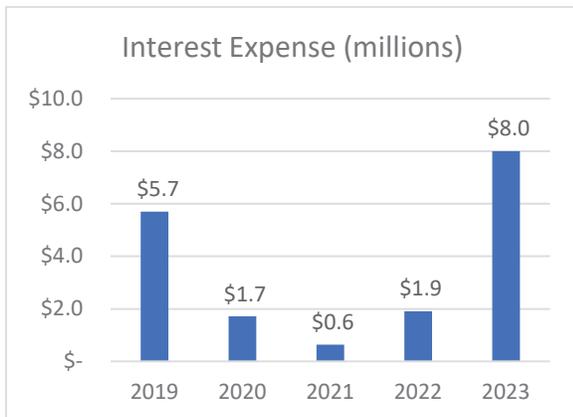
Interest income on securities increased \$2.8 million, or 37% to \$10.3 million. There was a \$52 million decrease in the average balance of securities, while the average yield on our securities portfolio increased 116 basis points to 2.77%.



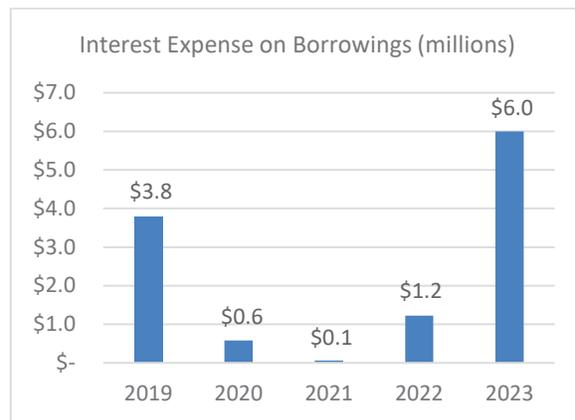
Interest expense on deposits increased \$1.3 million, or 186%, to \$2.0 million. The average rate paid on deposits increased 18 basis points to 0.26%. The average balance of deposits decreased \$56 million to \$783 million.



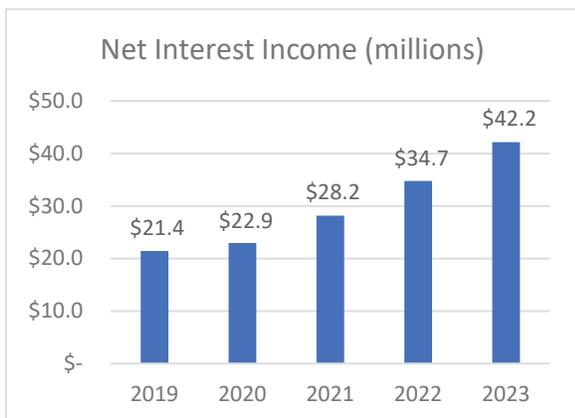
Interest expense increased \$6.1 million, or 321%, to \$8.0 million in 2023, with 11 Fed Funds increases.



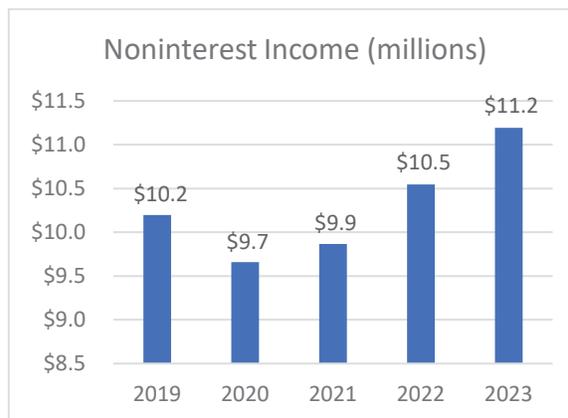
Interest expense on borrowings increased \$4.8 million in 2023. The average balance of borrowings increased \$69 million to \$157 million, and the average borrowing rate increased from 1.39% to 3.82%.



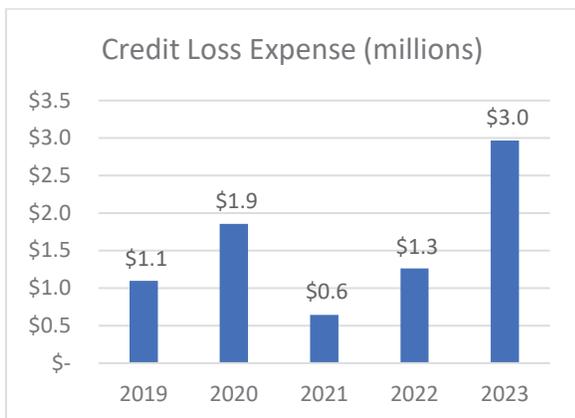
Net interest income increased \$7.5 million, or 22%, to \$42.2 million for the year.



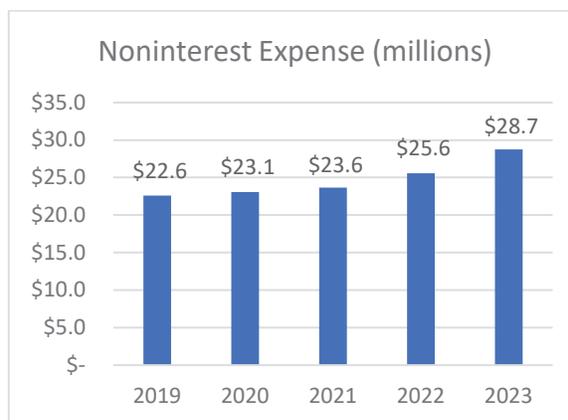
Noninterest income increased \$647 thousand, or 7%, to \$11.2 million for the year.



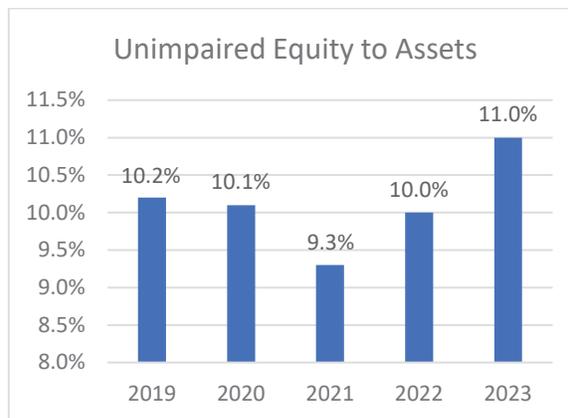
Credit loss expense for 2023 was \$3.0 million compared to \$1.3 million in 2022. Net charge-offs were \$2.4 million in 2023 compared to \$384 thousand in 2022. The allowance for credit losses was \$7.2 million, or 1.33% of total loans, at December 31, 2023.



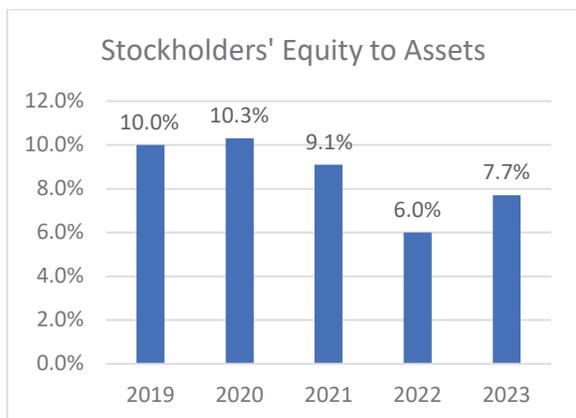
Noninterest expense increased \$3.1 million, or 12%, to \$28.7 million for the year.



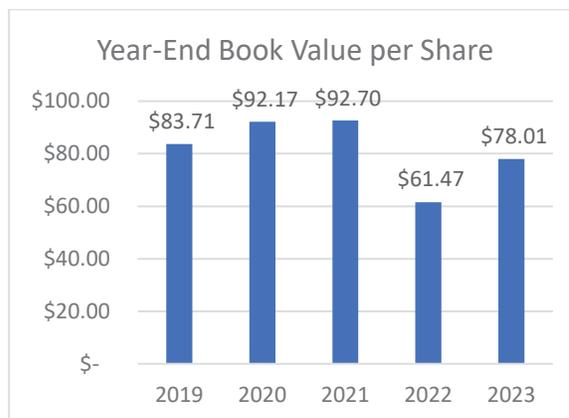
The unimpaired equity to assets ratio increased from 10.0% to 11.0%.



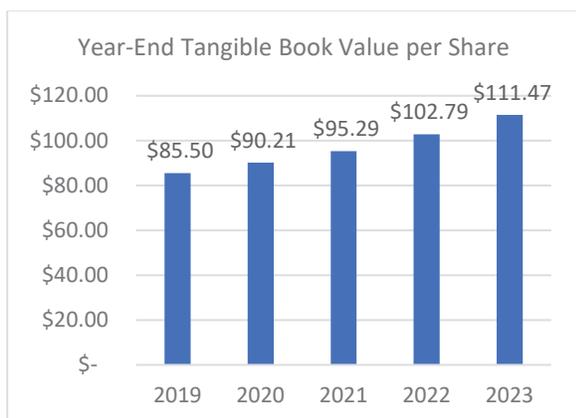
The stockholders' equity to assets ratio increased from 6.0% to 7.7% at year-end 2023.



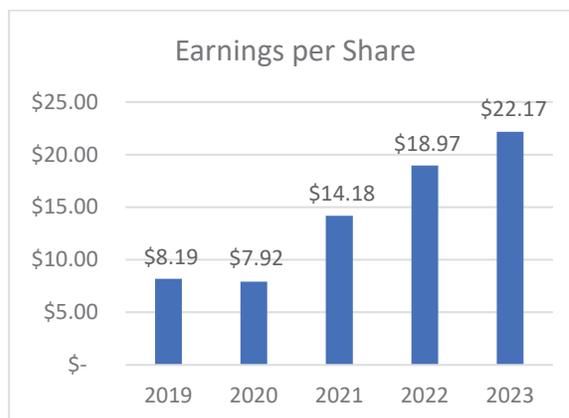
Book value per share increased to \$78.01 as of December 31, 2023, from \$61.47 as of December 31, 2022.



Excluding accumulated other comprehensive loss, tangible book value per share was \$111.47, an increase of \$8.68 per share over 2022.



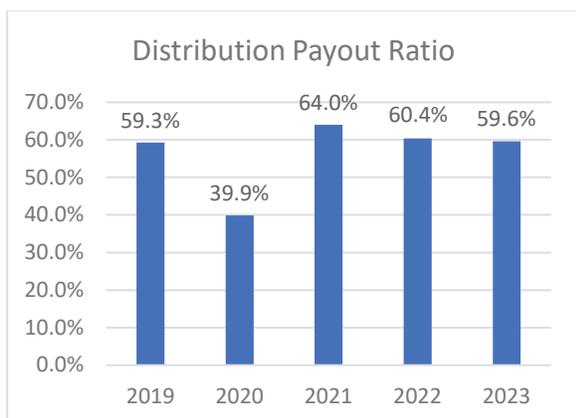
Earnings per share based on income before state income taxes increased \$3.20 to \$22.17 in 2023.



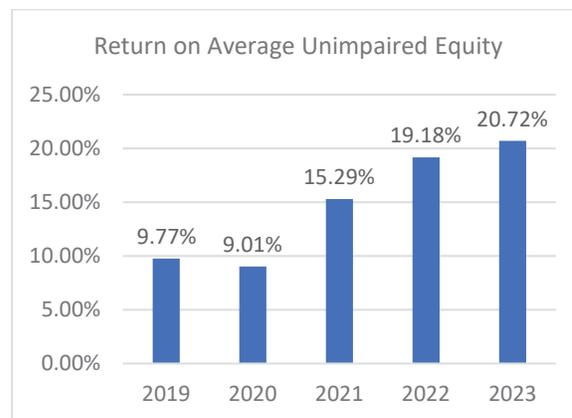
Distributions per share increased \$1.75 to \$13.21 for 2023. 2023 distributions per share include state income taxes paid on behalf of the Company's shareholders.



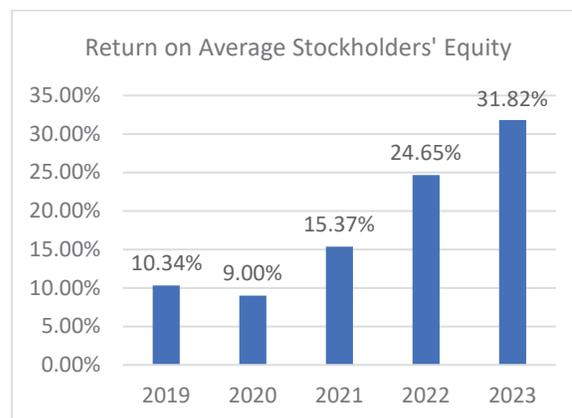
The distribution amount of \$13.21 per share represented a payout ratio of 59.6% based on income before state income taxes.



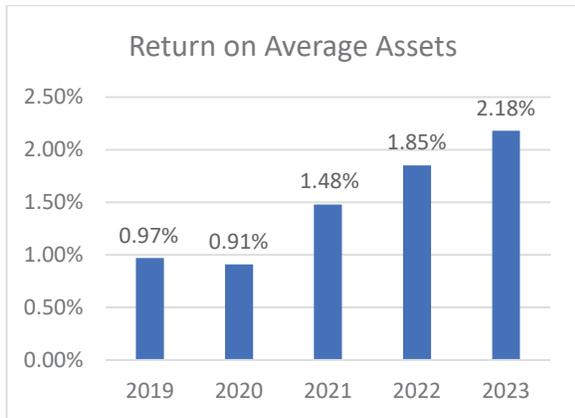
Return on average unimpaired equity based on income before state taxes increased to 20.72% in 2023.



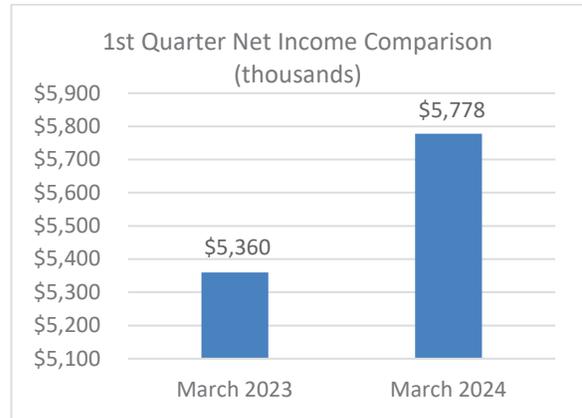
Return on average stockholders' equity based on income before state income taxes increased to 31.82% in 2023.



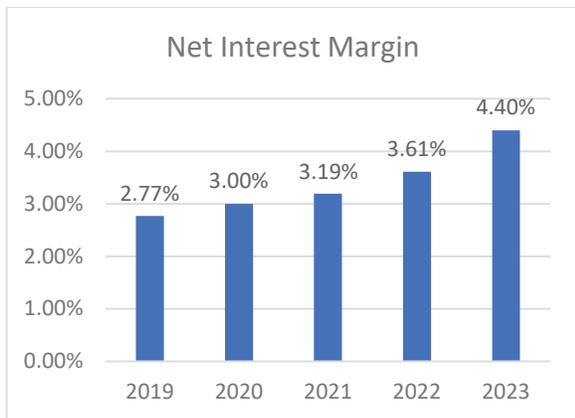
Return on average assets based on income before state income taxes increased from 1.85% in 2022 to 2.18% in 2023.



Net income for the first three months of 2024 was \$5.778 million compared to \$5.360 million for the first three months of 2023, an increase of \$418 thousand, or 8%.

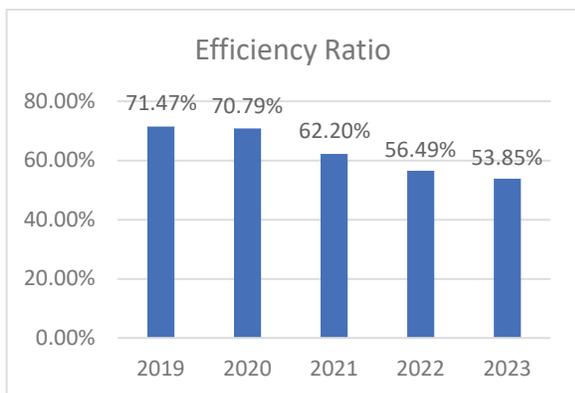


Net interest margin increased 79 basis points to 4.40% in 2023.



Our Mission is “To make a positive difference in the lives of those who work, bank, invest at Pioneer.” For the seventh year in a row, Pioneer Bank was named one of New Mexico’s Top Workplaces by the Albuquerque Journal. Additionally, Pioneer was named a Top Workplace in the USA through Energage for the third time and for the second time Forbes named Pioneer a Best-In-State Bank. I continue to be proud of the work Team Pioneer is doing providing opportunities for our Team to grow both professionally and personally.

The Bank’s efficiency ratio continued to improve in 2023 to 53.85%.



One of Pioneer’s core principles is “We are Leaders creating Leaders”. I am honored to recognize Nathan Brandt, who graduated from Leadership New Mexico, William Lisak who graduated from the Leadership New Mexico Connect program, and Anahi Elias who graduated from Leadership Las Cruces.

In February 2024, we celebrated 123 years of *Building Community*. As featured in our 2023 Community Impact Report video, Team Pioneer had 111 volunteers who donated over 4,300 hours, benefiting 153 organizations. For 2023, eleven Team Pioneer members received the Presidential Service Award. Leigh Humble and Juliana Halvorson each received the Silver Award, while Nathan Brandt, Brandi Candelaria, Kate Davenport, Veronica Garcia, Kiel Hoffman, Ericka Laney, Melody Parra, Adriann Ragsdale, and Lanie Smith, each received the Bronze Award.

I would like to make special mention of Team Members who reached years of service milestones in 2023. Those who celebrated 5 years with Pioneer were Katrinia Amerman, Vanessa Bejarano, Elizabeth Harrigan, Ericka Laney, and Addison Mann.



Those Team Members celebrating 10 years of service were Brandi Candelaria, Veronica Garcia, Juliana Halvorson, Suzanna Lujan, Stephanie Medina, Savannah Montoya, Luz Palomino, and Monica Ruiz.



Our Chief Lending Officer, Nicole Austin, celebrated 15 years with the Bank.



Our HR Director, Esther Aviles, celebrated 20 years with Pioneer.



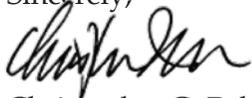
And lastly, we congratulate Scott Mohrhauser, Senior Vice President, who celebrated 30 years with Pioneer Bank.



We hope you will plan to join us for our Annual Meeting of Stockholders which will be held at 10:30 a.m. on May 21, 2024, at our corporate headquarters, 3000 North Main Street, Roswell, New Mexico.

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

Sincerely,



Christopher G. Palmer
President and Chief Executive Officer

Roswell, New Mexico
April 19, 2024

PIONEER BANCORP, INC.

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Bush, Inc.

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Pioneer Bank

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Jessica M. Ponce
Robert W. Smoot
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Isabelle Van Doorn

PIONEER BANK

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ATM Only

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300 South Sunset Avenue, Roswell, New Mexico

3831 East Lohman Avenue, P.O. Box 609, Las Cruces, New Mexico 88004

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(575) 391-5800

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