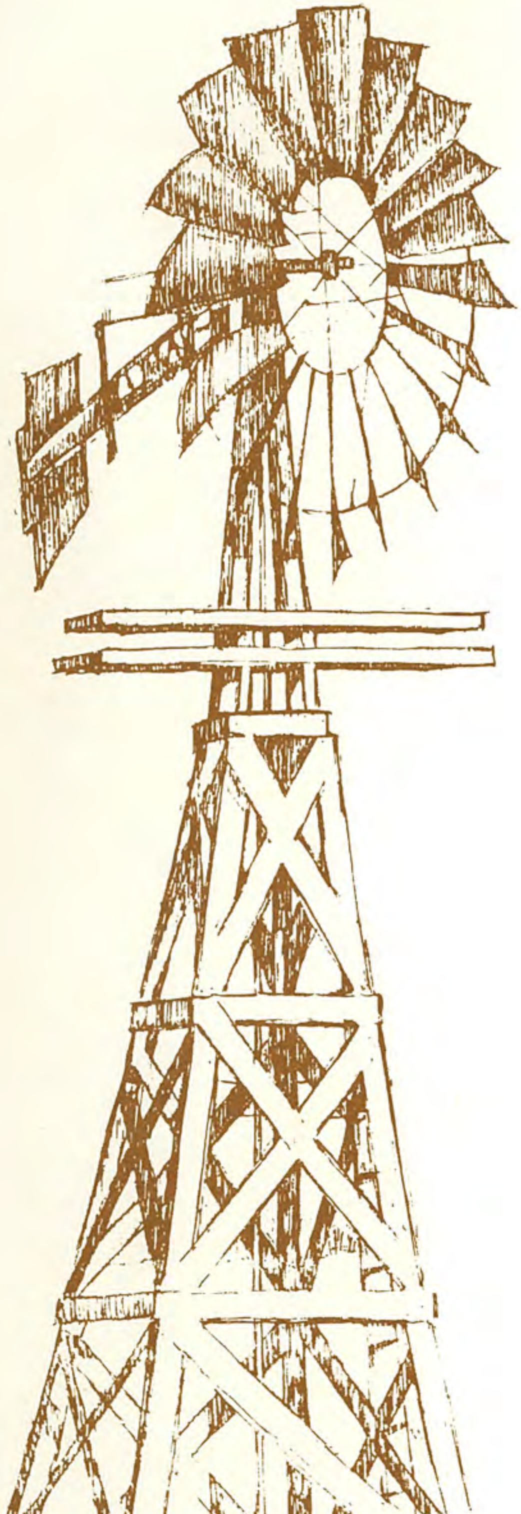
ANNUAL REPORT
1990



89
Years
of
Service

PIONEER SAVINGS & TRUST, F.A.

Dear Stockholders:

Pioneer Savings has continued to show significant progress in improving its earnings, with net income for 1990 of $105,571. These profits resulted primarily from increases in net interest income and gains from the sale of servicing. Deposits also increased approximately $10 million primarily due to the liquidation of two financial institutions in Pioneer's market area. Pioneer used this increase in savings deposits to reduce Federal Home Loan Bank borrowings by $3 million. We are also pleased to report that Stockholders' Equity has continued to increase and Pioneer now exceeds FDIC's risk-based capital requirement by approximately $869,000.

During 1990, Pioneer recorded solid gains in its financial condition which insures the historical safety and soundness of the Association. Eighty (80) properties, acquired by foreclosure, were successfully liquidated in 1990, resulting in a decline in real estate owned of $1.6 million. We are optimistic that this trend will continue.

Other operating results included a decline in operating expenses before real estate reserves and losses. These operating expenses, including personnel costs, advertising, and equipment expense, declined by almost $232,000 from 1989. Many of these decreased expenses were realized from the closure of the Albuquerque office of Pioneer Mortgage Company. We do not like to close offices, however, we believe that every division or function within our company must be profitable. As part of our strategic plan during this next year, the Pioneer team will continue to work diligently to reduce costs and enhance earnings.

For the past several years, Pioneer has continued to focus on residential lending as our primary business objective. Last year, our offices in New Mexico and Texas financed a total of $62.4 million for 1,109 families. Construction financing totaled $12.1 million, a significant reduction from previous years. This decline was due primarily to the severe restrictions placed on all banks and savings and loans by the Financial Institutions Reform and Recovery Act and the regulators' examination teams. Throughout the coming year, we will continue to emphasize residential lending. We look forward to offering an even fuller and more innovative line of financial products and consumer loans for our customers and depositors.

We believe the Association's operating results will continue to improve as the economy of our region improves. A further reduction in Pioneer's mortgage loan delinquencies was seen in 1990, and we anticipate a decline in the number of properties acquired through foreclosure.

The officers and Board of Directors appreciate the good work of our dedicated staff and all of us thank our stockholders and customers for their continued support. We look forward to our 90th year of service with pride and anticipation.

Sincerely,

PIONEER SAVINGS & TRUST, F.A.

George W. Mitchell

George W. Mitchell
President

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

PIONEER SAVINGS & TRUST, F.A.

	December 31, 1990	December 31, 1989
ASSETS		
Cash and interest bearing deposits - Note B	$ 10,326,623	$ 13,912,320
Investment securities - Note D	3,469,585	99,895
Loans, net - Notes C and N	81,167,751	89,396,881
Loans held for sale	12,881,095	9,910,174
Mortgage-backed securities - Note D	41,921,354	26,354,721
Accrued interest receivable	1,036,756	1,068,287
Federal Home Loan Bank stock	608,400	1,040,400
Office properties and equipment - Note E	4,357,632	4,763,349
Investments in real estate, net - Note F	8,707,959	10,341,996
Other assets - Note I	2,417,839	2,852,837
TOTAL ASSETS	$166,894,994	$159,740,860
LIABILITIES		
Deposits - Note G	$149,071,197	$139,185,791
Official checks	1,769,023	1,541,534
Notes payable to Federal Home Loan Bank - Note H	7,000,000	10,000,000
Accrued interest payable	216,102	362,994
Advance payments for taxes and insurance	784,533	700,544
Accounts payable and other liabilities - Note I	1,195,047	1,196,079
TOTAL LIABILITIES	160,035,902	152,986,942
COMMITMENTS AND CONTINGENCIES - Notes C, I, K and L		
STOCKHOLDERS' EQUITY - Note J		
Capital stock, $1 par value, 2,000,000 shares authorized; shares issued and outstanding- 1,008,097 and 1,008,320 at December 31, 1990 and December 31, 1989	1,008,097	1,008,320
Additional paid-in capital	37,266	37,440
Retained earnings	5,813,729	5,708,158
TOTAL STOCKHOLDERS' EQUITY	6,859,092	6,753,918
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$166,894,994	$159,740,860

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

PIONEER SAVINGS & TRUST, F.A.

	Years Ended December 31, 1990	1989
INTEREST INCOME:		
Loans and mortgage-backed securities	$12,609,177	$13,482,573
Time and certificates of deposit	797,438	591,924
Investment securities	71,192	12,373
TOTAL INTEREST INCOME	13,477,807	14,086,870
INTEREST EXPENSE:		
Deposits - Note G	10,585,885	10,697,627
FHLB advances and other	558,905	1,340,241
Repurchase agreements	604	389,401
TOTAL INTEREST EXPENSE	11,145,394	12,427,269
NET INTEREST INCOME BEFORE PROVISION FOR LOSSES	2,332,413	1,659,601
Provision for losses on loans - Note C	525,806	103,547
NET INTEREST INCOME AFTER PROVISION FOR LOSSES	1,806,607	1,556,054
OTHER INCOME:		
Loan administration and service fees	1,284,544	1,565,232
Sales of equity participations	118,250	0
Gain on sale of servicing	1,315,454	400,130
Gain on sale of loans and securities	503,278	358,888
Other	379,119	597,429
	3,600,645	2,921,679
OTHER EXPENSES:		
Compensation and employee benefits - Note M	2,361,805	2,462,517
Occupancy	528,379	519,717
Equipment	384,603	446,294
Data processing	404,028	398,061
Deposit insurance premiums	296,843	305,905
Advertising	89,609	110,725
Provision for losses and operating expenses on real estate owned, net of rental income	476,799	40,026
Telephone	176,022	192,865
Other	647,976	685,010
	5,366,064	5,161,120
Income (loss) before income taxes and cumulative effect of change in method of accounting for income taxes	41,188	(683,387)
Provision (benefit) for income taxes - Note I	(64,383)	(481,121)
Cumulative effect of change in method of accounting for income taxes - Note I	0	(274,580)
NET INCOME	$ 105,571	$ 72,314
Weighted average number of common shares	1,008,135	1,008,320
Net income per share	$ .10	$ .07

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

PIONEER SAVINGS & TRUST, F.A.

	Years Ended December 31, 1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 105,571	$ 72,314
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization	440,076	461,340
Accretion of discount	(71,192)	(12,373)
Interest credited to savings	6,342,021	6,814,625
Provision for losses on loans	525,806	103,547
Provision for losses on real estate	365,850	190,170
Deferred tax (benefit) expense	(39,041)	10,783
Cumulative effect of change in method of accounting for income taxes	0	(274,580)
Gain on sale of loans and securities	(503,278)	(358,888)
Gain on sale of servicing	(1,315,454)	(400,130)
Gain on sale of fixed assets	(12,979)	(17,182)
Changes in operating assets and liabilities -		
Accrued interest receivable	31,531	123,301
Other assets	610,053	2,329,359
Official checks	227,489	(822,797)
Accrued interest payable	(146,892)	4,572
Advance payments for taxes and insurance	83,989	84,969
Accounts payable and other liabilities	38,009	(11,020)
Net cash provided by operating activities	6,681,559	8,298,010
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment securities	13,073,200	424,723
Purchases of investment securities	(16,371,698)	(200,000)
Proceeds from sale of loans and mortgage-backed securities	93,881,256	87,841,492
Loans originated	(102,079,217)	(94,288,496)
Loans purchased	(15,182,845)	(397,202)
Mortgage-backed securities purchased	(20,615,145)	(28,700,606)
FHA insured & VA guaranteed loans repurchased	(1,049,528)	(1,404,121)
Loan principal repayments	34,933,858	66,056,681
Sales (purchases) of FHLB stock	432,000	750,900
Proceeds on sales of property and equipment	230,115	23,969
Purchases of property and equipment	(100,785)	(70,212)
Proceeds from foreclosed real estate sold	1,682,594	1,634,080
Additions to investments in real estate	(633,738)	(62,500)
Increase in purchased servicing	(227,201)	(21,950)
Proceeds from sale of servicing	1,216,890	400,130
Net cash (used for) provided by investing activities	(10,810,244)	31,986,888

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

PIONEER SAVINGS & TRUST, F.A.

	Years Ended December 31, 1990	1989
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in deposits	3,543,385	(23,791,646)
FHLB advances	0	21,900,000
Other borrowings	0	44,572,000
Redemption of stock	(397)	0
Borrowings repaid	(3,000,000)	(77,243,000)
Net cash provided by (used for) financing activities	542,988	(34,562,646)
(Decrease) increase in cash and cash equivalents	(3,585,697)	5,722,252
Cash and cash equivalents at beginning of year	13,912,320	8,190,068
Cash and cash equivalents at end of year	$ 10,326,623	$ 13,912,320
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash (paid) received during the year for:		
Interest	$ (4,950,265)	$ (5,608,072)
Income taxes	0	(68,029)
Income tax refunds	645,300	1,432,465

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

PIONEER SAVINGS & TRUST, F.A.

	Capital Stock	Additional Paid-In Capital	Retained Earnings	Total
Balance, December 31, 1988	$ 1,008,320	$ 37,440	$ 5,635,844	$ 6,681,604
Net income			72,314	72,314
Balance, December 31, 1989	1,008,320	37,440	5,708,158	6,753,918
Redemption of Stock	(223)	(174)		(397)
Net income			105,571	105,571
Balance, December 31, 1990	$ 1,008,097	$ 37,266	$ 5,813,729	$ 6,859,092

See notes to consolidated financial statements.

PIONEER SAVINGS & TRUST, F.A.

December 31, 1990

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of Pioneer Savings & Trust, F.A. (the Association) and its subsidiary, Pioneer Mortgage Company. All significant intercompany accounts have been eliminated.

INVESTMENT SECURITIES AND FEDERAL HOME LOAN BANK STOCK: Investment securities (which consist primarily of U.S. Treasury obligations) and Federal Home Loan Bank stock are carried at amortized cost. Gains or losses are recognized as determined by the specific identification method. It is generally management's ability and intent to hold securities held for investment until maturity. Securities held for trading are valued at lower of amortized cost or market value.

ALLOWANCE FOR LOAN LOSSES: An allowance is maintained at a level believed adequate by management to absorb potential losses inherent in the loan portfolio. The allowance is based on estimates, and ultimate losses may vary from the current estimates. The allowance is reviewed by management and as losses become known, a provision for loss is charged to operations based upon management's assessment of the collectability of loans in the portfolio. Loans are charged against the allowance when, and to the extent, deemed uncollectible in the ordinary course of business.

MORTGAGE-BACKED SECURITIES: Mortgage-backed securities consist of Government National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA) pass-through certificates and Federal Home Loan Mortgage Corporation (FHLMC) participation certificates. Mortgage-backed securities which management intends to hold until maturity are valued at amortized cost. Securities held for sale which are not hedged are valued at the lower of aggregate amortized cost or market value. Securities held for trading are valued at lower of amortized cost or market value.

OFFICE PROPERTIES AND EQUIPMENT: Properties are stated on the basis of cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets which range from 3 to 50 years.

INVESTMENTS IN REAL ESTATE: Foreclosed real estate owned is recorded upon acquisition at the lower of cost (principal balance of former loan plus costs of obtaining title and repairs, if any) or estimated fair market value, which is generally determined by independent appraisal. Subsequent to acquisition, the Association periodically re-evaluates the properties and provides allowances for any difference between carrying value and estimated net realizable value.

INTEREST AND FEES ON LOANS: Interest on loans is accrued and credited to income as earned. A provision is either made against interest income to the extent that accrued but unpaid interest is deemed uncollectible or is automatically provided for if the loan is 90 days or more past due. Loan origination fees and direct origination costs are deferred and amortized over the life of the loan by the interest or level yield method. If the loan is held for sale, the fees are deferred until the loan is sold.

GAIN OR LOSS ON SALE OF LOANS AND LOAN PARTICIPATIONS: Gains and losses on sales of mortgage loans and mortgage loan participations are based on the difference between amortized book value of the loans sold and sales proceeds. Premiums paid for acquired servicing rights on loans purchased are netted against any gains on the sale of the related loans. Mortgage loans held for sale are recorded in the financial statements at the lower of aggregate cost or market value.

PIONEER SAVINGS & TRUST, F.A.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

INCOME TAXES: The Association files a consolidated income tax return with its subsidiary Pioneer Mortgage Company and, as agreed, the calculation of taxes payable is based on Pioneer Mortgage Company's respective contribution to consolidated taxable income. Accordingly, the income taxes of Pioneer Mortgage Company determined to be currently payable are remitted to the Association. Deferred income taxes are recorded to account for temporary differences in the recognition of certain income and expense items for tax and financial statement purposes.

NOTE B - CASH AND INTEREST BEARING DEPOSITS

Cash and interest bearing deposits (cash equivalents) consisted of the following:

	December 31, 1990	December 31, 1989
Interest bearing deposits	$ 5,776,973	$ 8,381,043
Cash and due from banks	2,519,140	2,791,459
Certificates of deposit (with an original maturity of three months or less)	2,030,510	2,739,818
	$ 10,326,623	$ 13,912,320

There were no amounts subject to withdrawal or usage restrictions.

NOTE C - LOANS

Loans consisted of the following:

	December 31, 1990	December 31, 1989
First mortgage loans:		
Conventional	$ 64,170,157	$ 68,854,038
FHA insured and VA guaranteed	7,936,570	5,590,444
Construction and land	8,620,436	15,615,123
Loans in process	(1,546,738)	(3,392,034)
	79,180,425	86,667,571
Savings account loans	1,617,709	2,012,305
Installment and other loans	1,356,915	1,478,148
	82,155,049	90,158,024
Allowance for loan losses	(642,018)	(428,499)
Deferred loan fee income	(345,280)	(332,644)
	$ 81,167,751	$ 89,396,881

An analysis of the activity in the allowance for loan losses is as follows:

	1990	1989
Balance at beginning of year	$ 428,499	$ 836,458
Recoveries	40,821	6,194
Provision	525,806	103,547
	995,126	946,199
Less charge-offs	(353,108)	(517,700)
Balance at end of year	$ 642,018	$ 428,499

PIONEER SAVINGS & TRUST, F.A.

NOTE C - LOANS - Continued

The Association was required to pledge, under a blanket assignment, $11,900,000 and $17,000,000 in loans at December 31, 1990 and 1989, respectively, to secure borrowings from the Federal Home Loan Bank.

The Association services loans for various investors. Such amounts are not reflected in the accompanying consolidated financial statements. At December 31, 1990 and 1989, the Association was servicing loans having unpaid principal balances of approximately $173,716,000 and $223,178,000, respectively.

The Association had outstanding floating market rate commitments of $484,125 to originate loans at December 31, 1990. The Association had also committed to sell $3,384,000 of loans as of December 31, 1990. Management does not anticipate that the execution of these commitments will have a material adverse effect on the consolidated financial statements.

NOTE D - INVESTMENT AND MORTGAGE-BACKED SECURITIES

The amortized cost and estimated market values of investments in debt securities at December 31, 1990 and 1989 are as follows:

	1990			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Investment Securities:				
U.S. Treasury securities:				
Held for investment	$ 1,374,152	$ 211,750	$ -	$ 1,585,902
Held for trade	2,095,433	99,665	-	2,195,098
	$ 3,469,585	$ 311,415	$ -	$ 3,781,000
Mortgage-backed Securities:				
Held for investment	$37,685,778	$ -	$ 792,778	$36,893,000
Held for sale	367,836	9,164	-	377,000
Held for trade	3,867,740	260	-	3,868,000
	41,921,354	9,424	792,778	41,138,000
	$45,390,939	$ 320,839	$ 792,778	$44,919,000

	1989	
	Amortized Cost	Estimated Market Value
Investment securities	$ 99,895	$ 99,895
Mortgage-backed securities-held for investment	26,354,721	25,213,329
	$26,454,616	$25,313,224

PIONEER SAVINGS & TRUST, F.A.

NOTE D - INVESTMENT AND MORTGAGE-BACKED SECURITIES - Continued

The amortized cost and estimated market value of debt securities at December 31, 1990, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Market Value
Due in one year or less	$ 99,936	$ 100,000
Due after ten years	3,369,649	3,681,000
	3,469,585	3,781,000
Mortgage-backed securities	41,921,354	41,138,000
	$45,390,939	$44,919,000

Proceeds from the sale of investments in debt securities (mortgage-backed securities held for sale and investment securities held for trading) during 1990 were $42,157,475. Gross gains of $337,264 and gross losses of $15,295 were realized on those sales.

At December 31, 1990, $6,025,959 of securities were pledged to secure public unit deposits.

NOTE E - OFFICE PROPERTIES AND EQUIPMENT

Office properties and equipment consisted of the following:

	December 31, 1990	December 31, 1989
Land	$ 1,113,647	$ 1,305,156
Buildings	3,132,526	3,131,982
Furniture and equipment	2,722,384	2,680,517
	6,968,557	7,117,655
Accumulated depreciation	(2,610,925)	(2,354,306)
	$ 4,357,632	$ 4,763,349

NOTE F - INVESTMENTS IN REAL ESTATE

Investments in real estate consisted of the following:

	December 31, 1990	December 31, 1989
Real estate acquired in settlement of loans and through foreclosure	$11,237,943	$13,049,227
Allowance for losses	(2,529,984)	(2,707,231)
	$ 8,707,959	$10,341,996

PIONEER SAVINGS & TRUST, F.A.

NOTE F - INVESTMENTS IN REAL ESTATE - Continued

An analysis of the activity in the allowance for losses on foreclosed real estate owned is as follows:

	1990	1989
Balance at beginning of year	$ 2,707,231	$ 2,653,608
Recoveries	33,942	53,843
Provision charged to expense	365,850	190,170
	3,107,023	2,897,621
Less charge-offs	(577,039)	(190,390)
Balance at end of year	$ 2,529,984	$ 2,707,231

NOTE G - DEPOSITS

A comparative summary of deposits follows:

Type	Average Rate %	December 31, 1990	Average Rate %	December 31, 1989
Non-interest bearing commercial and custodial trust accounts		$ 4,509,938		$ 4,596,299
Passbook	5.22%	3,562,683	5.22%	3,878,259
NOW accounts	5.18%	6,801,557	5.15%	6,241,848
Super NOW accounts	5.39%	1,414,328	5.38%	1,412,210
Money market deposit accounts	5.99%	12,872,882	5.99%	13,344,941
Certificates of deposit	7.80%	119,909,809	8.24%	109,712,234
		$149,071,197		$139,185,791

The following is a comparative summary of deposits held by the Association as of December 31, 1990 and 1989, categorized by interest rates being paid:

	1990	1989
0.00% - 5.00%	$ 4,509,938	$ 4,900,929
5.01% - 7.00%	26,283,490	25,602,642
7.01% - 9.00%	114,044,057	97,583,859
9.01% - 11.00%	4,233,712	10,451,995
11.01% - 13.00%	0	646,366
	$149,071,197	$139,185,791

A comparative summary of deposits by maturity as of December 31, 1990 and 1989, follows:

	1990	1989
No contractual maturities	$ 29,161,388	$ 29,473,557
Under 12 months	98,008,433	91,662,690
13 months to 24 months	9,765,536	7,768,659
25 months to 36 months	4,321,554	2,610,547
Over 36 months	7,814,286	7,670,338
	$149,071,197	$139,185,791

NOTE G - DEPOSITS - Continued

Interest expense on deposits was comprised of the following:

	1990	1989
Passbook	$ 198,112	$ 202,157
Demand	1,188,245	1,204,958
Time	9,199,528	9,290,512
	$ 10,585,885	$ 10,697,627

NOTE H - NOTES PAYABLE TO FEDERAL HOME LOAN BANK

Notes payable to the Federal Home Loan Bank (FHLB) consist of fixed rate, fixed-term advances which must be secured by mortgage loans or other assets acceptable to the FHLB. The Association's advances and borrowings were secured by a blanket assignment of mortgage loans in the amount of $11,900,000 and $17,000,000 at December 31, 1990 and 1989, respectively. A summary of advances and borrowings at December 31 follows:

Maturity Date	Rate at December 31, 1990	1990	1989
2-05-90	7.12%	$ 0	$ 3,000,000
2-12-91	7.61%	3,000,000	3,000,000
2-12-92	7.66%	4,000,000	4,000,000
		$ 7,000,000	$ 10,000,000

NOTE I - INCOME TAXES

The Association adopted Financial Accounting Standards (FAS) No. 96, "Accounting for Income Taxes," as of January 1, 1989. The cumulative effect of this change in accounting for income taxes as of January 1, 1989, increased net income by $274,580 ($.27 per share) and is reported separately in the Consolidated Statements of Operations for 1989.

Income taxes receivable included in other assets for 1990 and 1989, respectively, were $347,000 and $967,000. Deferred income taxes payable included in accounts payable and other liabilities were $763,000 and $802,000 for 1990 and 1989, respectively.

Deferred income taxes result from temporary differences in the recognition of income and expense for income tax versus financial statement purposes. The sources of these differences and the tax effects were as follows:

PIONEER SAVINGS & TRUST, F.A.

NOTE I - INCOME TAXES - Continued

	December 31, 1990	1989
Excess of tax over book depreciation	$ 102,729	$ 96,457
Income from loan swaps	(92,362)	(46,459)
FHLB stock dividend	(71,936)	(39,750)
Deferred loan fees and origination costs	(85,411)	26,129
Sale of servicing rights	260,256	0
Excess of tax over book bad debt deduction	0	413
Partnership/joint venture income	(65,691)	0
Real estate valuation adjustments	(61,560)	0
Other	(25,066)	(26,007)
	$ (39,041)	$ 10,783

The differences between total tax provision (benefit) and the amount computed by applying the applicable statutory Federal income tax rate of 34% to income (loss) before income taxes were as follows:

	1990	1989
Computed "expected" tax provision (benefit)	$ 20,659	$ (232,352)
Effect of bad debt deduction	34,378	(176,668)
Dividend and tax exempt interest	(1,160)	(1,198)
State income taxes, net	0	(38,376)
Rate benefit of deferral to future years	(27,801)	(34,626)
Other, net	1,886	2,099
Adjustment to prior year's income taxes	(92,345)	0
Total income tax provision (benefit)	$ (64,383)	$ (481,121)

The Association generally is allowed a special bad debt deduction for income tax purposes equal to the greater of 8% of taxable income before such deduction, actual charge-offs, or an amount computed using the six-year experience method. As of December 31, 1990, the allowance for bad debts generated as a result of the aforementioned deductions exceeded the allowance for loan losses reported in the accompanying financial statements by $1,590,000. In accordance with generally accepted accounting principles, deferred tax liabilities are not recorded for this temporary difference. The amount of unrecognized deferred income tax liability for this difference is $589,000. Distributions from stockholders' equity in excess of the accumulated earnings for tax purposes would be taxable to the Association if such distributions are ever made.

The Internal Revenue Service (IRS), during 1984, performed an audit of the Association's tax returns for the years 1977 through 1982. As a result of the audit, the IRS has proposed an adjustment to the Association's tax returns during that period to eliminate a $2,100,000 loss on loan swaps taken for tax purposes. Should the IRS prevail, it would result in the reclassification of about $184,000 from deferred income taxes to current income taxes payable, and a charge to earnings of approximately $825,000 for interest and additional taxes. The Association is challenging the IRS proposed adjustment because management believes the deduction was proper and because other financial institutions have successfully argued this issue in court.

Trial courts have decided six cases similar to the Association's dispute with the IRS. Five of the cases were decided in favor of the defendants and one in favor of the IRS. Appellate courts subsequently affirmed one decision in favor of the taxpayer, reversed one previously unfavorable decision and reversed one previously favorable decision. Two of these six cases were heard by the U.S. Supreme Court on January 15, 1991 and a decision is expected sometime in 1991. Ultimate determination of the outcome cannot be made until the Supreme Court decision is announced.

NOTE J - REGULATORY CAPITAL

The Association reports net worth and net income to the Office of Thrift Supervision (OTS) according to generally accepted accounting principles. At December 31, 1990, there were no reconciling differences between what was reported to the OTS and what is reported in these statements.

In accordance with the "Financial Institutions Reform, Recovery and Enforcement Act of 1989," (FIRREA), the OTS issued three capital requirements which became effective December 7, 1989. Following is a comparison of the Association's capital ratios to those required by OTS.

	1990		1989	
	Required	Actual	Required	Actual
Tangible	1.5%	4.1%	1.5%	4.2%
Core	3.0	4.1	3.0	4.2
Risk-based	7.2	8.2	6.4	7.5

The risk-based requirement is subject to a phase-in schedule, whereby the Association must meet the fully phased-in risk-based capital requirement of 8.0% by December 30, 1992.

At December 31, 1990 and 1989, the Association met all three capital requirements and exceeded the risk-based capital requirement by $869,000 and $1.0 million, respectively. On a pro-forma basis, the Association expects to meet the risk-based requirement at December 31, 1991.

Institutions which fail to meet any of the three capital requirements after December 7, 1989, must submit a capital restoration plan within 60 days from the date of noncompliance. An institution that fails to have its capital plan approved by the OTS, may not (1) make any new loans or investments except with the prior written approval of the OTS; (2) make distributions to stockholders; or (3) increase its total assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities.

During December 1990, the Association entered into a supervisory agreement with the Office of Thrift Supervision (OTS). The agreement requires the Association to develop a classified asset reduction plan, a separate corporate existence plan, to obtain appraisals on real estate upon acquisition, to notify the OTS District Director of the proposed addition or employment of any director or senior executive officer before such addition or employment becomes effective and lastly, not to engage in real estate transactions with an "affiliated person" without the written approval of the District Director.

Management believes that the Association is in compliance with the agreement at December 31, 1990 and as of the date of this report.

NOTE K - COMMITMENTS AND CONTINGENCIES

The Association leases office space for administrative offices and certain branch offices under various operating leases. Lease payments included in occupancy expense totaled $178,322 and $177,791 for the years ended December 31, 1990 and 1989, respectively. Future minimum lease payments under the Association's non-cancelable operating leases outstanding as of December 31, 1990, for the next five years were as follows:

NOTE K - COMMITMENTS AND CONTINGENCIES - Continued

1991	$ 106,596
1992	106,596
1993	106,596
1994	8,883
1995	0
	$ 328,671

The Association has been named as a defendant in various lawsuits arising in the normal course of business. Management of the Association intends to vigorously defend these actions and it is their opinion as well as the opinion of legal counsel that the resolution of these matters will not have a material effect on the Association's consolidated financial position.

NOTE L - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Association is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financial needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the Consolidated Statements of Financial Condition. The contract amounts of those instruments reflect the extent of involvement the Association has in particular classes of financial instruments.

The Association's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit and financial guarantees written is represented by the contractual notional amount of those instruments. The Association uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

	Contract or Notional Amount
Financial instruments whose contract amounts represent credit risk:	
Commitments to originate or purchase loans and securities	$2,284,000
Standby letters of credit and financial guarantees written	329,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Association evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by management upon extension of credit is based on a credit evaluation of the counter-party. Collateral held varies but may include accounts receivable, inventory, property, plant, equipment, and income-producing commercial properties.

Standby letters of credit and financial guarantees written are conditional commitments issued by the Association to guarantee the performance of a customer to a third party. The Association holds certificates of deposit as collateral supporting those commitments for which collateral is deemed necessary.

PIONEER SAVINGS & TRUST, F.A.

NOTE M - RETIREMENT PLAN

Through December 31, 1990, the Association had a non-contributory retirement plan (Plan) covering substantially all employees. The Association recorded pension expense in 1990 and 1989 of $22,917 and $25,000 respectively, for its funding of the Plan.

On October 16, 1990, the Board of Directors voted to terminate the Plan effective December 31, 1990. A 401(k) program will be offered in place of the Plan. Participants in the Plan will become fully vested as of December 31, 1990. Benefits under $3,500 will be paid in a single lump sum disbursement. Under ERISA guidelines, the Association is required to invest participant benefits over $3,500 into annuities which the participants will receive at their retirement. It will take the actuary from 12 to 18 months to determine the settlement benefits and obtain IRS and ERISA approvals before the funds from the Plan will be disbursed. The actuary will calculate the additional funding required from the Association, if any, to terminate the Plan. Because the Plan was terminated, the normal disclosures required by FAS No. 87 have not been provided.

NOTE N - RELATED PARTY TRANSACTIONS

An analysis of loans to directors and executive officers is as follows:

	1990	1989
Balance at beginning of year	$ 302,961	$ 432,597
Loan principal repayments	4,305	129,636
Balance at end of year	$ 298,656	$ 302,961

It is the policy of the Association to provide mortgage loans to its full-time officers and employees for the purpose of financing their personal residences. The interest rates charged by the Association is determined by the Board of Directors and is related to the Association's cost of funds. Any other loans made by the Association to directors or officers are fully secured and are made in the ordinary course of business. Such loans are made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and none of the loans involve more than normal risk of collection or present other unfavorable features.

The Association has loans to a residential and commercial land development company in which the Association is a 25% limited partner. As a limited partner, the Association is at risk only to the extent of its investment of $1,000 and has no obligation to make any additional capital contributions. An analysis of loans to the partnership is as follows:

	1990	1989
Balance at beginning of year	$2,727,587	$3,992,887
Loan principal repayments	768,427	1,265,300
Balance at end of year	$1,959,160	$2,727,587

At December 31, 1990, loans to the partnership were past due and on non accrual status and the Association was in the process of foreclosing its lien. Based on current appraisal of the collateral, management does not anticipate any losses from such foreclosure.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

PIONEER SAVINGS & TRUST, F.A.

To the Board of Directors and Shareholders
Pioneer Savings & Trust, F.A.
Roswell, New Mexico:

We have audited the accompanying consolidated statements of financial condition of Pioneer Savings & Trust, F.A. and subsidiary as of December 31, 1990 and 1989, and the related consolidated statements of operations, cash flows and stockholders' equity for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pioneer Savings & Trust, F.A. and subsidiary as of December 31, 1990 and 1989, and the consolidated results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Arthur Andersen & Co.

Albuquerque, New Mexico
February 22, 1991.

PIONEER SAVINGS & TRUST, F.A.

The following table sets forth selected financial data for the last five years.

	Year Ended December 31,				
	1990	1989	1988	1987	1986
Interest income	$ 13,477,807	$ 14,086,870	$ 15,573,121	$ 15,737,814	$ 17,320,436
Interest expense	11,145,394	12,427,269	13,707,629	13,804,704	15,127,111
Net interest income	2,332,413	1,659,601	1,865,492	1,933,110	2,193,325
Net income (loss)	105,571	72,314	109,587	(1,368,035)	900,512
Per share data:					
Net income (loss)	.10	.07	.11	(1.36)	.90
Dividends	0	0	0	.03	.22
Loans and mortgage-backed securities	135,970,200	125,661,776	153,933,017	157,872,653	162,686,189
Investments	3,469,585	99,895	312,245	172,529	300,000
Total assets	166,894,994	159,740,860	188,424,640	196,667,421	212,503,056
Deposits	149,071,197	139,185,791	156,162,812	174,502,649	188,371,310
Borrowings	7,000,000	10,000,000	20,771,000	10,000,000	7,500,000
Stockholders' equity	6,859,092	6,753,918	6,681,604	6,572,017	7,924,542
Customer service facilities:					
Full service	6	6	6	6	7
Branch facilities	6	6	6	6	7
Loan production offices	2	3	3	4	5

Pioneer's strategy includes significant mortgage banking activities. Pioneer uses its deposit gathering capabilities to fund both interim and permanent mortgage loans. The origination, sale and subsequent servicing of loans generate fee income to complement net interest income. The sale of loans, through various government agency, mortgage-backed security programs and private investors, recycles funds for additional lending.

LIQUIDITY AND CAPITAL RESOURCES

The primary sources of funds for the Association have been customer deposits, sales of loans and mortgage-backed securities in the secondary market, loan principal repayments, advances from the Federal Home Loan Bank (FHLB), and securities sold under agreements to repurchase. While these sources are expected to continue to provide significant amounts of funds in the future, their mix, as well as the use of other sources of funds, will depend upon future economic and market conditions.

The standard measure of liquidity for the savings and loan industry is the ratio of cash and eligible investments to the sum of net withdrawable savings and borrowings due within one year. The minimum required level is currently set by regulation of the Office of Thrift Supervision (OTS) at 5%. The liquidity position of the Association was 8.52% and 8.23% at December 31, 1990 and 1989, respectively. The Association's liquidity position will fluctuate depending on borrowing alternatives and lending and investment opportunities.

At December 31, 1990, Pioneer had commitments, less than a year in duration, to purchase or fund loans of approximately $484,125. Most commitments made to borrowers to originate loans are matched by commitments from various investors to Pioneer to purchase such loans. At December 31, 1990, the Association had committed to sell $3,384,000 of loans. Loan commitments to borrowers which are not offset with presold commitments to an investor are generally priced at market rates at closing and have typically been covered by financial hedges.

In accordance with the "Financial Institutions Reform, Recovery and Enforcement Act of 1989," (FIRREA), the OTS issued three capital requirements on November 7, 1989, which became effective on December 7, 1989. The three requirements consist of a 1-1/2% tangible capital ratio, a 3% leverage ratio met by core capital, and a risk-based requirement of 8% met by total capital. The risk-based requirement is subject to a phase-in schedule, whereby institutions must meet 80% (6.4%) through December 30, 1990 and 90% (7.2%) on December 31, 1990, through December 30, 1992. As of December 31, 1992, institutions must meet the full 8% requirement.

At December 31, 1990, the Association met all three capital requirements and exceeded the risk-based capital requirement by $869,000. On a pro-forma basis, the Association would meet the risk-based capital requirement at December 31, 1992 by approximately $152,000. Management will continue to pursue strategies for increasing capital to insure future capital compliance.

Institutions which fail to meet any of the capital requirements must submit a capital restoration plan within 60 days from the date of noncompliance. After January 1, 1991, an institution that fails to have its capital plan approved by the OTS, is prohibited any asset growth. Besides not being able to make distributions to shareholders, the District Director may also impose additional restrictions such as ceasing or limiting the making of loans or reducing the rate of earnings that may be paid on savings accounts.

PIONEER SAVINGS & TRUST, F.A.

FINANCIAL CONDITION

During the past year the Association's assets increased 4.5% to $166.9 million at December 31, 1990, primarily as a result of a 59% increase in mortgage-backed securities.

The sale of loans to other investors continues to be the most significant source of funds to the Association. The Association sells whole loans to FNMA, FHLMC and other institutional purchasers. In addition, the Association pools FHA-insured and VA-guaranteed loans into GNMA mortgage-backed securities and sells them in the secondary market. Total sales of loans and mortgage-backed securities totaled $93.9 million and $87.8 million in 1990 and 1989, respectively. Sales increased 6.9% in 1990 due to an increase in loan origination and purchase activity.

Principal repayments declined due to the decreased volume of loans foreclosed and repurchased. Loan repayments, exclusive of transfers to real estate, have been $34.9 million and $66.1 million in 1990 and 1989, respectively. As a percentage of the average loan receivable and mortgage-backed securities balance, loan repayments were 26% and 46% for 1990 and 1989, respectively. The following table summarizes loan portfolio and mortgage-backed security activity for the past two years.

	Years Ended December 31,	
	1990	1989
FHA-insured and VA-guaranteed loans repurchased	$ 1,049,528	$ 1,404,121
Loans originated	102,079,217	94,288,496
Loans to finance sale of real estate investments	2,134,817	4,059,875
Loans and mortgage-backed securities purchased	35,797,990	29,097,808
Total increases	141,061,552	128,850,300
Loans and mortgage-backed securities sold	93,881,256	87,841,492
Loan repayments and payoffs	34,430,580	65,697,793
Loans transferred to real estate investments	1,915,486	3,478,709
Provision for losses	525,806	103,547
Total decreases	130,753,128	157,121,541
Net increase (decrease) in loan and mortgage-backed securities portfolio	10,308,424	(28,271,241)
Total loan and mortgage-backed securities portfolio (ending principal balance)	$135,970,200	$125,661,776
Percentage increase (decrease)	8%	(18)%

First mortgage loans held for sale increased $2,970,921 or 30.0% for 1990. First mortgage loans held for sale at December 31, 1990, is slightly more than the production during November and December, which indicates that Pioneer was delivering loans into the secondary market in an average of 60 days.

Investments in real estate, net of allowance, decreased $1.6 million for the year ended December 31, 1990, primarily due to the sale of properties and a decrease in real estate acquired through foreclosure. The provision for possible losses on foreclosed real estate increased to $365,850 from $190,170 during the years ended December 31, 1990 and 1989, respectively. The largest components of investments in real estate are multi-family properties, condominiums and townhome properties in West Texas and Southeastern New Mexico. The multi-family projects are substantially leased. Satisfactory disposition of investments in real estate is a key element in Pioneer's plans for improved results of operations.

PIONEER SAVINGS & TRUST, F.A.

Deposits increased $9.9 million or 7.1% in 1990, compared to a $17.0 million or 10.9% decrease in 1989. The increase in 1990 was due to deposits accepted after the closure of two financial institutions that had branches in the Association's market area. The decline in deposits in 1989 can be attributed in part to a reduction of public funds which was arranged by the Association. The arrangement resulted in $8.0 million in withdrawals of high interest rate deposits in 1989.

The table below shows the net change in deposits for each of the past two years.

	Years Ended December 31,	
	1990	1989
Passbooks	$ (315,576)	$ (223,350)
Transaction accounts	561,827	(134,381)
Custodial trust deposits and non-interest bearing commercial accounts	(86,361)	216,032
Money market deposit accounts	(472,059)	(4,738,738)
Certificates of deposit less than $100,000	13,672,433	(1,577,523)
Certificates of deposit, $100,000 and greater	(3,474,858)	(10,519,061)
Net increase (decrease) in deposits	9,885,406	(16,977,021)
Total deposits	$149,071,197	$139,185,791
Percent increase (decrease)	7.1%	(10.9)%

A significant source of funds for Pioneer during 1990 was advances from the Federal Home Loan Bank. Pioneer has $7.0 million in fixed-rate advances maturing in 1991 and 1992 that have an average interest rate of 7.64%.

The Association continues to rely on reverse repurchase agreements secured by its GNMA mortgage-backed securities as a short-term source of funds. The amount of short-term borrowings will fluctuate depending on the need to fund loans and the ability to realize yields on short-term investments in excess of the cost of borrowings. Although reverse repurchase agreements averaged $7,759 and $3,900,000 during the years ended December 31, 1990 and 1989, respectively, none were outstanding at either year end.

RESULTS OF OPERATIONS

The Association concluded the year ended December 31, 1990, with net income of $105,571, or $.10 per common share, compared to $72,314, or $.07 per common share, for the year ended December 31, 1989. The increase in profitability in 1990 compared to 1989 was a result of the increase in net interest income and gain on sale of servicing for the year. The decreased profitability in 1989 resulted primarily from the decline in other income for the year.

The Association's operating results depend primarily on its net interest income, the difference between interest earned on its loans and investments and interest paid on its deposits and borrowings. Net interest income is affected by the difference between rates of interest earned on assets and rates paid on interest bearing liabilities (interest rate spread), and the relative amounts of these assets and liabilities. The Association has decreased the rates it pays on interest bearing liabilities more than it has decreased those charged on interest bearing assets. During 1990, the Association continued to reduce the rates offered on deposits and yet was able to show an increase in deposit levels. During 1989, the Association, at times, offered rates that were below market levels and allowed deposits to contract. Management's intentions have been to reduce interest expense in an effort to increase net interest income. These actions have resulted in an increase in the net interest spread to 1.88% in 1990 compared to 1.85% in 1989.

Net interest income, before provision for loan losses, was $2,332,413 and $1,659,601 in each of the years ended December 31, 1990 and 1989, respectively. The increase in net interest income for 1990 is due to several factors, the most significant of which is the decrease in interest bearing liability volumes, chiefly FHLB advances and reverse repurchase agreements. The overall effect has been to increase the yield on average interest earning assets to 1.58% in 1990 from 1.12% in 1989. The yield on average interest earning assets is defined as the excess of interest income over interest expense, divided by average interest earning assets.

The following tables describe the extent to which changes in interest rates and changes in volume of interest rate-related assets and liabilities have affected the Association's interest income and expense during the years indicated.

PIONEER SAVINGS & TRUST, F.A.

VOLUME AND RATE ANALYSIS
(000's OMITTED)

1990 COMPARED TO 1989:

	Average Volume		Average Rate		Interest			Interest Variance Attributable to:	
	1990	1989	1990	1989	1990	1989	Interest Variance	Volume	Rate
Interest Income:									
Loans	$ 98,332	$111,556	9.80%	9.72%	$ 9,635	$10,848	$(1,213)	$(1,286)	$ 73
Mortgage-backed securities	34,724	30,815	8.56	8.55	2,974	2,635	339	334	5
Investments	14,079	6,406	6.17	9.43	869	604	265	723	(458)
Total interest earning assets	$147,135	$148,777	9.16%	9.47%	$13,478	$14,087	$ (609)	$ (229)	$ (380)
Interest expense:									
Deposits	$145,656	$143,499	7.27%	7.45%	10,586	10,697	(111)	$ 161	$ (272)
Borrowed funds	7,349	19,656	7.62	8.80	560	1,730	(1,170)	(1,083)	(87)
Total interest bearing liabilities	$153,005	$163,155	7.28	7.62	11,146	12,427	$(1,281)	$ (922)	$ (359)
Spread and net interest income			1.88%	1.85%	$ 2,332	$ 1,660			
Yield on average interest earning assets					1.58%	1.12%			

1989 COMPARED TO 1988:

	Average Volume		Average Rate		Interest			Interest Variance Attributable to:	
	1989	1988	1989	1988	1989	1988	Interest Variance	Volume	Rate
Interest income:									
Loans	$111,556	$125,041	9.72%	8.98%	$10,848	$11,232	$ (384)	$(1,211)	$ 827
Mortgage-backed securities	30,815	41,468	8.55	9.08	2,635	3,765	(1,130)	(967)	(163)
Investments	6,406	7,339	9.43	7.85	604	576	28	(73)	101
Total interest earning assets	$148,777	$173,848	9.47%	8.96%	$14,087	$15,573	$(1,486)	$(2,251)	$ 765
Interest expense:									
Deposits	$143,499	$170,450	7.45%	6.88%	10,697	11,728	(1,031)	$(1,854)	$ 823
Borrowed funds	19,656	25,380	8.80	7.80	1,730	1,980	(250)	(447)	197
Total interest bearing liabilities	$163,155	$195,830	7.62	7.00	12,427	13,708	$(1,281)	$(2,301)	$ 1,020
Spread and net interest income			1.85%	1.96%	$ 1,660	$ 1,865			
Yield on average interest earning assets					1.12%	1.07%			

PIONEER SAVINGS & TRUST, F.A.

The provision for losses on loans increased from $103,547 to $525,806 for 1989 and 1990, respectively. This increase was due to management's evaluation of the risk of loss associated with Pioneer's loan portfolio.

Other non-interest income has increased from $2.9 million in 1989 to $3.6 million in 1990, or an increase of 23.2%. Non-interest income includes loan administration and service fee income, gains on the sale of loans, equity participations, securities and servicing and other income.

The bulk sales of GNMA, FNMA and FHLMC servicing in 1990 were responsible for the $915,324 increase in the gain on sale of servicing in 1990. In total, Pioneer sold $121.6 million and $28.0 million of bulk servicing and whole loans, servicing released, for the years ending December 31, 1990 and 1989, respectively, which generated $1.3 million in 1990 and $.4 million in 1989. Loan administration and service fees decreased 17.9% from $1.6 million to $1.3 million in 1990 and 1989, respectively as a result of the above sales.

Gains on sale of loans and securities increased 40.2% from $358,888 in 1989 to $503,278 in 1990. This increase was due to gains of $221,892 on securities held for trading sold in 1990 as a result of declining interest rates.

Other expenses for the Association increased 4.0% in 1990 compared to a 28.3% decrease in 1989. The area responsible for this increase was the provision for losses and operating expenses on real estate owned which increased by $436,773 to $476,799 in 1990. The majority, or 58%, of this increase was attributable to increased operating losses on properties held for sale. This increase was caused by the sale of a profitable multi-family property in late 1989, the earnings from which weren't available to offset other, less profitable, properties in 1990.

Excluding real estate owned operations, other expenses declined approximately $232,000 or 4.5% during 1990. The largest component of other expense is compensation and employee benefits which decreased 4.1% and 7% in 1990 and 1989, respectively. These decreases are in line with the 17% and 8% declines in the number of employees in 1990 and 1989, respectively, when the number of full-time employees declined from 115 at December 31, 1989, to 95 at December 31, 1990. Equipment expense declined 13.8% or $61,691 and 5.6% or $26,407 in 1990 and 1989, respectively. The decrease in equipment expense is due to reductions in depreciation and maintenance cost. Maintenance expense declined by utilizing staff personnel to perform computer maintenance rather than contracting with an outside firm.

EFFECTS OF CHANGING PRICES

The majority of the assets and liabilities of Pioneer are monetary in nature, and therefore differ significantly from those companies that have substantial investments in fixed assets and inventories. Accordingly, management believes that changes in the general level of prices during 1990 had relatively little impact on the results of operations.

CORPORATE INFORMATION

PIONEER SAVINGS & TRUST, F.A.

GENERAL INFORMATION

Pioneer Savings & Trust, F.A. is a federally chartered stock association. The Association's deposits are insured by the Savings Association Insurance Fund, an agency of the federal government. The principal business of the Association is to finance the purchase, construction or improvements of residential real estate.

The Association has one subsidiary, Pioneer Mortgage Company, which is involved in construction and mortgage lending, primarily in Texas.

CORPORATE OFFICES

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306 N. Pennsylvania
P.O. Box 130
Roswell, New Mexico 88202

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SPECIAL COUNSEL

Elias, Matz, Tiernan & Herrick
The Walker Building
734 15th Street, N.W.
Washington, D.C. 20005

REGISTRAR AND TRANSFER AGENT

Pioneer Savings & Trust, F.A.

ANNUAL MEETING

The annual meeting of shareholders of Pioneer Savings & Trust, F.A., will be held at 2:00 P.M. on Thursday, April 18, 1991 at the Roswell Inn, 1815 N. Main, Roswell, New Mexico.

MARKET FOR COMMON STOCK

The Common Stock of Pioneer Savings & Trust, F.A. is not traded on any exchange nor is there a market maker in the stock. The market for the stock is limited and sporadic. There are no accurate quarterly high bid and low bid quotations available. Recent transactions in the stock have been in the range of $1.50 to $2.00 per share. As of December 31, 1990, there were approximately 389 holders of record of Pioneer Common Stock. No dividends were paid in 1990.

BOARD OF DIRECTORS

G. Eugene Bell
Vice President, Bell Gas

James L. Bruin
Attorney

Patricia J. Cooper
Investments

Rexell V. Desmond
Investments

Jon E. Hitchcock
Executive VP & Treasurer,
Pioneer Savings & Trust, F.A.

George H. Hunker, Jr.
Attorney

Timothy Z. Jennings
State Senator & Rancher

Arthur R. McQuiddy
President, McQuiddy Communications & Energy, Inc.
Director, Conventions & Visitors Bureau, Roswell Chamber of Commerce

George W. Mitchell
President, Pioneer Savings & Trust, F.A.

C.W. Ritter
President, Ritter Enterprises, Inc.

Emmett D. White
Oil & Gas Investments

OFFICERS

Pioneer Savings & Trust, F.A.

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Chairman of the Board
George W. Mitchell

Executive Vice-President
Jon E. Hitchcock

Senior Vice-President
Dolores Bixler
Britt Donaldson
Stephen P. Puntch

Vice-President
Samuel K. Collins, Jr.
John Dick-Peddie
Suzi K. Glass
Robert Mays
Louis Sauceda
Debe Wagner

Assistant Vice-President
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Jackie Glover
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Daniel A. Hostetler
Susan Keohane
Phyllis Quintana
Rebecca Underation
Robert D. Vie

Secretary
Barba McCampbell

Assistant Secretary
Tracy Callaway
Janet Flanagan
Charlotte Gipson
Sara Hill
Carolyn Shanley
Lanice White

Pioneer Mortgage Company

Vice-President
Kathleen Marable
Bobbye Rose

Assistant Vice-President
Debra Stolte
Margie Varela

PIONEER SAVINGS & TRUST, F.A.

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