

STRENGTH



STABILITY

PIONEER BANKSHARES, INC.

2023 Shareholder Report
With 2022 Financial Results
pioneerbks.com



Letter to the Shareholders

April 6, 2023

Dear Fellow Shareholders,

2022 was marked by significant challenges, including mounting inflation, volatile markets, supply chain disruptions, COVID-19's lingering impacts, and the war in Ukraine. The biggest challenges for our company, centered around the Federal Reserve's rapid increase in interest rates (from .25% to 4.75% in one year) which compressed margins, and general price increases, including employee compensation.

Despite these challenges, Pioneer Bankshares had another strong year, with net income of \$2.56 million (3rd best year in the company's history) and \$29 million in loan growth. In addition, annual dividends were increased to \$1.00 per share. At the end of the third quarter, Pioneer Bank was ranked by the independent research group CB Resources, in the top 6% (39 out of 602 banks) of all banks nationally in our peer group (banks with \$250-\$499 million in assets). In the 4th quarter of 2022, the company sold some securities and repositioned our balance sheet to strengthen the bank's liquidity position going into 2023. Loan quality remained good with past dues at historic lows. For a detailed look at the year's finances, go to <https://www.pioneerbks.com/investor-relations>.

I know you may have questions following the failure of California-based Silicon Valley Bank and New York-based Signature Bank. I want to assure you that Pioneer Bank and Pioneer Bankshares, Inc. are sound and safe.

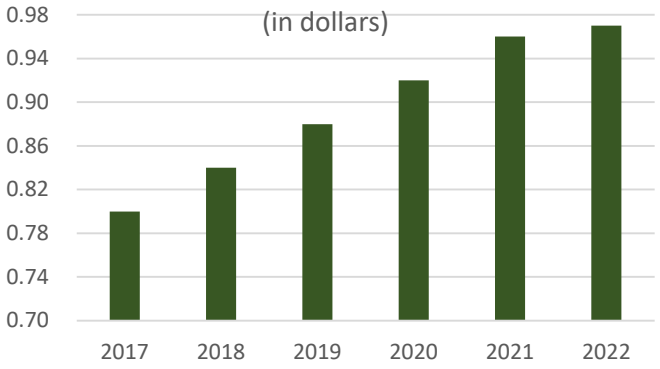
The Bank's capital is rated "well capitalized" which is the highest category of capital in the government's rating system. We have ample liquidity. Our bond portfolio is comprised primarily of the highest quality U.S. Treasuries, Agencies, and municipal bonds with very short durations. (The bonds in the portfolio have an average maturity of 3 years.) We have a well-diversified and stable deposit base made up of a broad mix of consumer, business, and governmental deposits with many of our customer relationships going back several generations. Our community-based business model is not new and has proven to stand the test of time over our 113-year history. As the only remaining locally owned and independent community bank headquartered in Page County, we thank you for your continued support.

Sincerely,

Mark N. Reed
President/CEO

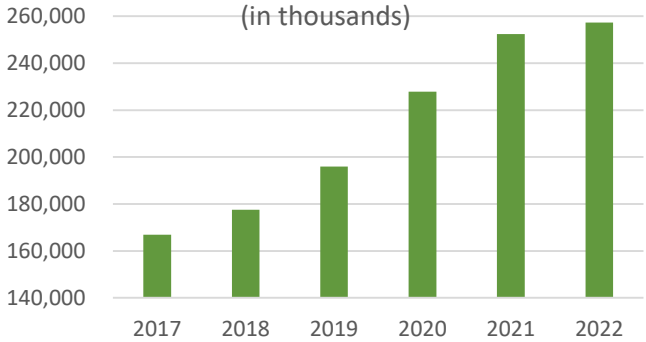
Annual Dividends per Share

(in dollars)



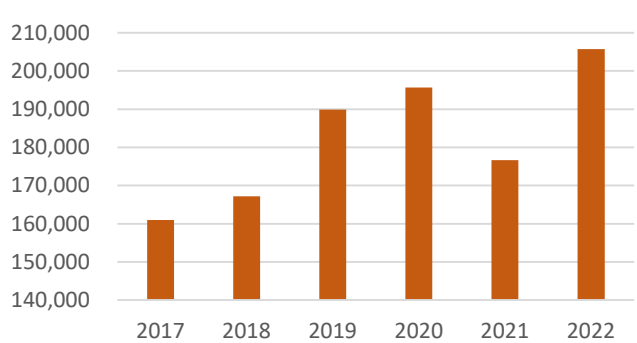
Deposit Growth

(in thousands)



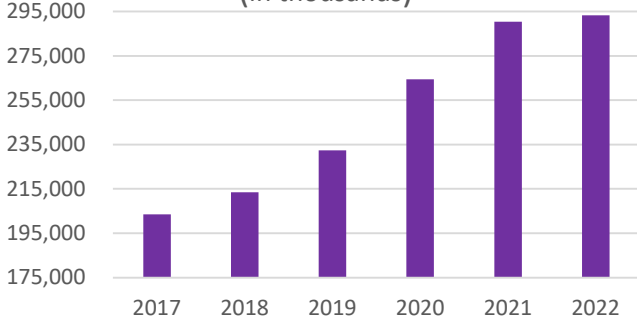
Loan Growth

(in thousands)



Asset Growth

(in thousands)





Pioneer Bank

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

	<u>2022</u>	<u>2021</u>
Results of Operations		
Interest and dividend income	\$ 10,700	\$ 11,899
Interest expense	<u>601</u>	<u>569</u>
Net interest income	10,099	11,330
Provision for loan losses	<u>(247)</u>	<u>(283)</u>
Net interest income after provision for loan losses	10,346	11,613
Noninterest income	2,188	1,887
Noninterest expense	<u>9,533</u>	<u>9,272</u>
Income before income taxes	3,001	4,228
Income tax expense	<u>434</u>	<u>660</u>
Net Income	<u>\$ 2,567</u>	<u>\$ 3,568</u>
 Financial Condition, At Year End		
Assets	\$ 293,295	\$ 290,405
Deposits	257,346	252,331
Loans, net of allowance	205,698	176,680
Stockholders' Equity	32,330	34,825
 Per Share Data		
Net income per share, basic and diluted	\$ 2.57	\$ 3.60
Dividends per share	.97	.96
Book value per share	32.22	34.96
 Performance Ratios		
Return on average assets ¹	0.86%	1.26%
Return on average equity ¹	7.81%	10.52%
Dividend payout ratio	37.83%	26.71%
Average equity to average assets ¹	11.06%	11.99%

¹Ratios are based primarily on daily average balances

Bank with **CONFIDENCE**

Your financial future is safe with us.



STRENGTH



STABILITY



SECURITY



SERVICE



Independent Bank Rating Firm Reviews



Superior

Bauer Financial
Highest Possible Rating



**“Well
Capitalized”**

FDIC
Capital Classification

A

 **DepositAccounts**

A+

Texas Ratio