

Ponce Financial Group
and all Subsidiaries
Audit Committee Charter

Approved by the Board of Directors – May 2023

General

The Audit Committee (the “Committee”) of the Board of Directors of Ponce Financial Group (the “Company”) shall consist of at least three directors, each of whom must (i) be “independent” as defined in the Nasdaq Listing Rules; (ii) meet the criteria for independence set forth in Rule 10A-3(b)(1) promulgated under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and (iii) not have participated in the preparation of the financial statements of the Company or a current subsidiary of the Company at any time during the past three years. Additionally, each member shall be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. Also, at least one member of the Committee shall be qualified to be an “audit committee financial expert” as defined by the rules and regulations of the Securities and Exchange Commission (the “SEC”). Company management and internal and external independent auditors may attend each meeting or portions thereof as required by the Committee. Outside counsel and other consultants and/or advisors may attend meetings at the invitation of the Committee. The Committee shall be authorized, if it determines such action to be appropriate, to retain at the Company’s expense, independent counsel or other consultants and/or advisors. The Committee will have a minimum of four meetings each year and will have special meetings if and when required. The Committee shall engage such independent counsel and other advisors, as it deems necessary to carry out its duties.

The members of the Committee shall be appointed annually by the Board of Directors of the Company (the “Board”) and may be replaced or removed by the Board with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically and without any further action constitute resignation or removal, as applicable, from the Committee. Any vacancy on the Committee, occurring for whatever reason, may be filled only by the Board. The

Board shall designate one member of the Audit Committee to be Chairman of the Committee.

Responsibilities

The Committee's role is one of oversight; whereas the Company's management is responsible for the adequacy of the Company's systems of internal accounting controls and procedures and for preparing the Company's financial statements. The Committee shall oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements. The external independent auditors are responsible for auditing those financial statements. The Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditor's work. The following functions shall be the key responsibilities of the Committee in carrying out its oversight function.

1. The Committee shall ensure that the affairs and practices of the Company and its subsidiaries, are subject to proper, effective and continuing internal and external independent audits and control procedures.
2. The Committee shall be directly responsible for and shall annually approve the appointment, retention, compensation and oversight of the work of the external independent auditors (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and the independent auditor shall report directly to the Committee. The Committee will also:
 - Periodically evaluate the qualifications and experience of the independent auditor team, evaluating the audit scope, staffing levels and quality control procedures of the external independent auditors.
 - Ensure that the annual, external audit will be prepared in accordance with standards of the Public Company Accounting Oversight Board ("PCAOB") and that the Company's financial statements are prepared in accordance with generally accepted accounting principles. The audit will include an appropriate evaluation of the Company's internal control over financial reporting, and the issuance of a report regarding such internal control over financial reporting.
 - Review and discuss with management and the external independent auditors the annual audited and quarterly unaudited financial statements including the Company's disclosures under "Management's

Discussion and Analysis of Financial Condition and Results of Operations.”

- Receive timely reports from the external independent auditor concerning the Company’s critical accounting policies and practices, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of alternative disclosures and treatments and the treatment preferred by the external independent auditor, and all other material written communications between the external independent auditor and the Company’s management and resolve any disagreements between management and the external independent auditors.
- Review and discuss annually with the external independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 and No. 90, as amended or supplemented, and following such review, reach a determination to recommend to the full Board that such audited financial statements be included in the annual report filed with the SEC.
- Discuss with the independent auditors those matters brought to the attention of the Committee by the independent auditors pursuant to Statement on Auditing Standards No. 16, as amended, including (i) any difficulties encountered by the independent auditors in the course of performing their audit work, including any restrictions on the scope of their activities or access to information, and (ii) any significant disagreements with management.
- Approve in advance the retention of the independent auditor for any non-audit service (including the services) and the fee for such service and consider whether the auditor’s provision of permissible non-audit services is compatible with the auditor’s independence.
- Review and discuss with management, the Company’s use of “pro forma” or “adjusted” non-GAAP financial information.
- The Committee shall (i) request that the independent auditors provide the Committee with the written disclosures and the letter requested by Rule 3526 of the PCAOB, (ii) require that the independent auditors submit to the Committee at least annually a formal written statement describing all relationships between the independent auditors or any of its affiliates and the Company or persons in financial reporting oversight roles at the Company that might reasonably be thought to bear on the independence of the independent auditors, (iii) discuss with the independent auditors the potential effects of any disclosed

relationships or services on the objectivity and independence of the independent auditors, (iv) require that the independent auditors provide to the Committee written affirmation that the independent auditor is, as of the date of the affirmation, independent in compliance with PCAOB Rule 3520 and (v) based on such disclosures, statement, discussion and affirmation, take or recommend that the Board take appropriate action in response to the independent auditor's report to satisfy itself of the independent auditor's independence. In addition, before approving the initial engagement of any independent auditor, the Committee shall review and discuss with the audit firm all information required by, and otherwise take all actions necessary for compliance with the requirements of, Rule 3526.

1. The Committee shall determine whether to retain a third party accounting firm (which shall not be the independent auditor) to provide all or a portion of the internal audit function and the terms and conditions, including fees, for any such engagement. The Committee should identify and document which officer within the Company, if any, will serve as the Internal Audit Manager and have responsibility for control risk assessments, audit plans, audit programs and audit reports. The Committee shall annually review and approve the selection, evaluation, compensation, risk assessment, audit scope and audit plan of the internal audit provider or staff. In determining the annual audit plan of the internal auditor, the Committee may consider information provided by banking regulators, internal auditors, prior internal audit reports, etc. Additionally, the Committee will determine that the internal audit provider or staff has:
 - Examined and evaluated the effectiveness of the system of internal control over financial reporting and the quality of performance in carrying out assigned responsibilities in the organization.
 - Reviewed the reliability and integrity of financial and operating information used and reported.
 - Examined compliance with internal control systems in place to assure ongoing compliance and reported violations or internal system deficiencies as well as recommended improvements generally proposed by management.
 - Periodically reported the results of their procedures to the Committee.
2. The Committee shall ensure that the internal and external audit staffs have appropriate and direct access to the Committee and periodically meet with the Committee in private sessions as appropriate.

3. The Committee shall pre-approve the Company's hiring of employees or former employees of the external independent auditor who were engaged on the Company's account. Generally, the Committee should confirm with the external independent auditor that the nature and scope of the hired employee's responsibilities would not compromise such auditor's independence.
4. The Committee shall inquire of Company management and the independent auditors regarding the appropriateness and quality of accounting principles followed by the Company, changes in accounting principles and their impact on the financial statements and the effect of regulatory and accounting initiatives, as well as any off-balance sheet items on the Company's financial statements.
5. The Committee shall receive reports quarterly from the principal executive and financial officers of the Company regarding (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting; and (iii) whether there were changes in the Company's internal control over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.
6. The Committee shall establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
7. The Committee shall review quarterly, prior to their filing with the SEC, the Company's Quarterly Reports on Form 10-Q and Annual Report on Form 10-K. Additionally, the Committee shall review a report from the Company's Chief Executive Officer and Chief Financial Officer concerning their certifications filed with such reports.
8. The Committee shall review and approve all related party transactions to the extent required under NASDAQ Listing Rules.
9. The Committee shall receive periodically information on the adequacy of the Company's compliance with established policies, regulations and controls.
10. The Committee shall receive regular reports on management's progress in addressing any problems or issues identified in all audit reports related to financial statements or internal control.
11. The Committee shall regulatory report to and review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the independent auditors, the performance of

the internal audit function and any other matters that the Committee deems appropriate or is requested to review for the benefit of the Board.

12. The Committee shall review any recommendations or findings of the Board or any other board or management committees with a heightened sense of awareness to those matters that have an impact on the financial statements and the internal control over financial reporting of the Company. At a minimum, the Committee should review a summary of audit findings and allowance for loan loss analysis, and any violations of the Code of Conduct by any directors, officers or associates having an impact on, or being reasonably related to, the Company's internal control over financial reporting.
13. The Committee shall receive summary reports concerning all significant litigation involving the Company and any of its subsidiaries from the Company's legal counsel.
14. The Committee shall review significant regulatory examination reports of the Company if the Company's management determines that such reports do not principally cover risks overseen by the Risk Committee of the Board or there are matters raised in the examination reports that relate primarily to the Company's financial statements or accounting systems and controls.
15. The Committee shall prepare the report required by the rules and regulations of the SEC for inclusion in the Company's proxy statement disclosing that the Committee has reviewed and discussed the audited financial statements with management and discussed certain other matters with the independent auditors. The report shall state whether based upon these discussions, the Committee recommended to the Board that the audited financial statements be included in the Company's annual report.
16. The Committee shall review and assess the adequacy of the Committee's charter annually. If any revisions therein are deemed necessary or appropriate, the Committee shall submit the same to the Board for its consideration and approval.
17. The Committee may form and delegate authority to subcommittees consisting of one or more members of the committee when appropriate, including the authority to grant pre-approvals of audit and permissible non-audit services, provided that such decisions to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

APPROVAL

Adopted by the Board of

Directors: Approved May 2023

By:

Lisette Martinez – Corporate Secretary