

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 08, 2023

Ponce Financial Group, Inc.

(Exact name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

001-41255
(Commission File Number)

87-1893965
(IRS Employer
Identification No.)

2244 Westchester Avenue
Bronx, New York
(Address of Principal Executive Offices)

10462
(Zip Code)

Registrant's Telephone Number, Including Area Code: (718) 931-9000

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	PDLB	The Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

Ponce Financial Group, Inc., (the “Company”), the holding company for Ponce Bank (the “Bank”), today announced that it will be presenting at a virtual bank conference hosted by Sycamore Analytics and Pendragon Capital Management on November 9, 2023 from 10:25 to 10:55 AM. To register for the event visit www.VirtualBankConference.com.

The Company’s press release is furnished as Exhibit 99.1 to this report and the Company’s slide presentation is furnished as Exhibit 99.2 to this Current Report, and are both incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated November 8, 2023
99.2	Presentation of Ponce Financial Group.
104	Cover Page Interactive Data File (embedded within the Inline XBRL)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Ponce Financial Group, Inc.

Date: November 8, 2023

By: /s/ Carlos P. Naudon

Carlos P. Naudon
President and Chief Executive Officer

Ponce Financial Group, Inc. Announces Participation in a Virtual Bank Conference

NEW YORK, November 8, 2023 - Ponce Financial Group, Inc., (the "Company") (NASDAQ: PDLB), the holding company for Ponce Bank (the "Bank"), announced that it will be presenting at a virtual bank conference hosted by Sycamore Analytics and Pendragon Capital Management on November 9, 2023 from 10:25 to 10:55 AM. In addition, Sundie Seefried, CEO of SHF Holdings, Inc. and Mike Godby, Managing Director of Janney Montgomery Scott will be presenting. To register for the event visit www.VirtualBankConference.com.

About Ponce Financial Group, Inc.

Ponce Financial Group, Inc., is the holding company for Ponce Bank. Ponce Bank is a Minority Depository Institution, a Community Development Financial Institution, and a certified Small Business Administration lender. Ponce Bank's business primarily consists of taking deposits from the general public and to a lesser extent alternative funding sources and investing those funds, together with funds generated from operations and borrowings, in mortgage loans, consisting of 1-4 family residences (investor-owned and owner-occupied), multifamily residences, nonresidential properties, construction and land, and, to a lesser extent, in business and consumer loans. Ponce Bank also invests in securities, which consist of U.S. Government and federal agency securities and securities issued by government-sponsored or government-owned enterprises, as well as, mortgage-backed securities, corporate bonds and obligations, and Federal Home Loan Bank stock.

Forward Looking Statements

Certain statements herein constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements may be identified by words such as "believes," "will," "would," "expects," "project," "may," "could," "developments," "strategic," "launching," "opportunities," "anticipates," "estimates," "intends," "plans," "targets" and similar expressions. These statements are based upon the current beliefs and expectations of management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements as a result of numerous factors. Factors that could cause such differences to exist include, but are not limited to, adverse conditions in the capital and debt markets and the impact of such conditions on business activities; changes in interest rates; competitive pressures from other financial institutions; the effects of general economic conditions on a national basis or in the local markets in which Ponce Bank operates, including changes that adversely affect borrowers' ability to service and repay Ponce Bank's loans; anticipated losses with respect to the Company's investment in Grain; changes in the value of securities in the investment portfolio; changes in loan default and charge-off rates; fluctuations in real estate values; the adequacy of loan loss reserves; decreases in deposit levels necessitating increased borrowing to fund loans and investments; operational risks including, but not limited to, cybersecurity, fraud and natural disasters; changes in government regulation; changes in accounting standards and practices; the risk that intangibles recorded in the financial statements will become impaired; demand for loans in Ponce Bank's market area; Ponce Bank's ability to attract and maintain deposits; risks related to the implementation of acquisitions, dispositions, and restructurings; the risk that Ponce Financial Group, Inc. may not be successful in the implementation of its business strategy; changes in assumptions used in making such forward-looking statements and the risk factors described in Ponce Financial Group, Inc.'s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q as filed with the Securities and Exchange Commission (the "SEC"), which are available at the SEC's website, www.sec.gov. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Ponce Financial Group, Inc. disclaims any obligation to publicly update or revise any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes, except as may be required by applicable law or regulation.



Ponce Financial Group

Carlos P. Naudon

President & Chief Executive Officer

Steven A. Tsavaris

Executive Chairman of the Board

Sergio Vaccaro

EVP & Chief Financial Officer

Frank Perez

EVP & Chief Investor Relations Officer

Cautionary Statements

Forward Looking Statements

Certain statements herein constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements may be identified by words such as "believes," "will," "would," "expects," "project," "may," "could," "developments," "strategic," "launching," "opportunities," "anticipates," "estimates," "intends," "plans," "targets" and similar expressions. These statements are based upon the current beliefs and expectations of management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements as a result of numerous factors. Factors that could cause such differences to exist include, but are not limited to, adverse conditions in the capital and debt markets and the impact of such conditions on business activities; changes in interest rates; competitive pressures from other financial institutions; the effects of general economic conditions on a national basis or in the local markets in which Ponce Bank operates, including changes that adversely affect borrowers' ability to service and repay Ponce Bank's loans; anticipated losses with respect to the Company's investment in Grain and Ponce Bank's attempts at mitigation; changes in the value of securities in the investment portfolio; changes in loan default and charge-off rates; fluctuations in real estate values; the adequacy of loan loss reserves; decreases in deposit levels necessitating increased borrowing to fund loans and investments; operational risks including, but not limited to, cybersecurity, fraud and natural disasters; changes in government regulation; changes in accounting standards and practices; the risk that intangibles recorded in the financial statements will become impaired; demand for loans in Ponce Bank's market area; Ponce Bank's ability to attract and maintain deposits; risks related to the implementation of acquisitions, dispositions, and restructurings; the risk that Ponce Financial Group, Inc. may not be successful in the implementation of its business strategy; changes in assumptions used in making such forward-looking statements and the risk factors described in Ponce Financial Group's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q as filed with the Securities and Exchange Commission (the "SEC"), which are available at the SEC's website, www.sec.gov. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Ponce Financial Group, Inc. disclaims any obligation to publicly update or revise any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes, except as may be required by applicable law or regulation.

Market and Industry Data

The market and industry data used throughout this presentation is based, in part, on third-party sources, as indicated. Although management believes these third-party sources are reliable, they have not independently verified the information and cannot guarantee its accuracy and completeness.

Company Strengths

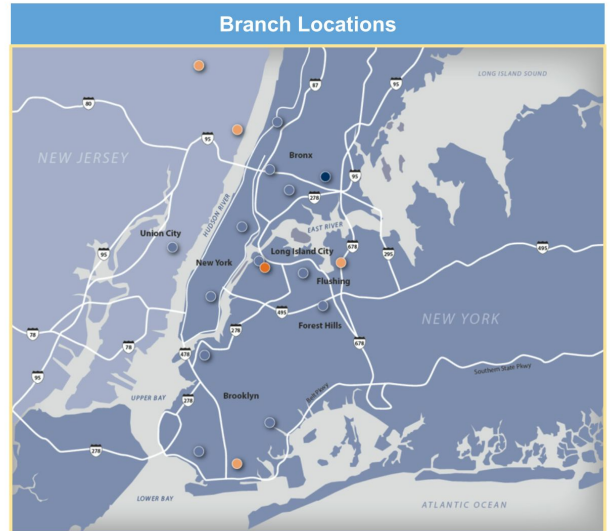
- ✓ **Second step mutual conversion and ECIP Perpetual Preferred stock** provides a meaningful amount of excess capital to deploy
- ✓ **Strong core organic loan growth**
- ✓ MDI and CDFI status **provides access to lower-cost funding opportunities**
– will leverage to drive loan growth
- ✓ Corporate structure and **focus on underserved and underbanked communities** align with ESG Investment Guidelines

Corporate Headquarters and Office Locations

- Ponce Financial Group, Inc. (the "Company"), became the holding company of Ponce Bank (the "Bank"), a federally chartered stock savings association on January 27, 2022, after successfully completing the conversion and reorganization of Ponce Bank Mutual Holding Company from the mutual to stock form of organization.
- Aim to provide long-term value to stakeholders by executing a safe and sound business strategy that produces increasing value.
- Number of full-time equivalent employees as of September 30, 2023, was 243 equating to \$10.7 million in assets per employee.
- The Company provides a full range of financial services to minority, immigrant, and low-income borrowers in a community-focused manner.

Ticker	NASDAQ: PDLB
Established	1960
Headquarters	Bronx, NY
Branches	13 full-service branches and 6 mortgage loan offices
Total Assets	\$2.624 billion (as of 9/30/23)
Total Loans	\$1.814 billion (as of 9/30/23)
Total Deposits	\$1.401 billion (as of 9/30/23)
TBV Per Common Share*	\$10.99 (as of 9/30/23)
Market Cap	\$172.6 million (as of 11/02/2023)
Total Stockholders Equity Per Common Share	\$20.5

2

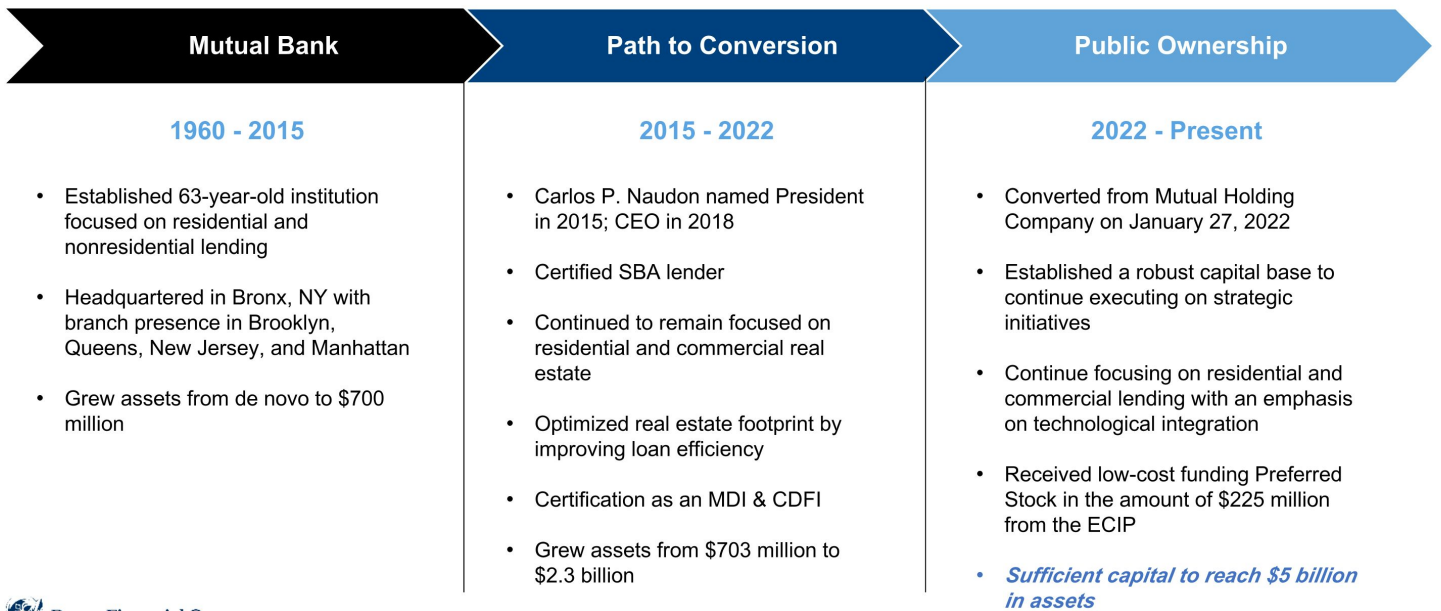


*TBV Per Common Share is a Non-GAAP financial measure. Non-GAAP financial measures are not a substitute for GAAP financial measures. See the appendix of this presentation for a reconciliation to the most directly comparable GAAP financial measure.

- Branch Offices
- Loan Offices



Franchise Evolution

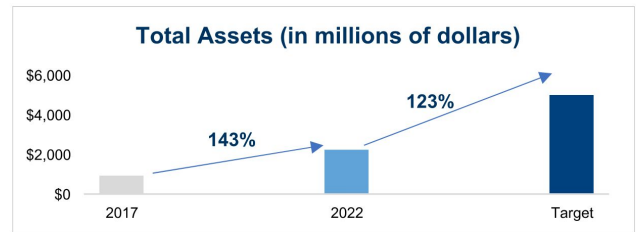


Our Vision

Growth Drivers

- ✓ **Low-Cost, Excess Capital - Ready to Deploy**
 - Robust capital position, inclusive of \$225 million in ECIP funds provided by the U.S. Treasury
 - Focused on growing loan book –
 - Expanding CRE & Non-Residential Loans
 - Stay with successful clients as they grow
- ✓ **MDI and CDFI Status; Mission Driven Business Model Aligns with ESG**
 - The Bank is designated as both a Community Development Financial Institution (CDFI) and a Minority Deposit Institution (MDI)
- ✓ **De-Mutualization Opportunity**
 - Completed the second-step in January 2022
 - Ability to return capital to shareholders – priorities
- ✓ **Financial Strength/Geographic Focus**
 - The Company is well-positioned with a [weighted average loan-to-value ratio of 58.3%](#) as of September 30, 2023
 - Total CRE Loans comprise 263.1% of Tier 1 Capital plus allowance

Reaching Capital Deployment Capabilities



- Accelerating Loan Growth Through Deployment of Excess Capital**
- CRE and Residential Markets – Single Family & Multi-family markets
 - Net Interest Income Growth

Modernization Program Across Company Infrastructure

- Upgrading electronic infrastructure
- Expanding digital banking services
- Creating greater resiliency, capacity, and redundancies
- Restructure/refocus the retail business model
- Upgrade sales forces

Growing alongside fastest growing, best clients

Community Development Financial Institution



- The Company is designated a CDFI
- As of June 30, 2023, there were approximately 1,000 CDFI's operating nationwide, but fewer than 200 are banks, and the Bank ranks amongst the largest
- The CDFI designation qualifies the Company for grants and capital opportunities such as the Emergency Capital Investment Program (ECIP), which the Company benefitted from in the form of a \$225 million investment from the U.S. Treasury for Senior Non-Cumulative Perpetual Preferred Stock; only CDFIs and MDIs were able to participate in this program – it comes at no cost (to capital) for the first two years and includes rate reduction incentives after that with a cap of 2.00%
- Ponce Bank has won awards and mandates for community development and ranks as one of the largest and most housing-focused CDFIs in the country.
- The CDFI Program offers both Financial Assistance and Technical Assistance awards to CDFIs. These competitive awards support and enhance the ability of the Company to meet the needs of the communities they serve.

Rankings as of 2Q23

Out of the 20 top CDFI Banks:

- 1st** in housing focus
- 2nd** in DLI-HMDA (% of housing lending in LMI communities)
- 7th** in total assets
in total loans
in % of branches in LMI areas

- Financial Assistance awards are made in the form of loans, grants, equity investments, and deposits, which CDFIs are required to match dollar-for-dollar with non-federal funds. This requirement enables the Company to multiply the impact of federal investment to meet the demand for affordable financial products in economically distressed communities.
- Technical Assistance grants are offered to CDFIs and Certifiable CDFIs to build their organizational capacity.

Minority Depository Institution

- The Bank is designated an MDI, classified under the Federal Deposit Insurance Corporation (FDIC).
- The FDIC defines an MDI as, a federally insured depository institution for which (1) 51% or more of the voting stock is owned by minority individuals; or (2) majority of the board of directors is a minority and the community that the institution serves is predominantly minority.
- As of June 30, 2023, the FDIC recognized 147 MDIs across the United States and its territories, with collective assets of approximately \$350 billion.
- One of 32 banks in the country with the MDI and CDFI designation.

Rankings as of 2Q23

Out of all the MDI Banks in **Assets**, the Bank ranks:

20th in total assets out of 147 MDIs

3rd in total assets New York

- As an MDI the Bank can provide financial services to and for underserved communities as designated by the federal government including African, Asian, Hispanic, and Native Americans.
- MDI allows the Bank to provide many benefits to low-to-moderate income communities, including access to credit, values-driven banking, international languages and locations, financial education, and community-specific services.

Environmental, Social, & Governance

<p>100% of Board of Directors and Executive Management is either native of or second generation of immigrants</p>	<p>Together with the Foundation we have donated over \$1 million to charitable organizations since 2017</p>	<p>Over 300 hours of volunteer time donated to non-profits in 2022</p>	<p>Originated over \$260 million in PPP Loans to support 5,340 small businesses during COVID-19</p>
<p>Over 80% of staff is minority</p>	<p>As of 2020 we have been operating in a Paperless Work Environment</p>	<p>Over 70% of our lending activities occurred in low-and-moderate income communities</p>	<p>Did not furlough or layoff any employees during the COVID-19 pandemic and took steps to protect our employees and customers</p>
<p>Over 60% of our retail branches are located in low-and-moderate income communities</p>	<p>Partnered with Fintech companies to provide microlending opportunities to both personal and business customers</p>	<p>Provided over 500 customers with pandemic related loan deferrals</p>	<p>Created a Financial Mastery Program through FDIC Money Smart Program to enhance individual's financial skills and economic backgrounds</p>



Ponce Bank's Inaugural Environmental, Social & Governance Fact Sheet is now available on www.poncebank.com

Community Sponsorships and Donations

Includes Sponsorships and Donations by the Company and the Ponce De Leon Foundation

American Cancer Society / Morris Heights Health Center / Urban Youth Alliance Int /
Castle Hill Little League / Iglesia Nuevo Amanecer La Hermosa / Phipps Neighborhood / InHisName United /
YMCA of Greater NY / Washington Heights BID / Unique People Services / Hostos Community College Foundation /
New Bronx Chamber of Commerce / Bronx Manhattan North Board of Realtors / Bronx Kings / Business Initiative Corporation /
Neighborhood Shop COVID Relief Program / BOEDC/ Bronx Tourism Council / Bronx County Bar Association /
NYS CDFI Coalition / Business Initiative Corporation / Bronx Overall Economic Development Corp / Unique People Services /
Hope Gathering / Buy Local East Harlem & Greet / LSA Covid Relief / Citivas / Union Settlement / La Fortaleza / Hope Community /
AHRC / Society of the Educational Arts / NYCHCC Women In Business / Riverdale Senior Services /
Urban Design Forum / Upper Manhattan Mental Health Center / Comite Noviembre /
RAICES Spanish Speaking Elderly Council / One Brooklyn Fund / MyTime Inc / Brooklyn Hospital Foundation /
Gay Men's Health Crisis Inc / CommonPoint Queens / Immaculate Conception Catholic Academy /
Hellenic Orthodox Community of Astoria / Greater Jamaica Development Corp / Queens Economic Development Corporation /
Immaculate Conception Catholic Academy / Pancyprian Association Inc / NJ Law Enforcement / Union City Music Project /
Queens Women's Chamber of Commerce / NJ Small Business Development Center at NJCU /
Forest Hills Chambers of Commerce / Greater NY Chamber of Commerce / NYSCDFI Coalition / Brooklyn Kings County /
Sharing and Caring Inc / Chamber Of Commerce of Washington Heights and Inwood in Manhattan /
Save Latin America / Hispanic Chamber of Commerce / BNI Down to Business / & MANY MORE



Technology Transformation

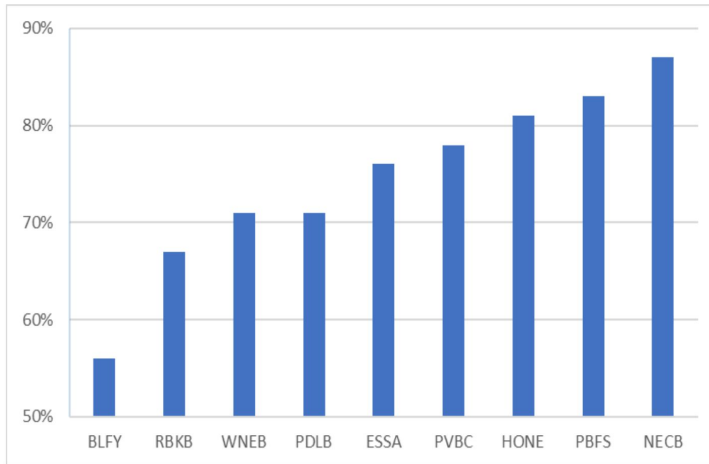
- ✓ The Company is now in the latter stages of its multi-faceted effort to **upgrade infrastructure**, adopt digital banking services and restructure the retail business model
- ✓ **Salesforce deployment** across retail services, lending processes, back-office operations, digital banking, and loan underwriting
- ✓ **Core processor upgrades** have updated technology, cybersecurity and network infrastructure enabling the Company to better operate remotely through added resiliency, capacity, and redundancies
- ✓ **Fintech partnerships** including Bamboo, LendingFront and SaveBetter

Q3 2023 Highlights

- Net income of \$2.6 million or \$0.12 per diluted share, for the three months ended September 30, 2023, as compared to a net loss of (\$14.7) million, or (\$0.64) per diluted share for the three months ended September 30, 2022.
- Net loans receivable were \$1.79 billion as of September 30, 2023, an increase of \$294.5 million, or 19.72%, from December 31, 2022.
- Deposits were \$1.40 billion as of September 30, 2023, an increase of \$148.7 million, or 11.87%, from December 31, 2022.
- Cash and equivalents were \$117.0 million as of September 30, 2023, an increase of \$62.6 million, or 115.07%, from December 31, 2022, as we decided to keep ample sources of liquidity at hand while taking advantage of the positive spread between our interest bearing overnight deposits at the Fed and borrowing costs under the Bank Term Funding Program ("BTFP").
- Received a \$3.7 million grant in the 3rd Quarter from the U.S. Treasury as part of the Community Development Financial Institutions Equitable Recovery Program.
- Awarded a \$0.5 million grant from the Community Development Financial Institution fund.

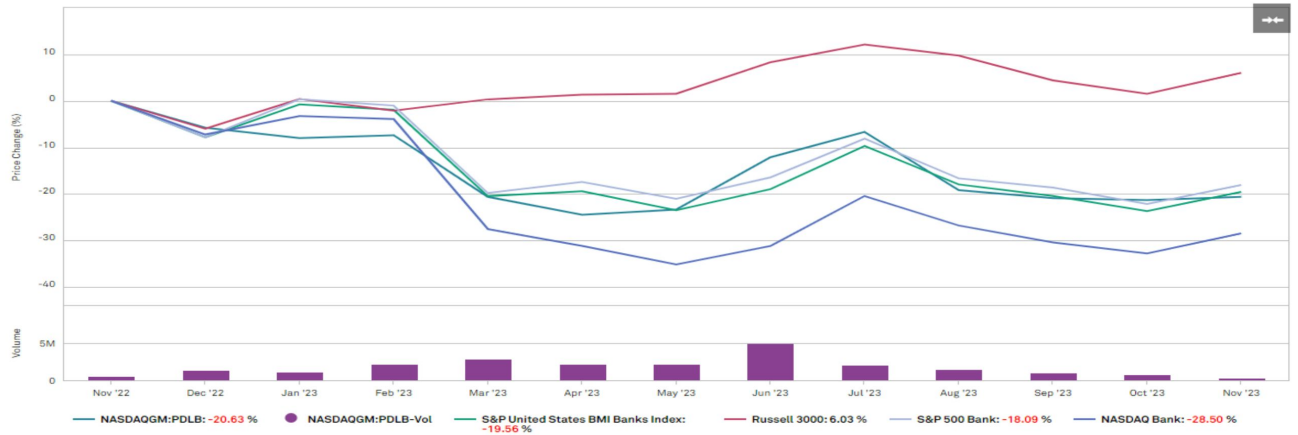
	Q3 2023	Q3 2022
Net interest income	\$16.5M	\$17.6M
Net (loss) income	\$2.6M	(\$14.7)M
Net interest margin	2.58%	3.59%M
Net interest rate spread	1.58%	3.08%
Efficiency ratio	78.11%	132.46%

Price-to-Tangible Book Value *(as of 11/07/2023)*



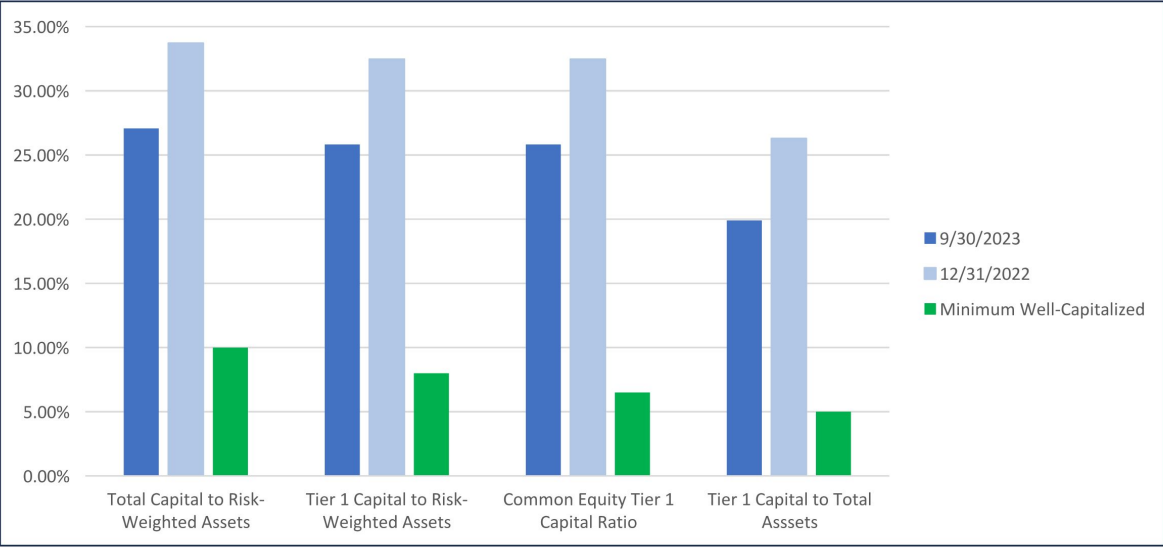
- On P/TBV basis Ponce trades in line (under 100%) with its peer group.
- This provides the Company the opportunity to repurchase its stock at a discount and increase shareholder value.
- On August 16, 2023, PDLB announced that it had completed repurchasing 1,235,000 shares of PDLB's common stock at a cost of \$8.91 per share, or 5% of PDLB's issued and outstanding shares at the time the plan was implemented.

Price Performance



Over the past twelve months, the share price change of PDLB (20.63%) is in line with the S&P United States BMI Banks Index (19.56%) and the S&P 500 Bank Index (18.09%) and is considerably less than the NASDAQ Bank Index (28.50%) while the Russell 3000, which the Company is a part of, had a price improvement of 6.03%. All this amidst concerns related to the current macroeconomic environment, which has created numerous challenges for banks and related financial institutions, large regional bank failures in the spring of 2023 including rising interest rates and inflation.

FORTRESS Capital Ratios

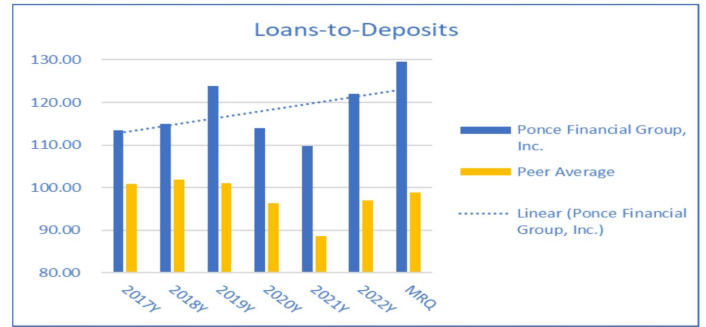
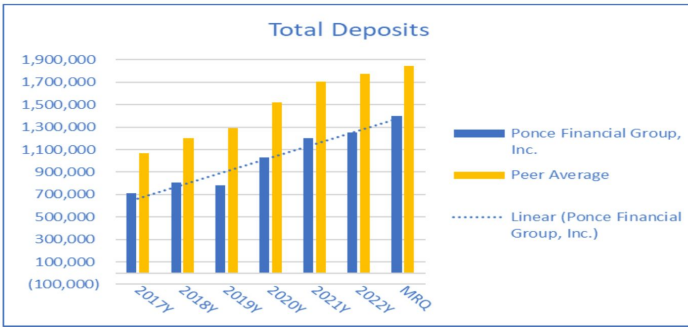
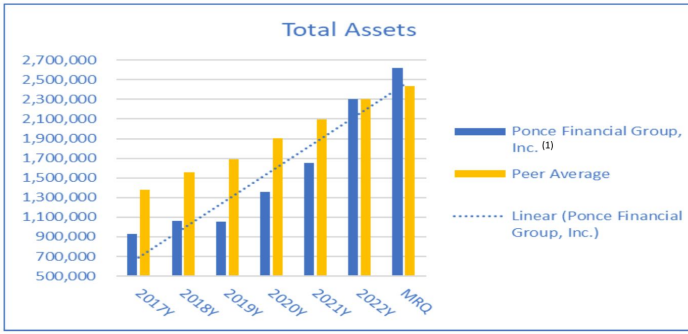


Strategies and Focus

- ✓ **Enhance** our multifamily and nonresidential loans.
- ✓ **Leverage** MDI/CDFI status.
- ✓ **Build** existing community lending programs.
- ✓ **Improve** core deposits, with an emphasis on low-cost commercial demand deposits and add non-core funding sources.
- ✓ **Manage** credit risk to maintain a low level of nonperforming assets.
- ✓ **Expand** our employee base to support future growth.
- ✓ **Develop** a digital presence to deliver impactful services to our customers.

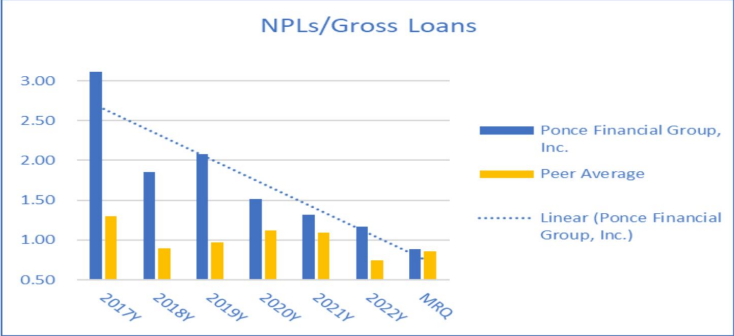
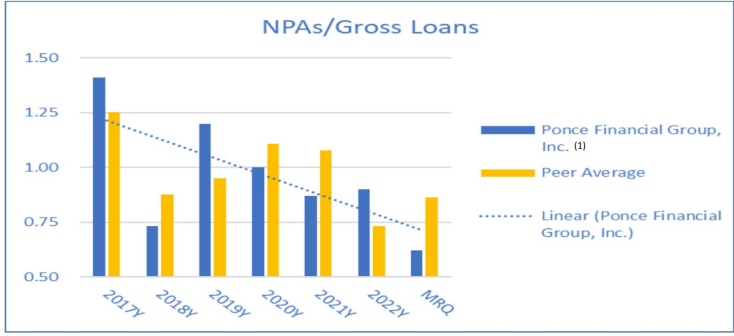
Appendix

Balance Sheet



Source: Peer Group S&P Capital
 Ponce Financial Group Inc. & its predecessor

Asset Quality



Source: Peer Group S&P Capital IQ
 (1) Ponce Financial Group Inc. & its predecessor

Appx. 2

Peer Average: BFLY, ESSA, GCBC, HONE, NECB, PBHC, PBFS, RKBK, WNEB

- **Net loans receivable** were \$1.8 billion as of September 30, 2023, an increase of \$395.0 million, or 28.4%, from September 30, 2022.
- **Non-performing assets** decreased \$4.0 million, or 15.7% to \$21.4 million as of September 30, 2023, from \$25.4 million as of September 30, 2022.
- **Non-performing loans** decreased \$5.0 million, or 23.7%, to \$16.2 million as of September 30, 2023, from \$21.2 million as of September 30, 2022.

Total Loans

	September 30, 2023	December 31, 2022
	(in thousands)	
Mortgage loans:		
1-4 Family residential		
Investor-Owned	\$ 347,082	\$ 343,968
Owner-Occupied	151,866	134,878
Multifamily residential	553,694	494,667
Nonresidential properties	321,472	308,043
Construction and land	411,383	185,018
Total mortgage loans	<u>1,785,497</u>	<u>1,466,574</u>
Nonmortgage loans:		
Business loans ⁽¹⁾	18,416	39,965
Consumer loans ⁽²⁾	10,416	19,129
Total non-mortgage loans	<u>28,832</u>	<u>59,094</u>
Total loans, gross	<u>1,814,329</u>	<u>1,525,668</u>
Net deferred loan origination costs	692	2,051
Allowance for Credit Losses	(27,414)	(34,592)
Loans receivable, net	<u>\$ 1,787,607</u>	<u>\$ 1,493,127</u>

(1) As of September 30, 2023 and December 31, 2022, business loans include \$1.1 million and \$20.0 million, respectively, of SBA Paycheck Protection Program ("PPP") loans.

(2) As of September 30, 2023 and December 31, 2022, consumer loans include \$9.3 million and \$18.2 million, respectively, of microloans originated by Grain through its mobile application that is geared to the underbanked and new generations entering the financial services market and uses non-traditional underwriting methodologies.

Total Securities

	September 30, 2023			Fair Value
	Amortized Cost	Gross Unrealized Gains (in thousands)	Gross Unrealized Losses	
Available-for-Sale Securities:				
U.S. Government Bonds	\$ 2,989	\$ —	\$ (276)	\$ 2,713
Corporate Bonds	25,799	—	(2,609)	23,190
Mortgage-Backed Securities:				
Collateralized Mortgage Obligations ⁽¹⁾	40,646	—	(7,657)	32,989
FHLMC Certificates	10,441	—	(1,904)	8,537
FNMA Certificates	62,771	—	(13,552)	49,219
GNMA Certificates	108	—	(3)	105
Total available-for-sale securities	<u>\$ 142,754</u>	<u>\$ —</u>	<u>\$ (26,001)</u>	<u>\$ 116,753</u>
Held-to-Maturity Securities:				
U.S. Agency Bonds	\$ 25,000	\$ —	\$ (504)	\$ 24,496
Corporate Bonds	82,500	—	(5,117)	77,383
Mortgage-Backed Securities:				
Collateralized Mortgage Obligations ⁽¹⁾	217,632	—	(12,198)	205,434
FHLMC Certificates	3,923	—	(358)	3,565
FNMA Certificates	121,940	—	(8,818)	113,122
SBA Certificates	20,717	147	—	20,864
Allowance for Credit Losses	(647)	—	—	—
Total held-to-maturity securities	<u>\$ 471,065</u>	<u>\$ 147</u>	<u>\$ (26,995)</u>	<u>\$ 444,864</u>

(1) Comprised of Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA") and Ginnie Mae ("GNMA") issued securities.

Total Deposits

	September 30, 2023	December 31, 2022
	(in thousands)	
Demand	\$ 265,862	\$ 289,149
Interest-bearing deposits:		
NOW/IOLA accounts	22,519	24,349
Money market accounts	370,500	236,143
Reciprocal deposits	82,670	114,049
Savings accounts	117,870	130,432
Total NOW, money market, reciprocal and savings	593,559	504,973
Certificates of deposit of \$250K or more	122,353	106,336
Brokered certificates of deposits ⁽¹⁾	98,729	98,754
Listing service deposits ⁽¹⁾	15,180	35,813
Certificates of deposit less than \$250K	305,449	217,387
Total certificates of deposit	541,711	458,290
Total interest-bearing deposits	1,135,270	963,263
Total deposits	\$ 1,401,132	\$ 1,252,412

(1) As of September 30, 2023 and December 31, 2022, there were \$0.3 million and \$13.6 million, respectively, in individual listing service deposits amounting to \$250,000 or more. All brokered certificates of deposit individually amounted to less than \$250,000.

Grain Technologies, Inc.

Grain Technology, Inc. ("Grain") Total Exposure as of September 30, 2023 (in thousands)

Receivable from Grain	
Microloans originated - put back to Grain (inception-to-September 30, 2023)	\$ 24,255
Write-downs, net of recoveries (inception-to-date as of September 30, 2023)	(15,610)
Cash receipts from Grain (inception-to-September 30, 2023)	(6,819)
Grant/reserve (inception-to-September 30, 2023)	(1,826)
Net receivable as of September 30, 2023	\$ —
Microloan receivables from Grain borrowers	
Grain originated loans receivable as of September 30, 2023	\$ 9,318
Allowance for credit losses as of September 30, 2023 ⁽¹⁾	(8,163)
Microloans, net of allowance for credit losses as of September 30, 2023	\$ 1,155
Investments	
Investment in Grain	\$ 1,000
Investment in Grain write-off	(1,000)
Investment in Grain as of September 30, 2023	\$ —
Total exposure to Grain as of September 30, 2023	\$ 1,155

(1) Includes \$0.3 million for allowance for unused commitments on the \$2.4 million of unused commitments available to Grain borrowers reported in other liabilities in the accompanying Consolidated Statements of Financial Conditions. Excludes \$1.6 million of security deposits by Grain originated borrowers reported in deposits in the accompanying Consolidated Statements of Financial Conditions.

Average Assets

	For the Three Months Ended September 30,					
	2023			2022		
	Average Outstanding Balance	Interest	Average Yield/Rate ⁽¹⁾	Average Outstanding Balance	Interest	Average Yield/Rate ⁽¹⁾
	(Dollars in thousands)					
Interest-earning assets:						
Loans ⁽²⁾	\$1,777,585	25,276	5.64%	\$1,379,029	\$ 17,058	4.91%
Securities ⁽³⁾	599,573	5,821	3.85%	492,337	4,153	3.35%
Other ^{(4) (5)}	169,570	2,409	5.64%	74,055	423	2.27%
Total interest-earning assets	2,546,728	33,506	5.22%	1,945,421	21,634	4.41%
Non-interest-earning assets ⁽⁵⁾	111,771			108,329		
Total assets	\$2,658,499			\$2,053,750		
Interest-bearing liabilities:						
NOW/IOLA	\$ 22,876	\$ 8	0.14%	\$ 29,939	\$ 13	0.17%
Money market	485,042	5,601	4.58%	381,606	1,303	1.35%
Savings	118,095	29	0.10%	141,200	57	0.16%
Certificates of deposit	527,302	4,362	3.28%	382,163	855	0.89%
Total deposits	1,153,315	10,000	3.44%	934,908	2,228	0.95%
Advance payments by borrowers	14,537	1	0.03%	10,918	2	0.07%
Borrowings	678,676	6,963	4.07%	250,112	1,793	2.84%
Total interest-bearing liabilities	1,846,528	16,964	3.64%	1,195,938	4,023	1.33%
Non-interest-bearing liabilities:						
Non-interest-bearing demand	278,358	—		321,556	—	
Other non-interest-bearing liabilities	46,643	—		16,377	—	
Total non-interest-bearing liabilities	325,001	—		337,933	—	
Total liabilities	2,171,529	16,964		1,533,871	4,023	
Total equity	486,970			519,879		
Total liabilities and total equity	\$2,658,499		3.64%	\$2,053,750		1.33%
Net interest income		\$ 16,542			\$ 17,611	
Net interest rate spread ⁽⁶⁾			1.58%			3.08%
Net interest-earning assets ⁽⁷⁾	\$ 700,200			\$ 749,483		
Net interest margin ⁽⁸⁾			2.58%			3.59%
Average interest-earning assets to interest-bearing liabilities			137.92%			162.67%

(1) Annualized where appropriate.

(2) Loans include loans and mortgage loans held for sale, at fair value.

(3) Securities include available-for-sale securities and held-to-maturity securities.

(4) Includes FHLBNY demand account, FHLBNY stock dividends and FRBNY demand deposits.

(5) FRBNY demand deposits for prior period have been reclassified for consistency.

(6) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.

(7) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.

(8) Net interest margin represents net interest income divided by average total interest-earning assets.

Regulatory Capital Ratios

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
September 30, 2023						
Ponce Financial Group, Inc.						
Total Capital to Risk-Weighted Assets	\$ 530,056	27.07%	\$ 156,624	8.00%	\$195,780	10.00%
Tier 1 Capital to Risk-Weighted Assets	505,508	25.82%	117,468	6.00%	156,624	8.00%
Common Equity Tier 1 Capital Ratio	505,508	25.82%	88,101	4.50%	127,257	6.50%
Tier 1 Capital to Total Assets	505,508	19.90%	101,597	4.00%	126,996	5.00%
Ponce Bank						
Total Capital to Risk-Weighted Assets	\$ 488,108	25.10%	\$ 155,543	8.00%	\$194,429	10.00%
Tier 1 Capital to Risk-Weighted Assets	463,727	23.85%	116,657	6.00%	155,543	8.00%
Common Equity Tier 1 Capital Ratio	463,727	23.85%	87,493	4.50%	126,379	6.50%
Tier 1 Capital to Total Assets	463,727	17.51%	105,950	4.00%	132,437	5.00%

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
December 31, 2022						
Ponce Financial Group, Inc.						
Total Capital to Risk-Weighted Assets	\$ 530,241	33.72%	\$ 125,791	8.00%	\$157,238	10.00%
Tier 1 Capital to Risk-Weighted Assets	510,537	32.47%	94,343	6.00%	125,791	8.00%
Common Equity Tier 1 Capital Ratio	510,537	32.47%	70,757	4.50%	102,205	6.50%
Tier 1 Capital to Total Assets	510,537	26.29%	77,665	4.00%	97,082	5.00%
Ponce Bank						
Total Capital to Risk-Weighted Assets	\$ 476,519	30.53%	\$ 124,883	8.00%	\$156,104	10.00%
Tier 1 Capital to Risk-Weighted Assets	456,816	29.26%	93,662	6.00%	124,883	8.00%
Common Equity Tier 1 Capital Ratio	456,816	29.26%	70,247	4.50%	101,468	6.50%
Tier 1 Capital to Total Assets	456,816	20.47%	89,264	4.00%	111,580	5.00%

Share/Book Value Data

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in thousands except share data)			
Net income (loss)	\$ 2,590	\$ (14,738)	\$ 2,834	\$ (20,787)
Common shares outstanding for basic EPS:				
Weighted average common shares outstanding	23,774,317	24,727,459	24,456,108	24,072,543
Less: Weighted average unallocated Employee Stock Ownership Plan (ESOP) shares	1,502,241	1,632,600	1,535,428	1,548,066
Basic weighted average common shares outstanding	<u>22,272,076</u>	<u>23,094,859</u>	<u>22,920,680</u>	<u>22,524,477</u>
Basic earnings (loss) per common share	\$ 0.12	\$ (0.64)	\$ 0.12	\$ (0.92)
Potential dilutive common shares:				
Add: Dilutive effect of restricted stock awards and stock options	77,141	—	42,276	—
Diluted weighted average common shares outstanding	<u>22,349,217</u>	<u>23,094,859</u>	<u>22,962,956</u>	<u>22,524,477</u>
Diluted earnings (loss) per common share	\$ 0.12	\$ (0.64)	\$ 0.12	\$ (0.92)

Non-GAAP Reconciliation to GAAP Financial Measures

Tangible book value per common share (Non-GAAP):

Common shares outstanding	23,653,600
Shareholders' equity	<u>485,058,000</u>
Less: Preferred Stock	<u>225,000,000</u>
Tangible common shareholders' equity (Non-GAAP)	260,058,000
Tangible book value per common share (Non-GAAP)	10.99

PDLB Executive Management



Carlos P. Naudon
President & CEO



Sergio Vaccaro
CFO



Luis Gonzalez Jr.
COO



Steven A. Tsavaris
Executive Chairman
of the Board



Frank Perez
Chief Investor Relations
Officer

Investor Information

Visit our website :	poncebank.com
Email requests to :	frank.perez@poncebank.net
Call investor relations at :	(718) 931-9000
Write to :	Investor Relations Ponce Financial Group 2244 Westchester Avenue Bronx, New York 10462

Thank you.