

# 2024 Sustainability Report



Ponce Bank



# Your Neighbor – Ponce Bank

**PONCE BANK**, originally known as Ponce De Leon Federal Savings and Loan Association, was founded in the Bronx in 1960 at a time when most banks had abandoned the community. Each day since our founding we have stayed true to the intentions of our founders, to provide access to capital for the community they were a part of. For over 60 years Ponce Bank has grown in partnership with our neighbors. Today Ponce Bank is a Community Development Financial Institution (CDFI), a Minority-Depository Institution (MDI), SBA lender, and publicly traded on the NASDAQ exchange.

## OUR MISSION AND PURPOSE

At Ponce Bank we help our neighbors prosper by providing banking services, financial education, and community building initiatives and partnerships that allow them to dream and achieve vibrant futures. We're on a mission to prove that community banking is a powerful engine for social equity. We believe these values pave a path towards prosperity for all our stakeholders, including shareholders, customers, neighbors, and friends.

## TOP RATED

Of 197 CDFI banks rated in the National Community Investment Fund, 2023 Year End CDFI Banking Industry Peer Group Report, **Ponce Bank** rated as **Quadrant 1**, signifying “high social performance.”

### #1

of the 20 largest CDFI Banks in *Housing Focus*

### #2

in DLI – HMDA lending activities in LMI tracts in Assets, Deposits, and Loans

### #6

In Assets, Loans, and Deposits of the largest CDFI Banks with branches located in LMI census tracts

In total Loans among all CDFI banks nationwide

In total Assets among all CDFI banks nationwide

## We are:

De la comunidad.  
En la comunidad.  
Para la comunidad.

Of the community.  
In the community.  
For the community.



## OUR COMUNIDAD

County	# of Branches	Poverty Rate <sup>1</sup>	Unemployment Rate <sup>2</sup>	Median Household Income <sup>3</sup>	# Persistent Poverty Tracts <sup>4</sup>
Bronx County, NY*	4	26.91%	6.8%	\$47,036	183/339
Kings County, NY*	3	18.97%	5.5%	\$74,692	201/761
New York County, NY	2	15.79%	4.6%	\$99,880	77/288
Queens County, NY	3	11.69%	4.6%	\$82,431	23/669
Hudson County, NJ	1	14.16%	4.4%	\$86,854	17/166

\* A CDFI Fund Persistent Poverty County in 2023

- 1 Estimated percent of all people that are living in poverty as of 2018–2022. PolicyMap (based on data from Census: US Bureau of the Census, American Community Survey). Accessed May 22, 2024. <http://www.policymap.com>
- 2 Unemployment rate in 2023. PolicyMap (based on data from BLS: BLS Local Area Unemployment Statistics, available at <http://www.bls.gov/lau/#tables>). Accessed June 24, 2024. <http://www.policymap.com>
- 3 Estimated median income of a household, between 2018–2022. PolicyMap (based on data from Census: US Bureau of the Census, American Community Survey). Accessed June 24, 2024. <http://www.policymap.com>
- 4 Concentrated persistent poverty, as of 2019. PolicyMap (based on data from Census, Brown University, and PolicyMap: Data downloaded from <https://s4.ad.brown.edu/Projects/Diversity/Researcher/LTDB.htm>, June 2023). Accessed May 22, 2024. <http://www.policymap.com>



# Table of Contents

1	Introduction to Sustainability
2	Letter from the CEO
3	About Us
5	Environmental Responsibility
8	Social Impact
9	Diversity, Equity & Inclusion (DE&I)
11	Health & Wellness
12–18	Community
19	Culture of Governance
20	Data Security
21	Compliance & Ethics
21	Corporate Governance
22	Annex
23–27	SASB Table

## About This Report

This Report contains forward-looking statements, including our commitments, targets, and other statements that are not historical facts. These statements are subject to risks and uncertainties and are not guarantees of future performance. All forward-looking statements are based on management's current assumptions, estimates, and projections.



# Introduction to Sustainability

In 2022, Ponce formalized its environmental, social, and governance (ESG) strategy to align with the broader transformation of its business by establishing a management ESG Committee responsible for leading its ESG strategy and monitoring its initiatives for corporate social responsibility and environmental sustainability. The Committee includes Ponce cross-functional subject matter experts (SMEs). Ponce’s objective is to provide continued transparency as it further expands its performance in ESG. To support clear communication, it has engaged in robust data gathering and reporting using the investor-focused disclosure standards developed by the Sustainability Accounting Standards Board (SASB). Working with investor stakeholders, SASB has developed a standardized disclosure on the industry specific issues most important to Ponce stakeholders.

In 2023, we continued to enhance our corporate sustainability strategy to align with our commitment and stated mission. The Board of Directors (Board) is updated quarterly regarding Ponce’s sustainability initiatives. The Board actively oversees and supports the management team as they lead the Company’s efforts to integrate sustainability into day-to-day operations. The Company’s executive management team has prioritized the incorporation of sustainability objectives into our operational framework and working group. As part of our efforts Ponce Bank joins our efforts to the global push for lasting change with the adoption of four United Nations Sustainable Development Goals.

The Company strives to be transparent by communicating through our ESG reporting how we understand, prioritize, and approach the topics most relevant to our business. Against this backdrop, Ponce has—with the assistance of outside expertise—engaged with internal and external stakeholders on sustainability topics to help further inform our future direction and determine our ESG strategic priorities. The three tenets of our sustainability strategy are:



**Environmental  
Responsibility**



**Social  
Impact**



**Culture of  
Governance**

Our three pillars arose from a priority-based approach to sustainability disclosure, in line with best practices. In the summer of 2024, we completed our second materiality assessment, which included examining a range of key stakeholders, including investors, clients, employees, and rating organizations and by studying industry peers. We then reviewed the recommended ESG topics for inclusion in the sustainability disclosure, rating methodologies, investment decision-making, goal setting, and strategy. This Report takes a materiality-based approach to disclosure and covers data through December 31, 2021, 2022, and 2023, unless otherwise noted.

## United Nations Sustainable Development Goals



Ponce Bank Financial Mastery programs offer life-long learning opportunities to all ages on a variety of topics related to money, banking, and business.



We provide all of our employees with a living-wage and respectful work environment and support our local businesses so they can do the same.



By financing developments in affordable housing and commercial developments, Ponce is supporting the infrastructure of our neighborhoods today and in the future.



Since our founding Ponce Bank has worked directly with our community to redress historic systemic unequal access to financial products and services.

# Letter from the CEO

We are honored to present Ponce's 2024 Sustainability Report, a testament to our unwavering commitment to corporate responsibility. This Report reflects our dedication to making a positive impact on the world around us and improving the lives of our customers and communities.

In 2023 and 2024, we've worked diligently to align our sustainability strategy with our broader vision, focusing on what truly sets us apart—resilient, enduring relationships and a strong emphasis on community. We strengthened our organization, drove strong financial performance, and positioned ourselves for continued success. Although Ponce is a leading financial services company, we believe we must continue to invest in and leverage our unique value-enhancing differentiators, including sustainability, to create a more sustainable long-term enterprise. At the same time, we must never lose sight of our dedication to excellence and partnering with customers and communities to build superior, long-lasting relationships. This focus has served us well and allowed us to develop our people and communities, while adding value for our stakeholders.

This year, we have focused our efforts on those areas that we believe have the most impact. Sustainability at Ponce is a team effort, and our governance structures reflect that collaborative approach. Our Board of Directors and our cross-functional executive team lead the charge on our sustainability initiatives.

Our management team ensures that sustainability is woven into our daily operations. At the same time, we never lose sight of growing our businesses, developing our people, and enhancing our communities.

This report, again, formalizes Ponce's commitment to regularly communicate our sustainability actions and performance. Building on our mission and values, we have adopted the SASB and SDG frameworks for disclosure to enhance transparency. As you read about our progress, I hope you share my enthusiasm for the future of Ponce. The combination of our leading market position as an MDI and CDFI, a dedicated ESG focus, our strong financial profile, and, most importantly, partnering stakeholders, will allow us to continue our sustained value creation.

Going forward, we believe Ponce is well positioned to execute on our sustainable growth strategy. In the coming years, we will remain vigilant to maintain rigorous ESG standards, enhance our sustainability efforts, and continue to be keenly focused on implementing a best-in-class ESG program.



**CARLOS P. NAUDON**

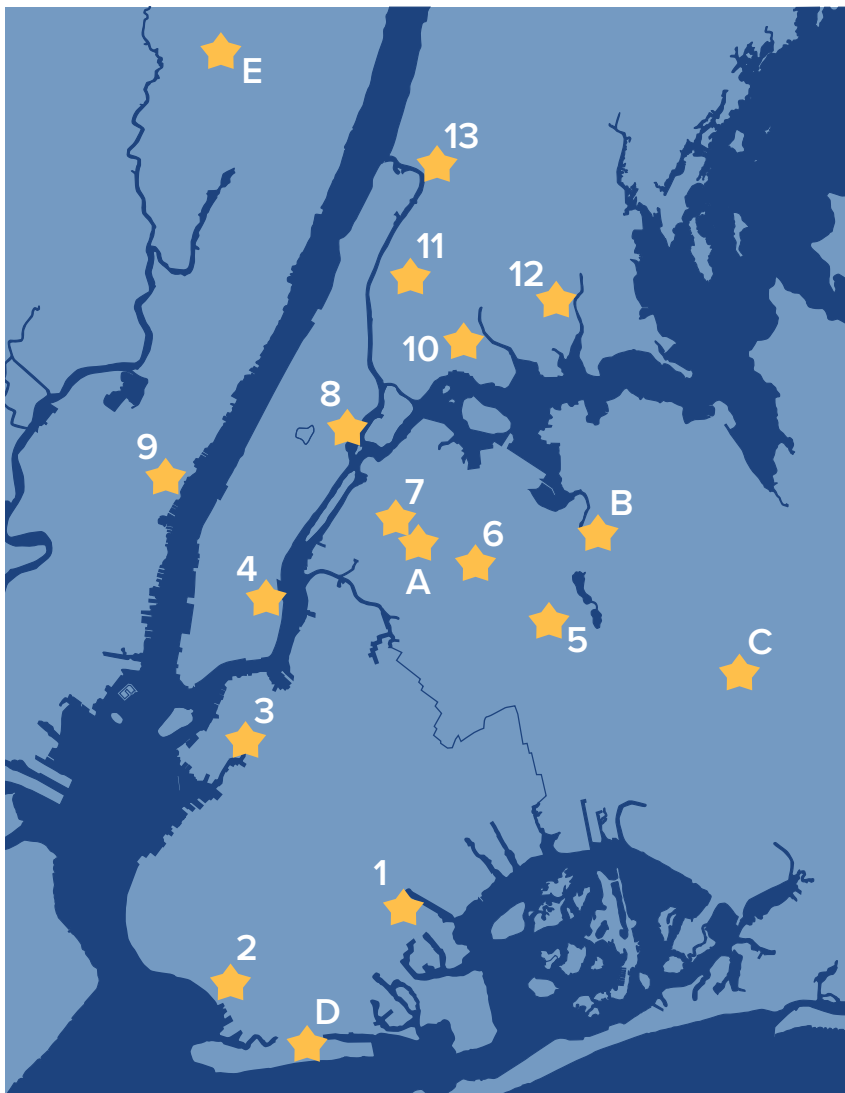
President and Chief Executive Officer

“ This Report reflects our dedication to making a positive impact on the world around us and **improving the lives of our customers and communities.**”



# About Us

Ponce Bank, a Latin-led banking institution with community spirit, opened for business in March 1960. Today, we maintain branch locations in the Bronx, Manhattan, Brooklyn, Queens, and Union City (New Jersey).



## BRANCH LOCATIONS

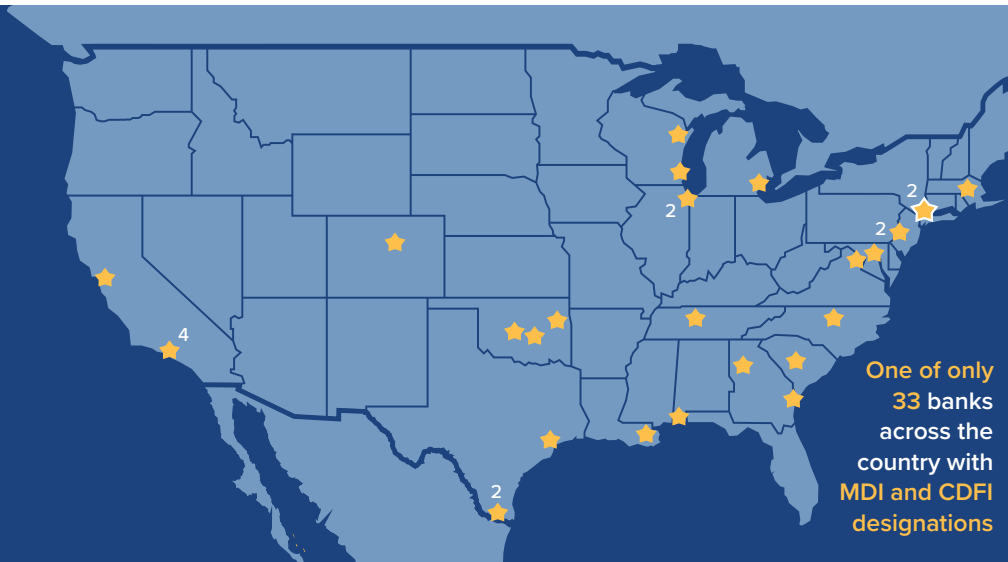
- 1 FLATLANDS**  
1900 Ralph Ave.  
Brooklyn, NY 11234
- 2 BENSONHURST**  
2047 86th St.  
Brooklyn, NY 11214
- 3 SMITH STREET**  
169 Smith St.  
Brooklyn, NY 11201
- 4 STUYVESANT TOWN**  
319 1st Ave.  
New York, NY 10003
- 5 FOREST HILLS**  
100-20 Queens Blvd.  
Forest Hills, NY 11375
- 6 JACKSON HEIGHTS**  
37-60 82nd St.  
Jackson Heights, NY 11372
- 7 ASTORIA**  
34-05 Broadway  
Astoria NY 11106
- 8 106TH STREET**  
207 E. 106th St.  
New York, NY 10029
- 9 UNION CITY (NEW JERSEY)**  
3821 Bergenline Ave.  
Union City, NJ 07087

- 10 SOUTHERN BLVD**  
980 Southern Blvd.  
Bronx, NY 10459
- 11 170TH STREET**  
51 E. 170th St.  
Bronx, NY 10452
- 12 WESTCHESTER AVENUE**  
2244 Westchester Ave.  
Bronx, NY 10462
- 13 RIVERDALE**  
5560 Broadway  
Bronx, NY 10463

## MORTGAGE WORLD BANKERS LOCATIONS

- A ASTORIA (HEADQUARTERS)**  
32-75 Steinway St., Ste 212  
Astoria, NY 11103
- B FLUSHING OFFICE**  
134-14 Northern Blvd., 2nd Floor  
Queens, NY 11354
- C JAMAICA OFFICE**  
189-10 Hillside Ave., Ste E  
Queens, NY 11423
- D BROOKLYN OFFICE**  
2612 East 16th St.  
Brooklyn, NY 11235
- E NJ OFFICE**  
42 S. Washington Ave.  
Bergenfield, NJ 07621

Ponce Bank is designated as a Minority Depository Institution (MDI) and a Community Development Financial Institution (CDFI), one of only 33 such banks across the country. As a CDFI, Ponce Financial Group, Inc., the holding Company of Ponce Bank, qualified and closed a private placement of 225,000 shares of its Senior Non-Cumulative Perpetual Preferred Stock, for an aggregate purchase price of \$225,000,000 in cash, with the US Treasury under its Emergency Capital Investment Program. The capital investment enhanced our ability to continue to serve the (LMI) to moderate-income communities that we have served since we were founded in 1960.



Ponce has earned a reputation for serving the needs of our communities by emphasizing the importance of personal banking and promoting local economic development. We employ a highly qualified and professional workforce and offer a wide variety of products and services designed to meet the needs of our customers and our communities.

We place a strong emphasis on residential lending. Ponce is a well-capitalized bank and ranks amongst the highest capitalized banks in the country, with a strong management team always striving to provide the best service with efficiency, convenience, and courtesy. We use advances in technology to simplify routine transactions and facilitate home banking. We offer various deposit and loan products that are designed to meet the needs of most everyone. We are customer-driven and are committed and ready to provide quality and reliable service to all people in the communities we serve.

We have invested, and continue to invest, in training our employees in leadership, customer service, sales and credit, and regulatory standards and guidelines. We fill vacancies through internal promotions whenever possible. We believe in educating our employees to master the core principles of banking and foster customers’ success by delivering the quality products and services they seek, and in turn encouraging long-term banking relationships. Our culture and values revolve around strong relationships with all our stakeholders—our clients, colleagues, investors, and communities. We believe the principles of corporate social responsibility are part of everything we do—including how we manage and develop our people, the products and services we offer, and the investments the Company makes in our communities.

Our executive management team recognizes that embedding high-quality governance practices and top-tier human capital management within our business operations is a strategic imperative. This commitment to integrity and ethical excellence drives our corporate responsibility strategy. This report affirms our commitment to communicate our ESG priorities and progress.

Our ESG Committee, composed of senior executives, formalized our ESG framework, priorities, and goals. The Committee is supported by an internal ESG working group composed of a cross-functional team of senior employees who represent key areas of our ESG program. Our Board of Directors provides guidance, insight, and oversight on the strategy, initiatives, and management’s performance in achieving our long-term sustainability goals.

“ Our executive management team recognizes that **embedding high-quality governance practices and top-tier human capital management** within our business operations is a strategic imperative.”

- SERGIO VACCARO, Executive Vice President and Chief Financial Officer







# Environmental Responsibility



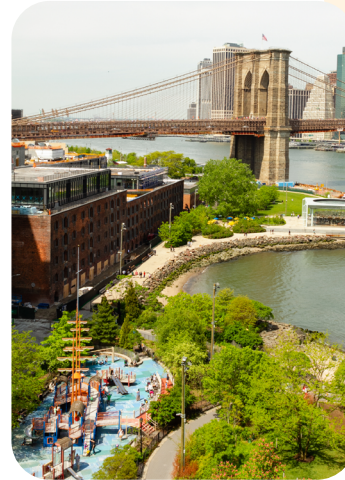
# Environmental Responsibility

Ponce is committed to responsible environmental practices that include conservation of natural resources, pollution prevention, and waste reduction. The sustainability of our operations is central to sustained value creation, growth, and resilience. We are committed to creating environmental responsibility with our employees and other partners, encouraging them to reduce consumption of natural resources and apply an ethical approach to disposal efforts.

As environmental concerns become more prevalent, we recognize the need to comply with increased regulations and stricter environmental standards. Our team members are responsible for identifying and managing risks and opportunities associated with our environmental supply chain. We require that vendors provide only products that comply with applicable laws, including those related to environmental protection, and we will not knowingly purchase products made in violation of established environmental requirements. Our ESG Committee intends to manage each site with a Ponce employee who ensures that the site is maintained in accordance with our policies.

We track the number and value of mortgages that lie in 100-year flood zones, as well as any other risk evaluations as required by current regulation in the jurisdictions where we operate. We have not yet developed a formal process for incorporating climate change and other environmental risks into the mortgage origination and underwriting processes, but are continuing to assess the implementation of these sustainable policies.

We comply with all applicable legal and regulatory requirements to control and reduce emissions and energy usage in our operations. We are committed to making the necessary investments in systems and technology to ensure compliance and to meet or exceed these standards. Going forward, we will continue to engage with suppliers throughout our value chain to measure and manage these impacts—to the best of our individual and collective abilities—to conserve resources, reduce costs, and promote ethical practices in line with our values.



77%

of total office space utilizes LED lighting



We embed the principles of advancing a circular economy into our practices through green investments and long-term implementation of new technologies. We are devoted to operating our business in a sustainable manner and have undertaken several initiatives designed to reduce our impact on the environment and to promote environmentally friendly projects and practices. With a view to increasing efficiency and reducing waste, we are continuing to digitize manual back office and financial center functions. In 2024, we:

- 1 Continued environmentally friendly work practices by supporting the recycling of plastic, glass, and paper.
- 2 Provided filtered water refill stations for employees at a majority of our locations.
- 3 Increased the use of e-records and e-signing technology resulting in paper waste and carbon emissions reduction, including utilizing digital solutions such as mobile/online banking, eStatements, electronic bill pay, and remote deposit capture.
- 4 Continued to migrate technology infrastructure to a cloud environment, reducing energy usage and our carbon footprint.

Ponce is constantly improving its operations to proactively find more efficient and effective ways to ensure our long-term success. Through our modernization efforts, we strive to do our part in offsetting negative impacts on the environment. We continue to evaluate green equipment for office use such as Energy-Star® appliances, motion detector lighting, as well as high-efficiency HVAC units. Currently, most of Ponce's total office space utilizes LED lighting.

Ponce complies with applicable legal and regulatory requirements to control and reduce its environmental footprint. We are committed to making the necessary investments in systems and technology to ensure compliance and to meet or exceed these standards. Ponce has also begun to further integrate information on environmental risks and challenges by incorporating climate risks into credit analyses. We have always innately incorporated environmental issues into our credit decisions—seeking loans that meet acceptable quality and underwriting standards from all communities within our geographic footprint. This includes, but is not limited to, areas prone to increased risk from natural disasters that include climate change. In 2024, our working group will begin to evaluate climate and other environmental considerations as part of our broader commitment to identifying sustainability risks, such as drought, fire, or flood.







# Social Impact



# Social Impact

At Ponce, the Company's purpose is to help our neighbors prosper by providing banking services, financial education, and community building initiatives and partnerships that allow them to dream and achieve vibrant futures. Making a difference for the Company's customers starts with setting an example through actions. Ponce employs proven, knowledgeable team members with extensive expertise when it comes to our banking activities. Each member of our Ponce team brings their own personal experiences and interests to inform the service they provide. In return, we learn from our customers and use this new understanding to go out and improve the places we call home.

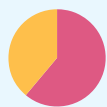
## DIVERSITY, EQUITY & INCLUSION (DE&I)

Ponce Bank is committed to diversity, equity, and inclusion. We strive to create a work environment where all are welcome regardless of race, color, religion, gender, sexual orientation, gender identity, national origin, age, genetic information, marital status, amnesty, disability, veteran status, and medical condition or diagnosis. Ponce Bank has created a workplace culture of respect and collaboration that supports our employees. Our employees carry that respect into every interaction with our customers and community.

Ponce strives to champion a work environment that promotes the values of diversity, equity, and inclusiveness. Our culture of caring and doing the right thing has evolved into a principled, stakeholder-driven sustainability. We hold ourselves accountable to our values, as well as to our stakeholders. With over 200 employees and plans to grow, we are committed to fostering and embracing a diverse community in which employees share a mutual understanding and respect for each other.

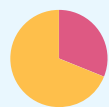
As of December 31, 2023, the Company had 237 full time equivalent employees. None of the Company's employees are represented by a labor union, and management considers its relationship with employees to be good. The Company believes its ability to attract and retain employees is key to its success. Accordingly, the Company strives to offer competitive salaries and employee benefits to all employees and monitors salaries and other compensation in its market area.





56%

Minority Bank executives and senior level managers



31%

Female Bank executives and senior level managers



86%

Staff identify as a minority

In 2024, the Company continued to make progress toward attracting and retaining a diverse workforce. In order to support and live our culture, the Company’s talent acquisition team attends job fairs that attract ethnically and culturally diverse employees. Ponce team members form deeper relationships with those around them based on mutual respect, dignity, and understanding. The Company has non-discrimination and anti-harassment policies as outlined in our Employee Handbook. These policies drive a workplace and workforce that embraces the highest ethical and moral standards.

The Bank and the Company are certified as CDFIs and MDIs by the United States Department of the Treasury. Such status increases a financial institution’s potential for receiving grants and awards that, in turn, enable the financial institution to increase the level of community development financial services that it provides to communities. We have received over \$4.2 million in such awards over the last two years. We reinvest the proceeds from such grants and awards back into the communities we serve.

Ponce Bank is one of only 33 banks across the country certified as both a CDFI and MDI. Our leading market position as an MDI and CDFI, dedicated ESG focus, strong financial profile, and our network of partnering stakeholders, will allow us to continue our sustained value creation. In the coming years, we plan to maintain rigorous ESG standards, enhance our sustainability efforts, and remain laser-focused on implementing a best-in-class ESG program.

Ponce has also been recognized in the latest report from the National Community Investment Fund, where Ponce ranked: #1 among the 20 largest CDFI Banks with a Housing Focus in Assets, as well as among the 20 largest banks by percent of branches located in LMI tracts in total Deposits among all CDFI banks nationwide, which we believe is attributable to our deep commitment to corporate culture, and our focus on initiatives to support and develop our employees. The Company has built our success on valued relationships beginning with our employees, who then build long-term, customer-focused relationships throughout our footprint.





## HEALTH & WELLNESS

Ponce's employees are our greatest asset and are critical to our ability to execute our strategy. As such, we are committed to a healthy and safe culture that provides respect for all employees, focuses on creating and sustaining an atmosphere of collaboration and innovation, and rewards team and individual successes. We invest in our people accordingly.

The Company provides competitive compensation and benefits in order to attract and retain top talent. In addition to base pay and stock awards, we have several incentive programs which are designed to link performance to pay and drive results towards the achievement of overall corporate goals. The Company is committed to our employees' mental and physical health and safety. We offer a robust benefits package which includes:

- Comprehensive medical benefits
- Competitive ancillary benefits, such as dental, vision, critical illness, legal, and identify theft coverage
- Company-paid short and long-term disability and life insurance
- Flexible spending accounts for both healthcare and dependent care
- Health savings accounts with Employer contributions
- 401(k) retirement savings program with Company match
- Paid parental leave

Our compensation program is designed to attract, retain, and reward performance and align incentives with the achievement of our strategic plan and both short- and long-term operating objectives. In accordance with our compensation philosophy, we offer competitive benefit packages that reflect the needs of our workforce. We continuously evolve our benefits plans to remain competitive and to meet the needs of our workforce to include medical benefits, dependent care, Company-provided life insurance benefits, disability coverage, new parent paid leave, and a Keystone Savings and Profit-Sharing Plan (KSOP) program. Ponce is focused on investing in our current and future talent by actively supporting the success, growth, and career progression of our employees, and professionally supporting team members. We are committed to building and strengthening our workforce for the future with training and career development programs that go well beyond the immediate skills needed for a current role.



## COMMUNITY

### Amplifying Impact

At Ponce Bank we are always looking for ways to do more for the communities we serve. **In 2023 we invested 93 cents of each dollar into our community.** From 2021–2023 Ponce Bank’s capital recruitment efforts have generated millions of dollars of additional community investment. And the more dollars we can recruit the more we have to reinvest!

With the help of our Mission Driven Deposit Partners, and through CDFI Fund and other awards, Ponce Bank brings more resources to our community allowing the Bank to intensify our efforts and magnify our impact.



### Lending & Investment

Since our founding, Ponce Bank has invested dollars in places where they can do the most good. We've built on that tradition by creating access to capital in areas of persistent poverty, majority minority communities, and CDFI Fund underserved areas.

#### 2023 IMPACT LENDING

Impact Origination Type	Q1 Loans	Q2 Loans	Q3 Loans	Q4 Loans	% of Originations	Total Category Lending
Urban Low-Income Areas	46	46	40	31	43%	\$326.7M
Minority Communities	66	51	59	48	59%	\$467.6M
Underserved/CDFI Investment Areas	55	62	46	39	54%	\$344.1M
Persistent Poverty Counties	40	45	34	27	39%	\$449.8M
Low- to Moderate-Income Borrowers	0	13	11	4	7%	\$13.4M

### Supporting Small Business

Small business has a large impact on their communities, but being a small business isn't easy. Ponce provides innovative solutions like the Empire State Development Linked Deposit Program, which lowers the interest rates small business borrowers pay, and Prosper small business loans of up to \$25,000. Credit decisions for Prosper loans are based on demonstrated business cash-flow not credit score. These programs meet our small businesses where they are and help them access the capital they need to thrive and grow.

“Small business is a misnomer; small businesses are the largest employers in America.”

- JUAN VARGAS, VP, Director of Retail Digital Lending



“A rising tide lifts all boats.”

- CARLOS NAUDON, Ponce Bank President & CEO

### 2023 Commercial and Industrial Loans

43

Total Business Loans

27

Loans to Majority Minority-Owned Businesses

\$14.9M

Amount of C & I Credit Accessed

\$910K

Loan \$ to Low- to Moderate-Income Borrowers

\$344,942

\$ of Prosper small business loan originations



### Small Business Bootcamp

In 2021 Ponce Bank received community requests for educational opportunities for small businesses in low- to moderate-income areas and minority communities. To meet this need Ponce Bank partnered with the Business Outreach Center to create and deliver the Ponce Bank *Small Business Bootcamp*, a course of four free classes designed to help small businesses learn healthy financial practices. At the request of the participants and community, the series—shared in the Bronx, Brooklyn, Queens, Manhattan, and New Jersey—expanded to include a second series of classes in 2022 and a third series of classes in 2023.

From 2021–2023, 262 graduates have participated in one or more *Small Business Bootcamps*. Ponce Bank is excited to continue meeting the communities’ needs and growing and expanding the series further in the future.

112

2023 *Small Business Bootcamp* series I and II graduates

69

Graduates with business generating less than \$1M in annual revenue

11

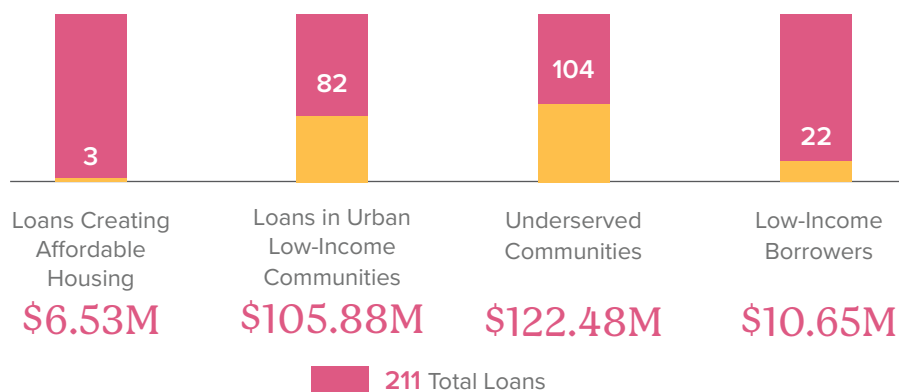
Graduates that self-identified as having a disability



### Affordable Homeownership

In the NYC metropolitan area, tens of thousands of households are burdened by housing costs that are more than 30% of income. We work with our community partners and customers to create more affordable housing in our communities, create access to capital for underserved and low-income areas, and provide affordable and flexible finance options, which allow families to purchase homes where they can build wealth in home equity and, as owners, directly control their housing costs. We continue to find innovative ways to support affordable homeownership including connecting first-time homeowners to \$9,500 in down-payment and closing cost grants through a new program in 2023<sup>1</sup>.

### 2023 Residential Loans



### Mainstreaming Financial Mastery

In US schools, few students learn how to create a budget or pay their taxes. Ponce Bank offers Financial Mastery education to all ages, from children to seniors. We work every day to ensure everyone has access to information so making informed choices and mastering finances is ordinary and mainstream. To reach that goal we grow our Financial Mastery Program based on the requests of the community and we make information available 24-hours a day through Ponce U on our website.

#### SERIES CREATED AT COMMUNITY REQUEST:

- *Small Business Bootcamp* – Series I, II & III
- Non-Profit Technical Assistance
- Sessions in Spanish
- Getting Your Financial House in Order: The Series

<sup>1</sup> Grant funds provided through Federal Home Loan Bank of New York Homebuyer Dream Program.

### First-Time Homebuyers

106

Loans

\$53.8M

In Lending

“ Home ownership is the primary wealth builder!

- SONITA DISTEFANO, EVP COO Mortgage World Bankers Division

### 2023 Financial Mastery

167

Sessions

2662

Attendees

“ Our people are not financially illiterate. When you live paycheck to paycheck, you learn about cashflow! What we strive to offer is financial mastery.”

- CARLOS NAUDON, Ponce Bank President & CEO

**Serving Non-Profits**

Non-profits are in our community every day focused on the needs of our neighbors. By delivering exceptional service and products that meet non-profits' unique needs we help them grow and better serve their missions.

**Serving Non-Profits**

152

Number of Accounts

\$22.1M

2023 New Deposits

\$69.6M

Total Deposits

\$28.9M

Total Lending

“ Support from Ponce Bank allows Per Scholas to expand our work preparing individuals traditionally underrepresented in technology for high-growth careers in the industry. Through rigorous training, professional development, and robust employer connections, we advance equity and connect skilled talent to leading businesses. Thank you for the progress you are making possible.”

- PLINIO AYALA, Per Scholas President & CEO

“ Non-profit organizations provide critical services to our communities. That is why we support them!”

- WANDA MATOS, VP, Director of Non-Profit Services





### Community Giving

Making an impact is about more than providing financial services. We give directly to our community through sponsorship of community-based organizations providing a different, but dearly needed, type of service to the communities we love; we give of our time through staff volunteering; and we contribute to the future success of our community through academic scholarships.

#### 2023 Ponce Bank Community Giving

17

Volunteer Events

174

Volunteer Hours

\$589,914

291 Sponsorships

\$76,000

66 Scholarships

“ The [Northern Manhattan Improvement Corporation Toy Drive] was a huge success. Thanks to your sponsorship and support we collected about 175 toys. *We are happy to report that we gave smiles, and hope, to each child who received a toy.*

- SENY TAVERAS J.D.

“ We are of the community, we live in the community, and we are for the community. *That is why we give to our community.*”

- MADELINE MARQUEZ, EVP Chief External Affairs Officer



### Ponce Bank Impact Partners

There's a proverb, *Go fast alone, go far together!* that we've found to be true. With the help of our Mission Driven Deposit Partners and our Non-Profit Customers, Ponce Bank is able to 'go far,' by doing more in the community and meeting the specific and diverse needs of each community we serve.

## You Can Make an Impact with Ponce Bank

- Affordable Housing & Down-payment Assistance Grants
- Reserve Allocations for Mission-driven Products
- Low-cost Deposits
- Equity Investments
- Loan Participations & Syndications
- Credit Card Solutions & Other Payment Platforms
- Merchant Processing
- Legal, Auditing, and Consulting Services
- Brokerage Services
- Special Purpose Credit Programs
- ATM Network Expansion
- Technology, System, and Digital Capabilities
- Marketing & Visibility
- Economic & Market Analysis
- Training & Development, Coaching & Mentoring
- Strategic & Business Planning
- New Products & Services
- Wealth Management & Financial Planning Solutions
- New Market & Other Tax Credit Opportunities

### 2023 4TH QUARTER MISSION DRIVEN DEPOSIT PARTNERS

- Banc of America Community Development Corp
- Bank of America
- Bank United
- Block Inc
- Delta National Bank/Safra Bank
- Empire State Bank
- First Central Savings Bank
- Mizuho Bank
- New Millenium Bank
- NYS Empire State Development
- OceanFirst Bank
- The Berkshire Bank
- TIAA

### NON-PROFIT CUSTOMERS\*

- Black Latinx Asian Charter Collaborative
- Bronx Academy of Promise Charter School
- Center For Alternative Sentencing and Employment Services, Inc. (CASES)
- Charter School Of Educational Excellence
- Community Healthcare Network Inc
- Family Life Academy Charter School
- The Institute for Family Health
- Jewish Child Care Association of New York
- Neighborhood Self Help by Older Persons
- New York State Urban Development Corporation
- Riverdale Mental Health Association Inc/ Mosaic Mental Health
- Social and Environmental Entrepreneurs (SEE) Inc.
- The Point Community Dev Corp.
- Unique People Services, Inc.
- Vocational Instruction Project Community Services Inc.

“Ponce Bank’s community giving and partnering programs amplify the impact of your investment on the community.”

- CARLOS NAUDON, Ponce Bank President & CEO

\* Non-Profit Customers listed have account balance at or exceeding \$500,000.





Ponce Bank

# Culture of Governance





# Culture of Governance

Ponce is committed to maintaining a high-quality governing body and achieving excellence in our corporate governance practices. We emphasize a culture of accountability and strive to conduct our business in a manner that is fair, ethical, and responsible to earn the trust of our stakeholders. Our Board of Directors is comprised of a majority of independent directors as defined by the Nasdaq listing standards and our Guidelines. Our corporate governance policies and practices include annual evaluations of the Board and its committees, as well as continuing director education. Our Code of Ethics ensures that our directors, officers, and colleagues comply with all applicable rules and regulations.

## DATA SECURITY

We implement robust risk management programs to ensure compliance with applicable laws and regulations governing ethical business practices. We maintain a complaint and whistleblower policy monitored by an independent third party to receive notice of financial regularities, breaches of internal controls, conflicts of interest, and fraud. The Company is subject to rigorous controls and audits, and our Board actively oversees our cybersecurity practices. Our risk management teams ensure compliance with applicable laws and regulations and coordinate with subject-matter experts throughout the business to identify, monitor, and mitigate material risks. Management provides mandatory ongoing team member and director compliance training on a variety of topics including, but not limited to, the areas of Fair Lending and Anti-Money Laundering (AML), which includes recognizing and reporting unusual or suspicious activity.

Ponce has a robust Information Security program. Our Information Technology (IT) team uses a combination of industry-leading tools and innovative technologies to help protect our stakeholder's data. Our team members are responsible for complying with our data security standards and complete mandatory annual training to understand the behaviors and technical requirements necessary to keep Personal Identifiable Information (PII) secure. To protect clients' personal information from unauthorized access and use, the Company uses security measures that comply with federal law. We restrict access to personal information about clients to those team members who need to know that information to provide products or services. Our IT team uses a combination of industry tools and in-house innovative technologies to help protect stakeholders against cybercriminals. We leverage the latest encryption configurations and cyber technologies on our systems, devices, and third-party connections and further review vendor encryption to ensure proper information security safeguards are maintained.





COMPLIANCE & ETHICS

As a leading financial institution, we seek to implement practices that are ethical and reasonable. We believe that ethical and humane employee, customer, and vendor treatment should be top priority. Guided by our executive leadership team, we balance a drive for innovative financial services with a fidelity to ethical professionalism. We have adopted a Code of Ethics, which is posted on our website. The policies referred to therein apply to all Ponce employees. This Code covers all areas of professional conduct, including, but not limited to, conflicts of interest, disclosure obligations, and confidential information, as well as compliance with all laws, rules, and regulations applicable to our business. Ponce encourages all employees to report any violations of any of our policies and may do so through their immediate supervisor or via confidential, third-party hotline.

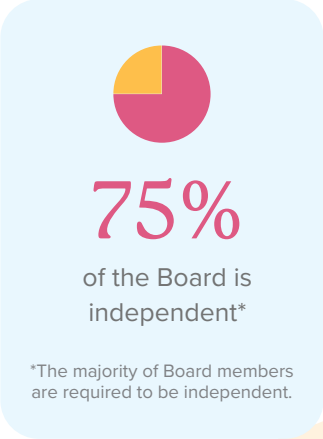
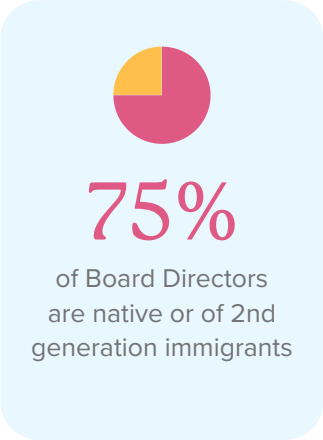
We believe that our suppliers should have strong corporate governance, effective management of enterprise risk, and socially-conscious supply chains because that supports the long-term success of our business and our stakeholders. Executive Management is responsible for our day-to-day risk management activities. We rely on a comprehensive risk management process to aggregate, monitor, measure, and manage risks incurred through our suppliers. While management exercises oversight, management does not have full control over our supply chain nor the suppliers we do business with; however, management continually seeks to partner with suppliers that have comprehensive risk management processes. The COVID-19 pandemic confirmed that risk management was effective in overcoming any supplier issues as we continued to operate with minimal disruptions.

CORPORATE GOVERNANCE

Leadership at Ponce Bank is “De la Comunidad,” bringing unique and varied perspectives into Ponce Bank.

Our Board of Directors established a Code of Business Conduct and Ethics to aid our directors, officers, and employees in making ethical decisions when conducting our business and performing their day-to-day duties. A common theme Ponce bankers hear is the importance of the positive reputation we have in the community and with our customers. The confidence and trust the community and our customers have for us is critical to our ongoing success, and each banker plays a critical role in maintaining and continuing to enhance this reputation. It is paramount for Ponce that everyone associated with Ponce Bank hold themselves to the highest ethical standards and professional conduct. The Code of Conduct and Ethics is posted on our website.

We routinely engage with our shareholders to better understand their ESG views, carefully considering the feedback we receive and acting when appropriate. For more information about Ponce’s commitment to sustainability matters, including policies, programs, and our recent Sustainability Report, please visit Ponce’s website at [www.poncebank.com](http://www.poncebank.com).



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Social  
equity has  
no bounds.  
- CARLOS NAUDON,  
Ponce Bank  
President & CEO





Annex



# SASB Table

SASB TOPIC	SASB METRIC	SASB CODE	DATA & NARRATIVE RESPONSE				
Lending Practices	(1) Number and (2) value of residential mortgages of the following types, by FICO scores above or below 660: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total	FN-MF-270a.1	<b>NUMBER/VALUE OF RESIDENTIAL MORTGAGES</b>				
			<b>TOTAL</b>	<b>FICO &gt;660</b>	<b>FICO =&lt;660</b>	<b>FICO SCORE NOT TRACKED</b>	
			(a) Hybrid or Option Adjustable-rate Mortgages (ARM)*	598/ \$446,965,987	365/ \$290,740,122	14/ \$10,216,000	219/ \$146,009,865
			(b) Prepayment Penalty Mortgages	--	--	--	--
			(c) Higher Rate Mortgages*	122/ \$79,789,589	61/ \$44,538,814	5/ \$3,089,000	56/ \$32,161,775
			(d) Total Residential Mortgages	758/ \$538,453,112	427/ \$327,626,372	20/ \$13,011,000	311/ \$197,815,740
	(1) Number, by FICO scores above and below 660 and (2) value by FICO scores above and below 660 of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure	FN-MF-270a.2	<b>NUMBER AND VALUE OF MORTGAGES ORIGINATED, BY CATEGORY</b>				
			<b>NUMBER</b>	<b>VALUE</b>			
			Mortgage Modifications	0	\$0		
			Foreclosures	3	\$4,619,090		
			Short Sales Or Deeds In Lieu Of Foreclosure	0	\$0		
	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	FN-MF-270a.3	In 2023 Ponce Bank had no monetary losses from legal proceedings associated with communications to customers or remuneration of loan originators.				
	Description of remuneration structure of loan originators	FN-MF-270a.4	At Ponce Bank, loan originations are managed by our Commercial Relationship Officers (“CRO”). These officers are salaried employees that receive additional compensation equal to 0.125% of each loan they close on a quarterly basis, up to a maximum payout per loan of \$10,000. No additional bonuses, commissions, or other incentives are in place to compensate our loan originators; however, they are eligible for other employee benefits that we offer to our workforce, such as employee stock option plans and insurance.				

\* Some of our mortgages qualify as both hybrid and higher rate.

SASB TOPIC	SASB METRIC	SASB CODE	DATA & NARRATIVE RESPONSE
Discriminatory Lending	(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660	FN-MF-270b.1	We do not currently collect these data points and are unable to report them at this time.
	Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending	FN-MF-270b.2	In 2023 Ponce Bank had no monetary losses from legal proceedings associated with discriminatory mortgage lending.
	Description of policies and procedures for ensuring nondiscriminatory mortgage origination	FN-MF-270b.3	<p>Ponce Bank is committed to making residential mortgage loan and credit products available to all applicants in a fair and consistent manner, within the confines of safe and sound banking practices. As a mortgage lender we navigate a delicate balance in the credit system, recognizing both our institution’s need to know as much as possible about a prospective borrower and the borrower’s right not to disclose information that is irrelevant to the transaction.</p> <p>We have a responsibility under the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA) to uphold fair treatment in our lending and to not discriminate on the basis of specified characteristics. The requirements of these and other fair lending laws are incorporated into our institution’s Fair Lending Statute. This Statute guides our internal processes to ensure non-discrimination in lending through the following procedures.</p> <p>In the evaluation of a mortgage application and other credit applications, our institution does not consider prohibited basis information such as race; color; religion; national origin; sex; marital status; age; or assumptions relative to the likelihood of bearing or rearing children. We do not discount income derived from part-time employment, retirement benefits, or public assistance programs. Additionally, we do not request any information during the application process which is prohibited by the ECOA and other fair lending laws.</p> <p>Ponce Bank’s internal controls ensure and encourage adherence to policies, rules, regulations, and laws applicable to our residential mortgage loan and credit products. Training on our Fair Lending Statute is provided for applicable employees, including upon any regulatory changes and periodically as needed. Our compliance manager is responsible for aiding, training, and providing guidance to all employees regarding interpretation and implementation of our Fair Lending Statute. Our human resource manager monitors attendance of trainings to ensure employees are fulfilling training requirements.</p> <p>Internal testing is completed periodically to guarantee compliance with non-discriminatory mortgage origination regulations. Our compliance lending specialist is responsible for performing ad-hoc review of all areas included in our Fair Lending Policy, while our internal auditor is responsible for conducting regular and ad hoc reviews to ensure compliance with our Fair Lending Statute. In cases where we must provide mortgage applicants with a Notice of Action Taken or Notice of Incompleteness, documents to demonstrate our compliance with applicable laws are maintained in our archives for an extended period of time as a control to provide evidence of compliance with fair lending laws.</p>

SASB TOPIC	SASB METRIC	SASB CODE	DATA & NARRATIVE RESPONSE	
Environmental Risk to Mortgaged Properties	(1) Number and (2) value of mortgage loans in 100-year flood zones	FN-MF-450a.1	As of 12/31/23, our figures were as follows:  (1) 32 (2) \$99,379,000	
	(1) Total expected loss and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather-related natural catastrophes, by geographic region	FN-MF-450a.2	We do not currently collect these data points and are unable to report them at this time.	
	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	FN-MF-450a.3	We have not yet developed a formal process for incorporating climate change and other environmental risks into mortgage origination and underwriting.	
Activity Metrics	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial	FN-MF-000.A	<b>NUMBER AND VALUE OF MORTGAGES ORIGINATED, BY CATEGORY</b>	
			<b>NUMBER</b>	<b>VALUE</b>
			Residential Mortgages Originated	123
	Commercial Mortgages Originated	150	\$1,427,616,760	
	(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	FN-MF-000.B	<b>NUMBER AND VALUE OF MORTGAGES ORIGINATED, BY CATEGORY</b>	
			<b>NUMBER</b>	<b>VALUE</b>
Residential Mortgages Purchased			0	–
Commercial Mortgages Purchased	0	–		
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1	We did not have any material data breaches in 2023.	
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	Ponce has implemented Cybersecurity tools with a multi-layered approach to Cybersecurity protection inclusive of 24/7 365 MDR EDR + Vulnerability Scanning. Also used Endpoint Lock, Identity Watch, Keystroke Encryption and Dark Web Scanning. Ponce is also enrolled in a Core Risk Advisory Platform with automatic notification to identify all potential fraud in a proactive approach.	

SASB TOPIC	SASB METRIC	SASB CODE	DATA & NARRATIVE RESPONSE
<b>Financial Inclusion &amp; Capacity Building</b>	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	(a) 212 (b) \$614,460,835.26
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	The Bank did not have any loans in past due / non-accrual status that met the criteria as of 12/31/2023.
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	As of 12/31/23, we had 12,769 “no-cost” retail checking accounts in use by our customers. We do not currently track customers according to the definitions of unbanked and underbanked.
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	In 2023 we held 125 Financial Mastery workshop sessions that benefited 2,157 individuals, of which 1,149 were students and young adults. While we do not formally track the number of unbanked, underbanked, or underserved customers reached through these workshops, we know that many participants were teenagers and young adults who had not yet opened a bank account and were thus unbanked.  In 2022 and 2023 we increased the number of workshops in our Financial Mastery series and expanded outreach to communities in need of financial education. Most of our trainings and technical assistance were provided to low-income students, nonprofits and small businesses.  Students learned about personal finances by attending a series of workshops on budgeting, earning income, credit, and “Banking 101.” These workshops served to prepare students for the transition from high school into college life, work life, and personal independence by teaching skills of handling money, maintaining/ building credit, accomplishing financial/personal goals, and covering strategies to implement once they start to earn income — all of which aim to shape the way they value money.
<b>Incorporation of Environmental, Social, and Governance Factors in Credit Analysis</b>	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	We do not currently collect these data points and are unable to report them at this time.
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	We recognize that consumer and market forces are shifting to account for ESG concerns. We and our customers may face increased costs, asset depreciation and operational changes if ESG factors affect the course of business. For this reason, we make efforts to consider ESG risks when making lending decisions, including through expansion of business with climate-friendly companies, and by not lending to the oil and gas industries which have been increasingly implicated as significant contributors to climate change.

SASB TOPIC	SASB METRIC	SASB CODE	DATA & NARRATIVE RESPONSE
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	In 2023 Ponce Bank had no monetary losses associated with the violation of laws or regulations related to fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, or malpractice.
	Description of whistleblower policies and procedures	FN-CB-510a.2	<p>Every employee is expected to act proactively by asking questions, seeking guidance, and reporting suspected violations of our Code of Business Conduct and Ethics, as well as any violation or suspected violation of applicable law, rule, or regulation arising in the conduct of the Company’s business or occurring on the Company’s property. If any employee believes that actions have taken place, may be taking place, or may be about to take place that violate or would violate the Code or any law, rule, or regulation applicable to the Company, he or she must bring the matter to the attention of the Company.</p> <p>Our whistleblowing procedure is intended to be used for serious and sensitive issues and concerns related to financial reporting, unethical, or illegal conduct. We have in place a hotline service that supports our whistleblower policy via a third party – Lighthouse Services, LLC a division of Syntrio. Reports made via our reporting hotline are anonymous, and when the reporter’s identity is known, it is kept confidential.</p> <p>Concerns should be reported in either of the following ways: • English speaking USA and Canada: (844) 990-0002 • Spanish speaking North America: (800) 216-1288 • Website: www.lighthouse-services.com/poncebank • E-mail: reports@lighthouse-services.com (must include Company name with report).</p>
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	Ponce Bank is not considered a Global Systemically Important Bank.
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	Ponce Bank’s capital requirements are based on recommendations of the Basel Committee on Banking Supervision and certain requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). We perform a voluntary five-year capital plan where we stress our capital using the two-year loan loss ratios of all the banks that failed during the last financial crisis per guidelines set forth by the Office of the Comptroller of the Currency.
Activity Metrics	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	<b>NUMBER AND VALUE OF CHECKING AND SAVINGS ACCOUNTS, BY SEGMENT</b>
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	<b>NUMBER AND VALUE OF LOANS, BY CATEGORY*</b>

\* As of 12/31/23. Figures exclude mortgage loans and revolving credit loans.





Ponce Bank

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