



Ponce Bank

2022

ESG FACTSHEET



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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

Ponce Financial Group and Ponce Bank (“Ponce”) are committed to upholding ESG standards in all that they do, and believe a dedication to sustainability is critical.

In 2022, Ponce formalized its 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.

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.

This report takes a materiality-based approach to disclosure and covers data through December 31, 2021, and 2022, unless otherwise noted. In compiling this report, Ponce completed a materiality assessment. The assessment began by examining a range of key stakeholders including investors, customers, Ponce Bankers and ESG rating organizations. It then reviewed the recommended ESG topics for inclusion in the sustainability disclosure, rating methodologies, investment decision-making, goal setting and strategy.

The disclosures within the SASB framework were prepared with the goal of developing future qualitative and quantitative reporting that would also align with industry best practices. By mapping Ponce’s organizational programs against the SASB framework, its sustainability efforts became part of a broader set of organizational goals. Ponce believes that it is making meaningful progress within these SASB topics and plans to harvest countless other benefits indirectly resulting from improvements in these material ESG areas.



Dear Shareholders,

I am pleased to share our 2022 Environmental, Social and Governance (“ESG”) Factsheet, which marks a significant step forward in Ponce’s commitment to sustainability, diversity, equality, inclusion and ethical business standards.

Although Ponce is a leading financial services company, we believe we must continue to invest in and leverage our unique value-enhancing differentiators, including ESG, 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 report formalizes Ponce’s commitment to regularly communicate our ESG actions and performance. Building on our mission and values, we have adopted the SASB framework for disclosure to enhance transparency. We are pleased to share this report and remain conscious of the need to align with key environmental, social and governance issues relevant to our industry.

In 2023, we are well positioned to continue our sustainable growth strategy because of our ongoing focus on our people and being good partners to our customers and the communities we serve — all of which have the ability to deliver tangible value to stakeholders. Being a minority-managed, mission-driven organization, our commitment to fostering a diverse and inclusive culture has never been stronger or more important. Through our diversity and inclusion initiatives, including company-wide training, mentorship programming,

succession planning, targeted recruitment efforts and support for our employee-led groups, Ponce maintains a high-achieving workforce that reflects the communities we serve. It is in our credo: we are of the community, we are for the community and we are in the community.

Despite the challenges in the world around us, we are optimistic about the road ahead for 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. 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.

Our focus ahead is unwavering. Ponce is excited for what the future holds and to share our sustainability story with you in this report. We appreciate your confidence and support.



Carlos P. Naudon

CARLOS P. NAUDON

President and Chief Executive Officer

“We are looking forward to taking this ESG journey and expect to benefit in several ways in areas such as strategy, risk management and stakeholder loyalty. We firmly believe that the ESG initiative will enhance our ability to evaluate opportunities and risks over the short and long term. Our newly appointed Head of Sustainability and Chief Investor Relations Officer, Frank Perez, has been tasked with leading this initiative as part of his new role with the Company. As an MDI and CDFI, we are keenly aware that the populations we serve — underbanked and underserved — are increasingly adversely impacted by climate change and social economic developments.”

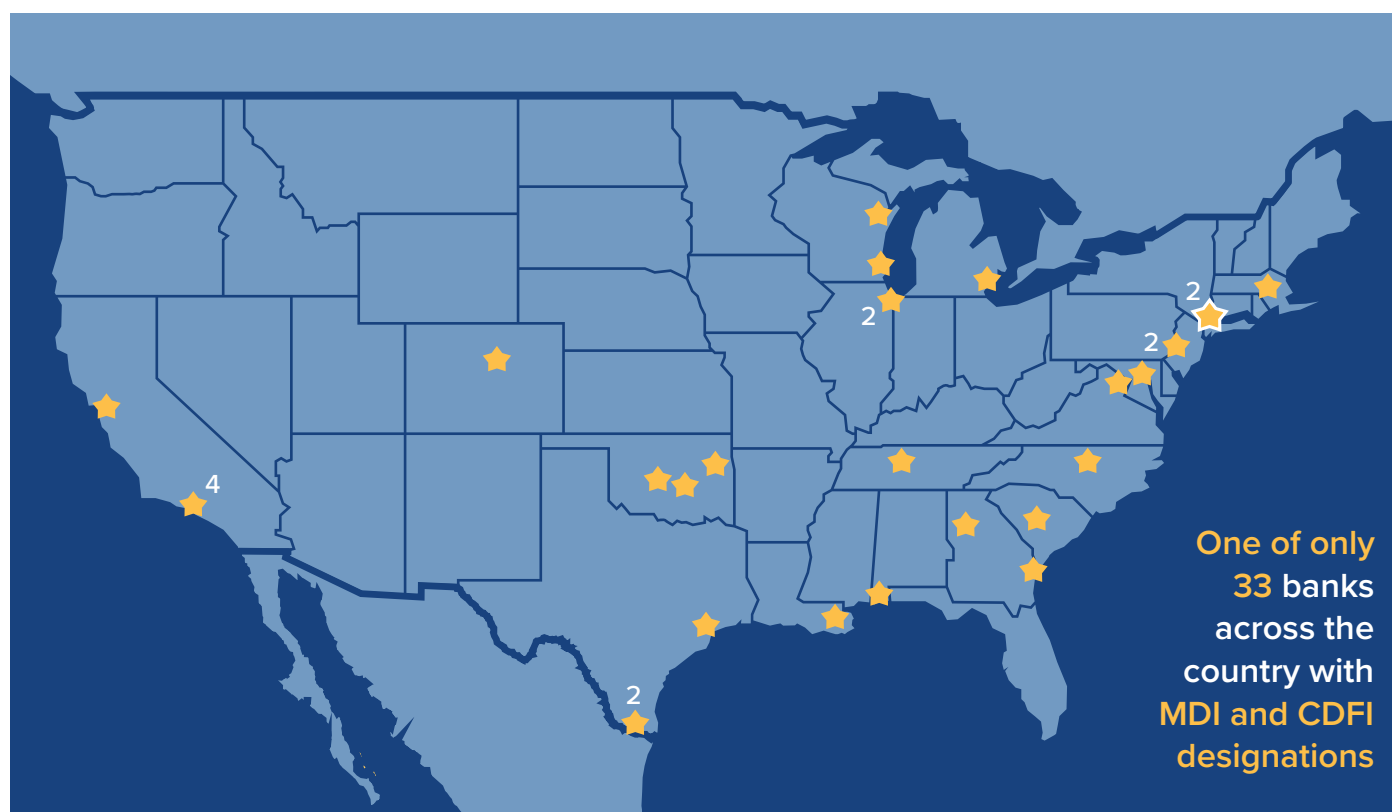
Ponce Bank, a Latin-led banking institution with community spirit, opened for business in March 1960. Today, we maintain branch locations in the Bronx, Manhattan, Brooklyn, Queens and Union City (New Jersey).

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 low- 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' successes by delivering to customers 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 of 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. In 2022, we formalized our ESG strategy to align with our longstanding culture, values and the continued growth trajectory of our business.

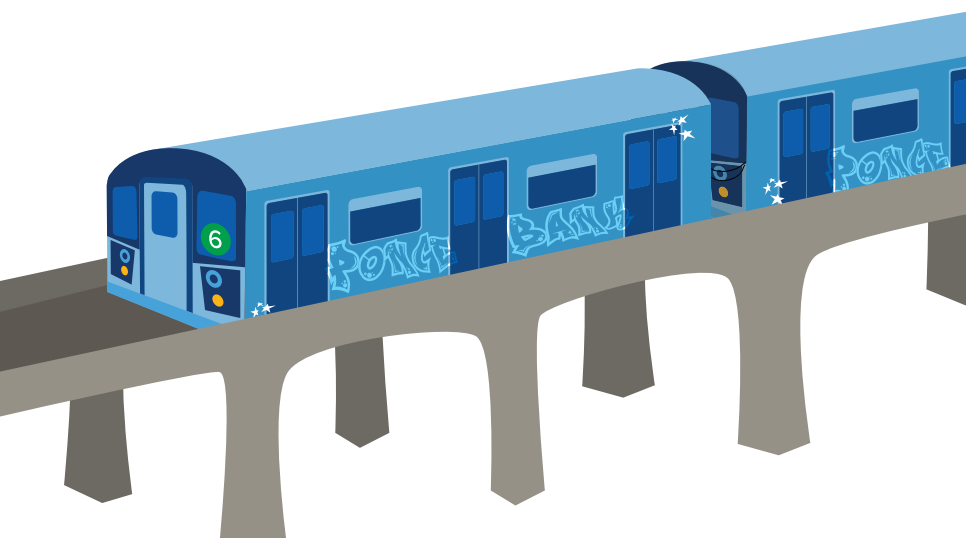
Our executive management team recognizes that embedding high-quality governance practices and top-tier human capital management within our business operations is a strategic imperative. This commitment to integrity and ethical excellence drives our corporate responsibility strategy. This report affirms our commitment to communicate our ESG priorities and progress. Our ESG Committee, composed of senior executives, including Frank Perez, Head of Sustainability and Chief Investor Relations Officer and an Alliance Member of the Sustainability Accounting Standards Board ("SASB") 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.



"I am excited for the opportunity to lead Ponce's ESG initiatives that will guide us in developing and enhancing our plans for the future by aligning our activities with ESG principles. We are well down the path of gathering benchmarking data to generate meaningful goals for our Company."

FRANK PEREZ

Head of Sustainability and
Chief Investor Relations Officer



Environmental Responsibility



Environmental Responsibility

Environmental Initiatives

Ponce is committed to responsible environmental practices that include conservation of natural resources, pollution prevention and reduction of waste. 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. We are continuously researching and designing innovative ways to boost efficiency. With a view to increasing efficiency and reducing waste, we are continuing to digitize manual back-office functions. 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.



Highlights of our efforts and accomplishments include:

- Continuously researching and designing innovative ways to boost efficiency in our office spaces, such as utilizing high-efficiency electric equipment including LED and motion detector lighting, and high-efficiency HVAC units.
- Encouraging environmentally friendly workplace practices by supporting recycling and separation of waste throughout our offices.
- Engaging with qualified energy professionals to conduct regular third-party inspections and provide utility and financial savings information to relevant decision-makers, including a rebate from our electric provider for implementing ESG-friendly building enhancements.

Social Impact



Social Impact



Diversity, Equity & Inclusion

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 nearly 300 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. Our pledge to diversity, equity and inclusion encompasses our commitment to create a work environment that embraces inclusion regardless of race, color, religion, gender, sexual orientation, gender identity, national origin, age, genetic information, marital status, amnesty, disability, veteran status, or based on pregnancy, childbirth or related medical conditions. As of December 31, 2022, approximately 61% of our total workforce were female, while approximately 86% of our total workforce were ethnically or racially diverse.

The inclusion of people with disabilities helps drive our sustainable evolution for our employees, communities and customers. Reasonable accommodations include adaptive equipment, flexible work arrangements, special parking assignments, hotlines and a number of other inclusive services.

Diversity breakdown of entire staff:



Data is as of December 31, 2022, and include all staff.



Health, Safety and Talent Acquisition & Retention

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.

In response to the global pandemic, Ponce took swift action to transition employees not based at branches to a work-from-home status. At the same time, we adopted heightened standards to keep employees safe by providing state-of-the-art personal protective equipment ("PPE"), on-site temperature scans, social distancing measures, round-the-clock cleaning and disinfecting with CDC-approved cleaning products and protocols and security guards.

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 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

Ponce works to build self-reliant and healthy communities through a variety of regional and local initiatives, along with key partnerships. Our employees have opportunities to make an impact as they share their time and skills in our communities. We are focused on making a positive impact in our communities through charity, volunteering and fundraising, educational sponsorship and local community development.

In 2022, we held several Financial Mastery workshop sessions that benefited 2,157 individuals, of which 1,149 were students and young adults. Although Ponce does not formally track the number of unbanked, underbanked or underserved customers reached through these workshops, many participants were teenagers and young adults who presumably had not yet opened a bank account.



Some of the various benefits we offer include:

- health insurance
- dental insurance
- vision care
- life insurance
- paid vacation leave
- personal and sick leave
- retirement benefits and planning services

In the latest report from the
National Community Investment
Fund, Ponce ranked:

- #1** among the **20 largest CDFI Banks** with a Housing Focus in Assets, Lending and Deposits
- #2** in **DLI – HMDA lending activities** in LMI tracts
- #5** in **total loans** among all CDFI banks nationwide (168 total)
- #6** in **total Assets** among all CDFI banks nationwide
- #6** among the **20 largest banks** by percent of branches located in LMI tracts
- #12** in **total Deposits** among all CDFI banks nationwide

Ponce also increased the number of workshops in its Financial Mastery series and expanded outreach to communities in need of financial education. Most of the trainings and technical assistance were provided to low-income students, non-for-profits 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 for handling money, maintaining/building credit, accomplishing financial/personal goals and covering financial strategies to implement once they start to earn income — all of which aim to shape the way they value money.

The Ponce De Leon Foundation was established in 2017 and since then has provided over 90 grants to charitable causes and organizations totaling \$1.7 million. The Mission of the Ponce De Leon Foundation is to strengthen the communities served by Ponce Bank by supporting charitable causes and organizations located within any county with a branch office. The Foundation awards grants to local not-for-profit organizations and community groups that provide programs focused on affordable housing, education, healthcare, social services, economic development and cultural diversity including housing assistance, scholarships, local education programs, local not-for-profit medical facilities and other similar types of organizations or civic-minded projects.



“As a MDI and CDFI, we strive to serve minority, low- or moderate-income communities with a greater dedication than mainstream banks.”

— Carlos P. Naudon, President and Chief Executive Officer

Culture of Governance



Culture of Governance

Ponce is committed to achieving excellence in its sustainability practices and to establishing a strong ESG foundation for its long-term success. We emphasize a culture of accountability and conduct our business in a manner that is fair, ethical and responsible to earn the trust of our stakeholders. We also maintain robust risk management programs to ensure compliance with applicable laws and regulations governing ethical business practices.

Data Security

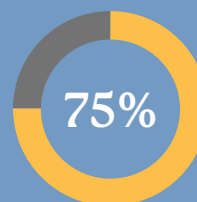
As a financial institution that performs a high volume of transactions reliant on networks and information systems, we face significant operational risks related to cybersecurity; for this reason, Ponce is heavily invested in multi-layered cybersecurity processes. The cyber threats and attack vectors are evolving faster and with greater frequency than in the past, particularly due to the evolution of bots and their potential to attack cybersecurity systems. We monitor and track both the general cyber threat landscape and the financial threat landscape to proactively identify emerging attack vectors. We have observed that phishing is the most frequent type of attacks to our data security and information systems.

Ponce's cybersecurity system performance is based on guidance from the Federal Financial Institutions Examination Council's Cybersecurity Assessment Tool ("CAT") and the American Institute of Certified Public Accountants' Systems and Operational Controls ("SOC"). Our cybersecurity infrastructure is further enhanced through relationships with vendors that provide state of the art cybersecurity systems. All corporate devices in our network are monitored 24/7 by remote infrastructure management system agents that block and shut down unauthorized attempts to access data. Our corporate-owned devices require biometric authentication, and these devices, along with our mobile device management software, also contain keystroke encryption. Records of all attempted attacks are logged in a real-time dashboard, which is monitored closely and discussed with the Board quarterly.

Our IT team works 24/7 and uses a combination of industry-leading tools and in-house innovative technologies to help protect our stakeholders' 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 customer Personally Identifiable Information ("PII") secure. We also offer ongoing education for team members to recognize and report suspicious activity. The primary goal of our data security program is to maintain defenses using industry best practices.



100% of Board of Directors and Executive Management is either native of or second generation of immigrants from foreign countries



75% of the Board is independent

To further ensure effective independent oversight, the Board of Directors has adopted a number of governance practices, including:

















- appointment of an independent director as Vice Chairman of the Board and lead director;
- requirement that a majority of the members of the Board of Directors be independent;
- annual performance evaluations of the Executive Chairman and the President and Chief Executive Officer by the independent directors;
- and the establishment and operation of board committees to address audit, risk, nomination and compensation committees.



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.

Committee Composition 2023

Name	Committee Type		
Maria Alvarez			
James Demetriou			
William Feldman			
Julio Gurman			
Nick Lugo			
James Perez			
Carlos P. Naudon			
Steven A. Tsavaris			

 Audit  Compensation  Nomination

Suppliers

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

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 hold themselves to the highest ethical standards and professional conduct.

The *Code of Conduct and Ethics* is posted on our website.

Annex

This annex expands transparency through key quantitative data compiled in accordance with the SASB frameworks and standards, along with additional details on our workforce, revenues, sales, stakeholders, locations and certifications. Report data covers all operations unless otherwise noted. In developing our Factsheet Report, we have compiled metrics organized by key ESG themes incorporated within the following tables and throughout the organization.

SASB Table

SASB METRIC	SASB CODE	NARRATIVE AND 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	NUMBER/VALUE OF RESIDENTIAL MORTGAGES					
		TOTAL	FICO >660	FICO =<660	FICO SCORE NOT TRACKED		
		(a) Hybrid or Option Adjustable-rate Mortgages ("ARM")*	91/ \$64,424,902	30/ \$21,681,800	0/ \$0	61/ \$42,743,102	
		(b) Prepayment Penalty Mortgages	0/ \$0	0/ \$0	0/ \$0	0/ \$0	
		(c) Higher Rate Mortgages*	78/ \$53,626,745	30/ \$22,973,800	3/ \$1,051,000	45/ \$29,601,945	
(d) Total Residential Mortgages	228/ \$115,305,484	38/ \$27,586,800	5/ \$1,651,000	185/ \$86,067,684			
(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	NUMBER		VALUE			
		Mortgage Modifications		4		\$2,673,219	
		Foreclosures		0		\$0	
		Short Sales or Deeds in Lieu of Foreclosure		0		\$0	
While we can present the number and value of these transactions, we do not yet track them by FICO score.							
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 2021 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 ("CROs"). 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.					
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.					

* Some of our mortgages qualify as both hybrid and higher rate; therefore, these two categories are not mutually exclusive.

SASB METRIC	SASB CODE	NARRATIVE AND RESPONSE
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Discriminatory Lending (cont.)

Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending

FN-MF-270b.2

In 2021 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

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.

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.

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.

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.

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.

Environmental Risk to Mortgaged Properties

(1) Number and (2) value of mortgage loans in 100-year flood zones

FN-MF-450a.1

(1) 17
(2) \$26,016,000

(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.

SASB METRIC	SASB CODE	NARRATIVE AND RESPONSE
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Environmental Risk to Mortgaged Properties (cont.)

Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting

FN-MF-450a.3

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.

Activity Metrics

1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial	FN-MF-000.A		NUMBER	VALUE
		Residential Mortgages Originated	23	\$13,345,850
		Commercial Mortgages Originated	79	\$245,784,990
(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	FN-MF-000.B		NUMBER	VALUE
		Residential Mortgages Purchased	5	\$5,880,000
		Commercial Mortgages Purchased	4	\$5,587,500

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 2021.

Description of approach to identifying and addressing data security risks

FN-CB-230a.2

As a financial services company that performs a high volume of transactions reliant on networks and information systems, we face significant operational risks related to cybersecurity; for this reason, we are heavily invested in our multi-layered cybersecurity processes.

The evolution of emerging cyber threats and attack vectors are evolving faster and with greater frequency than in the past, particularly due to the evolution of bots and their potential to attack cybersecurity systems. We monitor and track both the general cyber threat landscape and the financial threat landscape to proactively identify emerging attack vectors. We have observed that phishing is the most frequent type of attacks to our data security and information systems.

Our cybersecurity system performance has been informed by guidance from the Federal Financial Institutions Examination Council's Cybersecurity Assessment Tool ("CAT") and the American Institute of Certified Public Accountants' Systems and Operational Controls ("SOC"). Our cybersecurity infrastructure is further enhanced through relationships with vendors that provide state of the art cybersecurity systems. All corporate devices in the Ponce Bank network are monitored 24/7 by remote infrastructure management system agents that block and shut down unauthorized attempts to access data. Our corporate-owned devices require biometric authentication, and these devices, along with our mobile device management software, also contain keystroke encryption. Records of all attempted attacks are logged in a real-time dashboard which is monitored closely and discussed with the Board quarterly.

SASB METRIC	SASB CODE	NARRATIVE AND RESPONSE
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Financial Inclusion & Capacity Building

(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	Certain elements of these metrics are available in Schedule RC-C Part II - Loans to Small Businesses and Small Farms in the Call Report reflecting the calendar year of 2021.
(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	We do not currently report these figures.
Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	As of 12/31/21, we had 12,480 "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	<p>In 2021 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.</p> <p>In 2021 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.</p> <p>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.</p>

Incorporation of Environmental, Social and Governance Factors in Credit Analysis

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. For information on our portfolio, please see our 2021 Form 10-K.
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 METRIC	SASB CODE	NARRATIVE AND RESPONSE
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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 2021 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 <i>Code of Business Conduct and Ethics</i>, as well as any violation or suspected violation of applicable law, rule or regulation arising in the conduct of our business or occurring on our 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 Ponce Bank, he or she must bring the matter to the attention of Ponce.</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:</p> <ul style="list-style-type: none"> • 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.

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		NUMBER	VALUE
		Personal	25,945	\$278,981,889
		Small Business	3,882	\$313,043,586
(1) Number and (2) value of loans by segment: (a) personal, (b) small business and (c) corporate	FN-CB-000.B		NUMBER*	VALUE*
		Personal Loans	59,180	\$35,217,465
		Small Business Loans	1,606	\$147,125,698
		Corporate Loans		Data not yet collected

* Figures exclude mortgage loans and revolving credit loans.

Supplemental Diversity Table

Ethnicity

As of 12/31/2022, bankwide ethnicity is as follows:

ETHNICITY	# OF STAFF	% OF STAFF
Hispanic or Latino	152	55.27%
ETHNICITY (NOT HISPANIC OR LATINO)		
American Indian or Alaska Native	1	0.36%
Asian	44	16.0%
Black or African American	30	10.91%
Native Hawaiian or Other Pacific Islander	2	0.73%
Two or More Races	7	2.55%
White	39	14.18%
Grand Total	275	100%



Ponce Bank

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