



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

May 7, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Ponce Bank
Charter Number 706509

2244 Westchester Avenue Bronx, NY 10462

Office of the Comptroller of the Currency

340 Madison Avenue, 4th Floor, New York, NY 10173

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The primary factors supporting the overall rating are:

- Ponce Bank's quarterly average net loan-to-deposit (LTD) ratio is more than reasonable given the size and financial condition of the institution;
- Ponce Bank originated a substantial majority of its primary loan product within the assessment area (AA);
- Ponce Bank had reasonable distribution of loans to borrowers of different income among the AA;
- The geographic distribution of loans reflect excellent distribution within the AA; and
- Ponce Bank's community development (CD) performance demonstrates adequate responsiveness to the CD needs of its AA through qualified lending, investments, donations, and services.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family

households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Ponce Bank (Ponce Bank or Bank), formerly known as Ponce de Leon Federal Bank, is a financial institution headquartered in Bronx, NY. On September 29, 2017, Ponce de Leon Federal Bank converted into a mutual holding company structure. PDL Community Bancorp (Company), the federally-chartered holding company for Ponce Bank, issued and sold 45 percent of its outstanding shares to participants in the stock offering. In addition, the Company issued 3.3 percent of shares to Ponce de Leon Foundation, a newly-formed charitable foundation that is dedicated to supporting charitable organizations operating in Ponce Bank's local communities. The remaining 51.7 percent of the Company's shares were issued to Ponce Bank Mutual Holding Company, the Company's federally-chartered mutual holding company.

As of March 31, 2018, total assets were \$948 million and tier one capital totaled \$134.05 million. As of the same date, Ponce Bank had \$823 million net loans and leases and total deposits of \$790.6 million. Approximately 98.2 percent of Ponce Bank's loan portfolio consists of real estate loans. One-to-four family residential loans comprise 47.32 percent of average loans, multifamily loans comprise 23.93 percent of average loans, and non-farm non-residential real estate loans comprise 18.84 percent of average loans. Commercial and industrial loans make up 1.61 percent of average loans.

As of the evaluation date, Ponce Bank operates out of 13 branches within five counties, including the Bronx, Kings, Queens, and New York City in New York (NY) as well as Hudson County, New Jersey (NJ). Out of the 13 branches, eight are located in low-to-moderate (LMI) income tracts. Only one branch is located in New Jersey. The Bank operates 12 automated-teller-machine (ATM) locations, all of which are available 24-hours per day. Ponce Bank has not opened or closed any branches since the prior CRA evaluation.

Ponce Bank offers a variety of products and services typical of a thrift savings bank, concentrating primarily on residential mortgage lending and consumer deposit accounts. Ponce Bank's products include: certificates of deposits, commercial checking accounts, NOW accounts, statement savings accounts, and other savings accounts. Services offered include: bank-by-mail, direct deposit, mobile banking, night depositories, online and telephone banking services.

There are no financial or legal impediments hindering Ponce Bank's ability to help meet the credit needs of the communities it serves. Ponce Bank received a "Satisfactory" rating during the last Intermediate Small Bank CRA evaluation dated March 23, 2015.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Ponce Bank was evaluated under the Intermediate Small Bank examination procedures, which incorporate a Lending Test and a Community Development (CD) Test. The Lending Test evaluates the institution's history of meeting the credit needs of their AA through lending activities. Ponce Bank's primary loan product is home mortgage loans, which is unchanged from the prior evaluation. The CD Test evaluates the institution's responsiveness to CD needs in its AA through CD lending, services, donations, and qualified investments. The evaluation period for our review of HMDA data covers January 1, 2015 through December 31, 2017. The evaluation period under the Lending Test consists of two distinct time periods: January 1, 2015 through December 31, 2016 and January 1, 2017 through December 31, 2017. The first time period is evaluated utilizing 2010 U.S. Census demographic information, and the second time period is evaluated using 2015 American Community Survey (ACS) data. The Bank's lending test performance for the years 2015-2016 were evaluated on a combined basis. Due to changes in census data effective in 2017, the 2017 lending performance was evaluated separately. The evaluation period for CD lending, services, donations, and investments covers March 24, 2015 through May 7, 2018.

Selection of Areas for Full-Scope Review

Ponce Bank has one AA which includes the census tracts located in the counties of Kings, Bronx, Queens, New York and Hudson, NJ. The AA is part of the New York - Jersey City - White Plains, NY-NJ Metropolitan Division (MD) (35614). The 35614 MD is part of the New York - Newark - Jersey City, NY - NJ - PA Multistate Metropolitan Statistical Area (MMSA) (35620). All of the bank's full service branches are located in the New York - Jersey City - White Plains, NY - NJ MD. The Bank's lending activities are concentrated in this MD. This AA will receive a full-scope review. Ponce Bank operates out of 13 branches and 12 ATMs within the five counties. Out of the 13 branches and 12 ATMs, eight are located in LMI census tracts. The AA meets the requirement of the regulation and does not arbitrarily exclude LMI geographies. *Please refer to Appendix A for more information.*

The banking market within the New York - Jersey City - White Plains, NY-NJ, is highly competitive. The deposit market is dominated by large multi-national institutions. According to the June 2017 FDIC Summary of Deposit Market Share report, Ponce Bank's deposit market share was 0.04 percent, making the Bank the 91st largest institution by deposit size with the AA out of 210 institutions.

Ratings

The Bank's overall rating is based solely on the full-scope review of its one AA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Criteria

Ponce Bank's performance under the Lending Test is Satisfactory. The Bank's LTD ratio is more than reasonable. A substantial majority of the Bank's primary loan products were originated inside the AA. The record of lending to borrowers of different incomes reflects reasonable distribution given the performance context. Geographic distribution of loans reflects excellent dispersion throughout the census tracts of different income levels. The Bank's performance under the CD Test is rated Satisfactory. The Bank's CD activities demonstrate adequate responsiveness to the CD needs of its AA when considering the Bank's capacity, performance context, and the availability of CD opportunities in the AA.

Loan-to-Deposit Ratio

Ponce Bank's quarterly average net LTD ratio is more than reasonable. The Bank's quarterly average LTD ratio over the 11-quarter review period was 98.64 percent. The ratio ranged from a high of 106.08 percent at December 31, 2017 to a low of 92.26 percent at September 30, 2017. The quarterly average net LTD ratio for a peer group of 15 similarly situated institutions with assets ranging from \$373.0 million to \$1,077.6 million was 83.87 percent over the 11-quarter review period. The peer group's ratios ranged from a quarterly low of 24.81 percent to a quarterly high of 110.27 percent.

Lending in Assessment Area

Ponce Bank originated a substantial majority of its loans inside the AA. The Bank extended a high percentage of residential loans to borrowers inside the AA. Ponce Bank originated 164 loans, or 82.83 percent, of the number of loans and \$166.28 million, or 89.20 percent, of the dollar volume of residential loans within the AA during the evaluation period.

Table 1 - 2015-2017 Lending in New York- Jersey City - White Plains, NY-NJ Metropolitan Division										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase Loans	100	81.97	22	18.03	122	124,128	91.27	11,879	8.73	136,007
Home Refinance Loans	57	83.82	11	16.18	68	38,284	83.91	7,343	16.09	45,627
Home Improvement Loans	7	87.50	1	12.50	8	3,865	81.11	900	18.89	4,765
Totals	164	82.83	34	17.17	198	166,277	89.20	20,122	10.80	186,399

Source: HMDA Loan sample.

Multistate Metropolitan Area Rating

New York - Newark - Jersey City, NY-NJ-PA Multistate Metropolitan Area

CRA rating for the New York - Newark - Jersey City, NY-NJ-PA Multistate Metropolitan Area¹:

The lending test is rated: Satisfactory

The community development test is rated: Satisfactory

- Ponce Bank's lending performance to borrowers of different incomes is reasonable given the credit needs within the AA and current lending opportunities.
- Geographic distribution of loans reflects excellent dispersion throughout the census tracts of different income levels.
- The Bank's performance under the CD Test is rated Satisfactory.

Description of Institution's Operations in New York - Newark - Jersey City, NY-NJ-PA Multistate Metropolitan Area

Ponce Bank has one AA that covers five counties located in New York and New Jersey. These counties are located within the New York - Jersey City - White Plains, NY-NJ MD (35614) and include Bronx, Kings, Queens, and New York Counties in New York State and Hudson County in New Jersey. The 35614 MD is part of the New York - Newark - Jersey City, NY - NJ - PA Multistate Metropolitan Statistical Area (35620). All of the Bank's full service branches are located in the New York – Jersey City – White Plains, NY – NJ MD (35614). One branch is located in New Jersey. The Bank's lending activities are concentrated in the 35614 MD. The Bank's AA meets the requirements of the regulation and does not arbitrarily exclude any LMI areas. The entire MMSA includes the Nassau County-Suffolk County, NY MD (35004), the Newark, NJ-PA MD (35084), and the Dutchess County-Putnam County, NY MD (20524), but these MDs are not included in the analysis. *Please refer to Appendix C for more information.*

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Scope of Evaluation in New York – Newark – Jersey City, NY-NJ-PA Multistate Metropolitan Area

Ponce Bank operates in the New York- Jersey City-White Plains, NY-NJ MD (35614). The MD is part of the multistate New York-Newark – Jersey City, NY-NJ-PA MMSA (35620). The New York – Jersey City – White Plains, NY-NJ MD received a full-scope review. The Bank was evaluated using a Lending Test and a CD Test. The evaluation period for our review of HMDA data covers January 1, 2015 through December 31, 2017. The evaluation period under the Lending Test consists of two distinct time periods: January 1, 2015 through December 31, 2016 and January 1, 2017 through December 31, 2017. The first time period is evaluated utilizing 2010 U.S. Census demographic information, and the second time period is evaluated using 2015 American Community Survey (ACS) data. The Bank’s Lending Test performance for the years 2015-2016 were evaluated on a combined basis. Due to changes in census data effective in 2017, the 2017 lending performance was evaluated separately. The evaluation period for CD lending, services, donations, and investments covers March 24, 2015 through May 7, 2018. The Bank’s overall rating is based solely on the full-scope review of its one AA. *Please refer to Appendix A for more information.*

As part of our CRA evaluation, we contacted one local community organization to discuss local economic conditions, community needs, and the level of participation of financial institutions. The organization serves LMI families within the AAs. According to our community contact, affordable housing, affordable child care and health care services continue to be primary issues in the AAs. The community contact cited funding and financial literacy training as priorities of the community. The community contact also stated that local financial institutions have been supportive of the community’s needs by providing credit opportunities and donations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW YORK – NEWARK – JERSEY CITY, NY-NJ-PA MULTISTATE METROPOLITAN AREA

LENDING TEST

Performance under the Lending Test is satisfactory. The LTD ratio is more than reasonable. Ponce Bank originated a majority of its loans inside the AA. The record of lending to borrowers of different incomes reflects reasonable distribution given the performance context. Geographic distribution of loans reflects excellent dispersion throughout the census tracts of different income levels. All lending test criteria are discussed below.

Lending to Borrowers of Different Incomes

Ponce Bank’s lending performance to borrowers of different incomes is reasonable given the credit needs within the AA and current lending opportunities. Borrower distribution reflects reasonable distribution among residential real estate loans. In all three loan products (home purchase, home improvement, and home refinance), qualitative factors, notably competition in the AA, offset quantitative performance.

It is important to highlight, the median housing price for the AA was \$527 thousand, which is not considered affordable for LMI borrowers of which the median family income is \$72.05 thousand. Additionally, 33.18 percent of households are low-income and 16.49 percent are moderate-income in the AA. Only 39.09 percent of the housing in the AA is one-to-four family units and only 27.15 percent is owner-occupied. Therefore, opportunities for home ownership are limited in the AA.

2015-2016 Evaluation Period

Home Purchase Loans

Ponce Bank's performance represents a reasonable distribution to low-income and moderate-income borrowers for home purchase loans. The Bank's lending performance to low-income borrowers is poor for the evaluation period, though this is mitigated by reasonable performance in lending to moderate-income borrowers. The Bank did not originate any home purchase loans to low-income borrowers but originated 8.33 percent of home purchase loans to moderate-income borrowers, which is above the aggregate for peers at 7.51 percent.

Table 2 - Distribution of Thrift Home Purchase Loans By Borrower Income Level in the AA During 2015-2016 Evaluation Period			
Borrower Income Category	Percent of Bank Loans	Percent of Family Distribution	Percent of Aggregate (or peers)
Low	0.00	32.51	1.72
Moderate	8.33	17.52	7.51
Middle	8.33	16.49	20.75
Upper	83.33	33.48	70.02
Total Number of Loans		44	
*Source: Ponce Bank's HMDA data 1/1/2015-12/31/2016; 2016 Peer Mortgage Data; 2010 U.S. Census data.			

Home Improvement Loans

Ponce Bank's performance represents a poor distribution to low-income and moderate-income borrowers. The Bank did not originate any home improvement loans to low-income and moderate-income borrowers. This poor performance is weighed against the competing factors of high competition in the AA, as well as LMI income levels compared to median housing prices in the AA.

Table 2A - Distribution of Thrift Home Improvement Loans By Borrower Income Level in the AA During 2015-2016 Evaluation Period			
Borrower Income Category	Percent of Bank Loans	Percent of Family Distribution	Percent of Aggregate (or peers)
Low	0.00	32.51	3.84
Moderate	0.00	17.52	10.41
Middle	25.00	16.49	19.27
Upper	75.00	33.48	66.48
Total Number of Loans		5	
*Source: Ponce Bank's HMDA data 1/1/2015-12/31/2016; 2016 Peer Mortgage Data; 2010 U.S. Census data.			

Home Refinance Loans

Ponce Bank's performance represents a poor distribution to low-income and moderate-income borrowers. The Bank did not originate any home refinance loans to low-income and moderate-income borrowers. This poor performance is weighed against the competing factors of high competition in the AA, as well as LMI income levels compared to median housing prices in the AA.

Table 2B - Distribution of Thrift Home Refinance Loans By Borrower Income Level in the AA During 2015-2016 Evaluation Period			
Borrower Income Category	Percent of Bank Loans	Percent of Family Distribution	Percent of Aggregate (or peers)
Low	0.00	32.51	2.24
Moderate	0.00	17.52	6.98
Middle	14.29	16.49	18.57
Upper	85.71	33.48	72.22
Total Number of Loans		21	
*Source: Ponce Bank's HMDA data 1/1/2015-12/31/2016; 2016 Peer Mortgage Data; 2010 U.S. Census data.			

2017 Evaluation Period

Home Purchase Loans

Ponce Bank's performance represents a reasonable distribution to low-income and moderate-income borrowers for home purchase loans. The Bank did not originate any home purchase loans to low-income borrowers. This is mitigated by reasonable performance for lending to moderate-income borrowers for the evaluation period. The Bank's performance of lending to moderate-income borrowers is reasonable. During the 2017 evaluation period, the Bank originated 14.29 percent of home purchase loans to moderate-income borrowers, which more than doubles the aggregate for peers at 6.23 percent. This indicates excellent representation lending to moderate-income borrowers.

Table 2C - Distribution of Thrift Home Purchase Loans by Borrower Income Level in the AA During 2017 Evaluation Period			
Borrower Income Category	Percent of Bank Loans	Percent of Family Distribution	Percent of Aggregate (or peers)
Low	0.00	33.18	1.39
Moderate	14.29	16.49	6.23
Middle	0.00	15.63	18.57
Upper	85.71	34.69	73.81
Total Number of Loans	20		
<i>*Source: Ponce Bank's HMDA data 1/1/2017-12/31/2017; 2017 Peer Mortgage Data, 2015 U.S. Census data.</i>			

Home Improvement Loans

Ponce Bank did not originate any home improvement loans during 2017.

Table 2D - Distribution of Thrift Home Improvement Loans By Borrower Income Level in the AA During 2017 Evaluation Period			
Borrower Income Category	Percent of Bank Loans	Percent of Family Distribution	Percent of Aggregate (or peers)
Low	0.00	33.18	3.95
Moderate	0.00	16.49	10.26
Middle	0.00	15.63	21.41
Upper	0.00	34.69	64.38
Total Number of Loans	0		
<i>*Source: Ponce Bank's HMDA data 1/1/2017-12/31/2017; 2017 Peer Mortgage Data, 2015 U.S. Census data.</i>			

Home Refinance Loans

Ponce Bank's performance represents a poor distribution to low-income and moderate-income borrowers. The Bank did not originate any home refinance loans to low-income and moderate-income borrowers. This poor performance is weighed against the competing factors of high competition in the AA, as well as LMI income levels compared to median housing prices in the AA.

Table 2E - Distribution of Thrift Home Refinance Loans By Borrower Income Level in the AA During 2017 Evaluation Period			
Borrower Income Category	Percent of Bank Loans	Percent of Family Distribution	Percent of Aggregate (or peers)
Low	0.00	33.18	2.72
Moderate	0.00	16.49	7.65
Middle	0.00	15.63	20.19
Upper	100.00	34.69	69.44
Total Number of Loans		20	
*Source: Ponce Bank's HMDA data 1/1/2017-12/31/2017; 2017 Peer Mortgage Data, 2015 U.S. Census data.			

Geographic Distribution of Loans

Geographic distribution of loans reflects excellent dispersion throughout the census tracts of different income levels. Ponce Bank exceeded the majority of lending levels in geographies of different incomes for each of the home lending products.

2015-2016 Evaluation Period

Home Purchase Loans

Ponce Bank's home purchase loan lending levels during the 2015-2016 evaluation period represented excellent dispersion to geographies of different income levels. The Bank extended 6.82 percent of their loans to low-income census tracts and 34.09 percent to moderate-income census tracts. This exceeded the aggregate lending levels of 5.45 percent to low-income tracts and 21.98 percent to moderate-income tracts.

Table 3 - Distribution of Thrift Home Purchase Loans By Census Tract Income Level in the AA During 2015-2016 Evaluation Period			
Census Tract Income Category	Percent of Bank Loans	Percent Owner Occupied	Percent of Aggregate (or peers)
Low	6.82	4.70	5.45
Moderate	34.09	22.61	21.98
Middle	40.91	36.48	33.24
Upper	18.18	36.21	39.33
Total Number of Loans		44	
*Source: Ponce Bank's HMDA data 1/1/2015-12/31/2016; 2016 Peer Mortgage Data; 2010 U.S. Census data.			

Home Improvement Loans

Ponce Bank's home improvement loan lending levels during the 2015-2016 evaluation period represented excellent dispersion to geographies of different income levels. The Bank extended 20 percent of their loans to low-income census tracts and 40 percent of their loans to moderate-income census tracts. This exceeded the aggregate lending levels of 6.23 percent to low-income tracts and 25.99 percent to moderate-income tracts.

Table 3A - Distribution of Thrift Home Improvement Loans By Census Tract Income Level in the AA During 2015-2016 Evaluation Period			
Census Tract Income Category	Percent of Bank Loans	Percent Owner Occupied	Percent of Aggregate (or peers)
Low	20.00	4.70	6.23
Moderate	40.00	22.61	25.99
Middle	0.00	36.48	30.35
Upper	40.00	36.21	37.43
Total Number of Loans		5	
*Source: Ponce Bank's HMDA data 1/1/2015-12/31/2016; 2016 Peer Mortgage Data; 2010 U.S. Census data.			

Home Refinance Loans

Ponce Bank's home refinance loan lending levels during the 2015-2016 evaluation period represented excellent dispersion to geographies of different income levels. The Bank did not originate loans to low-income tracts, though it did extend 52.38 percent of loans to moderate-income tracts. This nearly doubled the aggregate lending percentage of 21.92 percent in moderate-income tracts.

Table 3B - Distribution of Thrift Home Refinance Loans By Census Tract Income Level in the AA During 2015-2016 Evaluation Period			
Census Tract Income Category	Percent of Bank Loans	Percent Owner Occupied	Percent of Aggregate (or peers)
Low	0.00	4.70	5.37
Moderate	52.38	22.61	21.92
Middle	19.05	36.48	31.76
Upper	28.57	36.21	40.95
Total Number of Loans		21	
*Source: Ponce Bank's HMDA data 1/1/2015-12/31/2016; 2016 Peer Mortgage Data; 2010 U.S. Census data.			

2017 Evaluation Period

Home Purchase Loans

Ponce Bank's home purchase loan lending levels during the 2017 evaluation period represented excellent dispersion to geographies of different income levels. The Bank extended ten percent of their loans to low-income census tracts and 30 percent to moderate-income census tracts. This greatly exceeded the aggregate lending levels of 5.91 percent to low-income tracts and 22.61 percent to moderate-income tracts.

Table 3C - Distribution of Thrift Home Purchase Loans By Census Tract Income Level in the AA During 2017 Evaluation Period			
Census Tract Income Category	Percent of Bank Loans	Percent Owner Occupied	Percent of Aggregate (or peers)
Low	10.00	5.01	5.91
Moderate	30.00	22.51	22.61
Middle	35.00	34.43	29.87
Upper	25.00	38.06	41.61
Total Number of Loans		20	
*Source: Ponce Bank's HMDA data 1/1/2017-12/31/2017; 2017 Peer Mortgage Data, 2015 U.S. Census data.			

Home Improvement Loans

Ponce Bank did not originate any home improvement loans during 2017.

Table 3D - Distribution of Thrift Home Improvement Loans By Census Tract Income Level in the AA During 2017 Evaluation Period			
Census Tract Income Category	Percent of Bank Loans	Percent Owner Occupied	Percent of Aggregate (or peers)
Low	0.00	5.01	7.13
Moderate	0.00	22.51	26.22
Middle	0.00	34.43	31.76
Upper	0.00	38.06	34.89
Total Number of Loans		0	
*Source: Ponce Bank's HMDA data 1/1/2017-12/31/2017; 2017 Peer Mortgage Data, 2015 U.S. Census data.			

Home Refinance Loans

Ponce Bank's home refinance loan lending levels during the 2017 evaluation period represented excellent dispersion to geographies of different income levels. The Bank extended 40 percent of loans to low-income tracts and 45 percent of loans to moderate-income tracts. This greatly exceeded the aggregate lending levels of 6.91 percent to low-income tracts and 25.53 percent to moderate-income tracts.

Table 3E - Distribution of Thrift Home Refinance Loans By Census Tract Income Level in the AA During 2017 Evaluation Period			
Census Tract Income Category	Percent of Bank Loans	Percent Owner Occupied	Percent of Aggregate (or peers)
Low	40.00	5.01	6.91
Moderate	45.00	22.51	25.53
Middle	5.00	34.43	32.09
Upper	10.00	38.06	35.47
Total Number of Loans		20	
*Source: Ponce Bank's HMDA data 1/1/2017-12/31/2017; 2017 Peer Mortgage Data, 2015 U.S. Census data.			

Responses to Complaints

The Bank did not receive any CRA-related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The Bank's performance under the CD Test is rated Satisfactory. The Bank's CD activities demonstrate adequate responsiveness to the CD needs of its AA when considering the Bank's capacity, performance context, and the availability of CD opportunities in the AA.

Number and Amount of Community Development Loans

Ponce Bank demonstrated adequate responsiveness to AA needs through CD lending. The Bank originated 34 loans amounting to \$29.74 million that qualify as CD loans. This includes 30 loans that were primarily used to support affordable housing for LMI individuals within the Bank's AA, two small business loans, and two additional loans that were utilized to support CD services, such as education services for LMI families within the AA. Examples of CD loans include:

- A \$1.4 million loan to fund the purchase of a New York City Division of Housing and Community Renewal apartment building. The building provides affordable housing in LMI area.
- A \$5 million line of credit to an organization that utilizes the funds to rejuvenate properties that provide affordable housing in LMI areas.
- A \$2.58 million loan to a Christian School that provides universal pre-kindergarten services within an LMI area.

Number and Amount of Qualified Investments

Ponce Bank's responsiveness through CD qualified investments is adequate. Ponce did not make any qualified investments during the evaluation period. However, there are four existing investments that remain from prior periods. The total qualified investments amount to \$308,628 and are CRA pooled mortgage-backed securities that are located within the Bank's assessment area.

CD Donations

Ponce Bank's CD Donation activities included 42 donations, or an amount of \$56,040, that qualified for CRA CD purposes. These donations include providing funds to the following organizations or events:

- American Cancer Society 4th Relay for Life Event – This was a fundraiser for the Bronx chapter of the American Cancer Society to help local economically challenged cancer patients who cannot afford the expense of cancer treatments.
- Sobo Bid and Ponce Bank Coat Distribution Drive – The Bank sponsored this event that provides coats for local needy children.

Extent to Which the Bank Provides Community Development Services

Ponce provides an excellent level of CD services. During the evaluation period, the Bank offered 24 qualifying services that met the definitions outlined in the Interagency Questions and Answers Regarding Community Reinvestment. Ponce Bank officers and personnel serve as board members for several non-profit organizations that work to promote economic development within the AA. Some of these services include:

- Serving as committee members in an organization that addresses the needs and concerns of local businesses, working to promote continued economic stability and growth within an LMI community.
- Serving as board members in an organization with a mission to support and foster an environment for economic development, stimulate and support local businesses, and to help improve overall conditions in the community.
- Holding seminars within their branches designed to provide valuable information to LMI persons in need of home financing information.

Responsiveness to Community Development Needs

The Bank's offering of qualified CD loans, investments, and services demonstrates adequate responsiveness to the CD needs of the AA. Many of the CD loans and services made during the evaluation period addressed community needs for affordable housing for LMI individuals in the AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/15 to 12/31/17) Investment and Service Tests and CD Loans: (03/24/15 to 05/07/18)	
Financial Institution	Products Reviewed	
Ponce Bank Bronx, NY	Home Mortgages	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not applicable.	No affiliates reviewed as part of this evaluation.	Not applicable.
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
New York- Jersey City – White Plains, NY-NJ Metropolitan Division (MD) (35614)	Full-Scope	Contains five counties in AA including Bronx, Kings, Queens, and New York counties in New York and Hudson County in New Jersey.

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS: PONCE BANK			
Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Ponce Bank	Satisfactory	Satisfactory	Satisfactory
Multistate Metropolitan Area or State:			
New York-Newark-Jersey City, NY-NJ-PA Multistate MSA 35620	Satisfactory	Satisfactory	Satisfactory

Appendix C: Community Profiles for Full-Scope Areas

New York – Jersey City – White Plains, NY-NJ (MD 35614)

Demographic Information for Full-Scope Area: New York – Jersey City – White Plains, NY-NJ						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2,223	15.88	30.05	28.74	22.36	2.97
Population by Geography	8,616,881	20.14	31.95	24.97	22.60	00.34
Owner-Occupied Housing by Geography	955,439	5.00	22.46	34.35	37.97	0.23
Businesses by Geography	499,243	11.27	21.78	19.57	44.35	3.03
Farms by Geography	2,241	8.30	18.88	23.34	47.93	1.56
Family Distribution by Income Level	1,897,124	33.18	16.49	15.63	34.69	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	942,325	31.63	38.48	21.23	8.50	0.16
Median Family Income HUD Adjusted Median Family Income for 2017 Households Below the Poverty Level	= \$72,047 = \$73,700 = 20%	Median Housing Value Unemployment Rate		=\$527,538 =5.00 %		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS U.S. Census, and 2017 FFIEC updated MFI.

The New York – Newark – Jersey City, NY-NJ-PA MMSA (35620) includes the five New York City counties of Bronx, Queens, Kings, New York, and Richmond. The MMSA also includes the New York counties of Westchester, Rockland, Orange, Suffolk, Nassau, Putnam, and Dutchess; the New Jersey counties of Bergen, Hudson, Middlesex, Monmouth, Ocean, Passaic, Essex, Union, Morris, Somerset, Sussex, and Hunterdon; and the Pennsylvania county of Pike. Ponce Bank’s designated AA is comprised of the five contiguous counties within the New York - Jersey City - White Plains, NY-NJ MD (35614), which is part of the New York – Newark – Jersey City, NY-NJ-PA MMSA (35620). The Bank’s AA includes Bronx, Kings, Queens, and New York Counties in New York State and Hudson County in New Jersey. The New York - Jersey City - White Plains, NY-NJ MD (35614) is comprised of 2,223 census tracts. The AA census tracts are spread among 353 low-income (15.88 percent), 668 moderate-income (30.05 percent), 639 middle-income (28.74 percent), 497 upper-income (22.36 percent), and 66 (2.97 percent) listed as unknown by the 2015 ACS U.S. Census. Ponce Bank operates out of 13 branches and 12 ATMs within the five counties listed above. Out of the 13 branches and 12 ATMs, eight are located in LMI tracts. The AA meets the requirement of the regulation and does not arbitrarily exclude low-or moderate income geographies

According to the 2015 ACS U.S. Census Data, the total population within the AA is 8,616,881. The AA consists of 1,897,124 families of which 33.18 percent are low-income, 16.49 percent

are moderate-income, 15.63 percent are middle-income, 34.69 percent are upper-income, and zero percent are listed as unknown. The HUD adjusted median family income is \$72,047 and the 2017 FFIEC adjusted median family income for 2017 is \$73,700. Within the AA, 20 percent of households live below the poverty level.

The 2015 ACS U.S. Census Data reported 955,439 owner-occupied housing units in the AA. Of all owner-occupied housing, five percent is located in low-income geographies, 22.46 percent is located in moderate-income geographies, 34.35 percent located in middle-income geographies, 37.97 percent located in upper-income geographies, and 0.23 percent located in unknown geographies. The median housing value is \$527,538.

The banking market within the New York - Jersey City - White Plains, NY-NJ, is highly competitive. The deposit market is dominated by large multi-national institutions. In this area, Ponce Bank's major competitors include JP Morgan Chase Bank NA; Bank of America NA; Citibank NA; HSBC Bank USA NA; The Bank of New York Mellon; and Goldman Sachs Bank USA. According to the June 2017 FDIC Summary of Deposit Market Share report, Ponce Bank's deposit market share was 0.04 percent, making the Bank the 91st largest institution by deposit size with the AA out of 210 institutions.

Based on data from the U.S. Bureau of Labor Statistics, the December 2017 unemployment rate for the New York - Jersey City - White Plains, NY-NJ AA was 4.0 percent, compared to the national rate of 4.1 percent. Several of the major employers in New York County include JP Morgan Chase & Co.; Mt. Sinai Medical Center; Macy's Inc.; Citibank NA; New York-Presbyterian Healthcare System; Bank of America NA; and Continuum Health Partners Inc. The primary industries in the New York - Jersey City -White Plains, NY-NJ AA continue to be education and health services, government, professional and business services, and retail.

Moody's Analytics reports the strength of the New York - Jersey City - White Plains, NY-NJ AA is its position as the financial capital of the world, strong international immigration, high per capita income, and limited exposure to manufacturing. Among the area's weaknesses are high business costs, especially high office rents and energy costs. Weaknesses also include costly housing and high tax burdens, and overreliance on wealthy overseas buyers to support the real estate market. Moody's Analytics believes job growth in New York City - Jersey City - White Plains will slow further in the coming years. A tight labor market will weigh on net hiring, and softening equity markets should keep high-wage job creation in check. Although technology will remain vital, a slowing housing market will hold back construction gains. Steady but unspectacular population growth and substandard infrastructure will limit long-term prospects.

As part of our CRA evaluation, we contacted one local community organization to discuss local economic conditions, community needs, and the level of participation of financial institutions. The organization serves LMI families within the AAs. According to our community contact, affordable housing, affordable child care and health care services continue to be primary issues in the AAs. The community contact cited funding and financial literacy training as priorities of the community. The community contact also stated that local financial institutions have been supportive of the community's needs by providing credit opportunities and donations.