

Conditional Approval #1334

March 2025

Sent by email to dfaucette@troutman.com

February 19, 2025

Douglas Faucette, Partner
Troutman Pepper Locke, LLP
701 8th Street, N.W.
Suite 500
Washington, D.C. 20001

Re: Application by Ponce Bank, Bronx, New York to Convert to a National Bank
OCC Control Number: 2024-Conversion-338674
Prior Charter Number: 706509 New Charter Number: 25347

Dear Mr. Faucette:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves the application to convert Ponce Bank, Bronx, New York to a national bank and retain all its branches. After a thorough review of all information available and reliance upon the representations and commitments made in the application, by the bank's representatives, and in the letter dated December 12, 2024, relative to the bank's dormant subsidiaries, we find that the conversion application meets the requirements for approval to convert to a national bank pursuant to 12 USC 35 and 12 CFR 5.24. The converted bank will operate under the title of Ponce Bank, National Association under OCC Charter Number 25347, and its headquarters will be located at 2244 Westchester Avenue, Bronx, New York 10462.

The OCC is granting conditional approval for the conversion application, however, authorization for the bank to commence business as a national bank will not be granted until all pre-conversion requirements are met.

This conversion approval is subject to the following 1818 conditions:

- For a period of two years, the Bank shall: (i) give the OCC's Supervisory Office at least sixty (60) days prior written notice of the bank's intent to significantly deviate or change from its business plan or operations and (ii) obtain the OCC's written determination of no objection before the bank engages in any significant deviation or change from its business plan or operations.

- The resulting national bank is required to maintain the existing Liquidation Account and records related to such.

The conditions of this approval are conditions “imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request” within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

The OCC approves Ponce Bank, National Association’s plans to retain ownership of Ponce De Leon Mortgage Corporation (PDLMC) and Mortgage World Bankers, Incorporated (MWB), the bank’s operating subsidiaries. Although dormant, PDLMC is a mortgage brokerage company, while MWB is a mortgage banking company. Based on a thorough review of all information available, including the representations and commitments made in the application and by the bank’s representatives, the OCC concludes that the activities of the operating subsidiaries are legally permissible for national bank subsidiaries pursuant to 12 CFR 5.34. However, since both subsidiaries are dormant and they currently conduct no activities, any action(s) to utilize and operate these subsidiaries in the future must comply with all applicable statutes and regulations, including any requirements for approval of the activities. Management has represented and certified in a letter dated December 12, 2024, that Ponce Bank, National Association will comply with all applicable statutes and regulations in pursuing any future activities in these subsidiaries.

This letter is also the approval to retain the noncontrolling interest in in Oaktree SBIC Fund, LP, a small business investment company licensed by the U.S. Small Business Administration.

The following pre-conversion requirements must be satisfied before the OCC will authorize the bank to commence business as a national banking association:

- The institution must provide signed and notarized Individual or Joint Oath of Bank Directors.
- The institution must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
- If a director, officer, employee, or principal shareholder of the bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
- The board of directors must adopt policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure the bank’s compliance with them.
- The converting institution must apply for stock in a Federal Reserve Bank in accordance with 12 USC 222.¹

¹ See also 12 CFR 209.2.

- The converting institution must ensure that all other required regulatory approvals, including approval by the Federal Reserve, have been obtained.
- The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.
- If the converting institution is subject to the Home Mortgage Disclosure Act (HMDA), the bank must ensure that its reporter identification number included on its HMDA transmittal sheet is changed to reflect its new OCC charter number.
- The converting institution must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a “no objection” from the OCC.

Upon completion of all steps required to convert to a national banking association, submit the enclosed Conversion Completion Certification certifying that you have done so. Please provide the OCC with at least 10 days advance notice of the conversion, along with the Conversion Completion Certification if not already provided. To ensure that our files are properly closed, please surrender Ponce Bank’s existing original executed charter to the OCC as soon as practical after the effective date of the conversion.

When the institution has satisfactorily completed all of the above steps and has satisfied the pre-conversion requirements imposed by the OCC, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national bank. Shortly after conversion, you will receive a conversion certificate.

If the conversion is not consummated within six months from the date of this decision, the approval will automatically terminate unless the OCC grants an extension. The OCC does not grant extensions of the approval period, except under extenuating circumstances, and expects the conversion to occur as soon as possible after approval.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

Our approval is based on the bank’s representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains.

A survey is enclosed requesting your feedback on how we handled the referenced application. We would appreciate your response so we may improve our service. Please include the OCC

control number on any correspondence related to this filing. If you have any questions, contact Gabe Swan at (202) 934-1379 or gabe.swan@occ.treas.gov.

Sincerely,

/s/

Debra M. Burke
Director of Licensing

Enclosures: Conversion to National Bank Completion Certification
Survey Letter

cc: Karen Ristau, ADC – New York SO (8107)
John Akal, Bank Applications Specialist, FRB of New York