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Hanover Bancorp, Inc. and Savoy Bank Announce Strategic Merger Combination to Create a Premier NYC Metro Community Bank

- **Creates \$1.6 billion asset bank with a franchise footprint spanning from New York City to western Long Island**
- **Highly complementary companies with attractive lending niches**
- **Combined company well-positioned for growth and expansion in an evolving market**
- **Compelling value creation for all shareholders via increased size, capitalization, revenue diversification and profitability**

MINEOLA, N.Y. - August 27, 2020 -- Hanover Bancorp, Inc. (“Hanover” or “the Company”), parent company of Hanover Community Bank, and Savoy Bank (“Savoy”) are pleased to jointly announce that Hanover and Savoy have entered into a definitive agreement pursuant to which Savoy Bank will merge into Hanover Community Bank in a stock and cash transaction valued at approximately \$63 million. The agreement was unanimously approved by the boards of directors of both companies. Directors of Savoy have executed voting agreements in favor of this combination. The Savoy directors own approximately 49% of Savoy’s outstanding shares.

The merger combines two complementary banking platforms to create one of the premier sub \$5 billion asset sized community banks serving the greater New York City metro market. The combined company will be uniquely positioned to capitalize on market opportunities due to recent and ongoing consolidation and broaden the channels and customers it serves through increased scale, expanded product offerings and employment of digital initiatives. The combined company will have approximately \$1.6 billion in assets, \$1.1 billion in total deposits and 8 branches, including 6 branches in the New York City market, with the expectation that an additional branch in New Jersey will be opened prior to closing. Hanover will continue to

operate Savoy's single midtown Manhattan branch office and it will become the focal point and headquarters for Hanover's business development efforts in the New York City ("NYC") market.

The Hanover shares to be received by Savoy shareholders as part of the transaction will be registered by Hanover with the Securities and Exchange Commission ("SEC") and will therefore be freely transferable. Hanover will then become a reporting company with the SEC under the Securities Exchange Act of 1934, as amended, and will publicly file its future quarterly and annual results.

"We are very pleased to announce this transformational partnership with Savoy Bank, which accelerates each company's expansion efforts and strategic initiatives while truly creating a best-in-class community bank in the New York City market," said Michael Puorro, Hanover's Chairman and CEO. "At Hanover, we have been focused on a high growth and high profitability strategy that has created significant shareholder value since the company was recapitalized in 2012. With Savoy we found a true partner who shares in this value creation focus and as a combined company we will better be able to compete in this fast-evolving marketplace and position the combined company for the next steps in our corporate evolution. We believe that becoming a public reporting company will improve our visibility to the investment community and enhance our shareholder liquidity options going forward."

Hanover's President and CFO, Brian Finneran said, "The combination of Hanover and Savoy creates a sizable community bank operating in the greater NYC metro market that is poised to provide top-tier return on equity metrics, revenue and cost synergies, a more diversified balance sheet and a lower risk profile, all while maintaining an impressive double digit balance sheet growth rate."

"Hanover is an excellent cultural fit with Savoy Bank, as we have complementary business models and a shared focus on the small business customers and individuals behind them. We believe the larger capital base and expanded depth of financial products and services that will be available to our customers and the opportunity for both our employees and shareholders to be part of a high growth, high performing company provides significant value for all of our stakeholders," said Metin Negrin, Chairman of Savoy Bank. "As a major shareholder and customer of Savoy Bank, I very much look forward to being part of the Hanover organization and watching the combined company continue to scale."

As Savoy's largest shareholder, Mr. Negrin will become a significant shareholder of Hanover. As part of the transaction he has agreed to a Voting Agreement under which he will vote his shares of Hanover stock as recommended by the Board of Hanover for the term of the Voting Agreement.

Additionally, Elena Sisti, a former Citibank executive and the founding force behind Savoy Bank, will also be a significant shareholder of Hanover. Ms. Sisti said, "I am looking forward to sustaining and expanding my original vision for Savoy to be a leading provider of financial services to entrepreneurs in the New York City Metro Area. With the Hanover combination, we will achieve greater scale and impact for our customer base, and that is extremely exciting."

Savoy's President and CEO, Mac Wilcox, who will join Hanover as Senior Executive Vice President, Head of Commercial Lending and Chief Revenue Officer said, "Through top-tier profitability and earnings predictability, we will be able to reinvest in the business to drive multiple growth engines, enhance our ability to compete in the fast evolving banking landscape and sustain consistent returns on capital for shareholders. We believe the combined company will also create new opportunities for our employees and enable us to attract and retain top talent."

Strategic Benefits of the Merger

- **Powerful Combination with a High Degree of Scarcity Value.** Creates a premier \$1.6 billion asset bank serving the greater NYC metro market with a track record of top-tier profitability and balance sheet growth. The combined bank will be uniquely positioned as the 3rd largest community bank with assets under \$5 billion in the New York City and Long Island marketplace.
- **Highly Complementary with Multiple Niches.** Savoy's SBA and owner-occupied focused commercial lending businesses complement Hanover's residential lending business and commercial lending efforts. This combination will allow Savoy to accelerate its growth and expansion initiatives in both SBA and C&I lending.
- **Funding Synergies.** Savoy's funding profile will benefit from Hanover's rapid progress in building out several niche core deposit businesses, most notably with its recent expansion into the Manhattan and Brooklyn markets through the 2019 acquisition of Chinatown Federal Savings Bank. Approximately 40% of the combined company's funding is maturing and repricing over the next 12 months.
- **Enhancing the Competitive Position.** The combined company's capital and profitability will allow it to further invest in digital initiatives, build out Treasury Management capabilities and capture additional wallet share from existing customers via a higher legal lending limit.
- **Low-Risk Integration.** The combined company expects this to be a low-risk merger integration given:
 - Savoy's branch-lite business model
 - High level of anticipated employee retention with virtually no overlap in business lines
 - Continuation of and no disruption to Savoy's existing SBA business lines
 - Hanover's executive management track record and experience in mergers and acquisitions, particularly with the successful integration of its 2019 acquisition of Chinatown Federal Savings Bank

Key Financial Impact Highlights

- **Top-Tier Profitability:** Combined entity is projected to have a return on assets ratio above 1.00% and a double-digit annual return on tangible equity capital
- **EPS accretive:** Transaction is projected to be 20%+ accretive to Hanover's annual earnings per share
- **Short Earn Back Period:** Projected earn back of tangible book value dilution of approximately 2 years using the cross-over method

- **Strong Internal Rate of Return:** Projected to be over 30%
- Estimated pro forma profitability metrics and per share impacts include modest operating expense synergies and do not include any identified revenue enhancement strategies

Transaction Details

Under the terms of the agreement, Savoy will merge with and into Hanover Community Bank and each outstanding share of Savoy common stock will be exchanged for a combination of cash consideration and Hanover common stock. The aggregate merger consideration being paid to Savoy shareholders is estimated to be \$63 million. Savoy shareholders will receive merger consideration based on a purchase price equal to 1.25x Tangible Book Value at the month-end prior to the closing of the merger, which is anticipated to be in early-to-mid 2021. The \$63 million estimated purchase price is based on the 1.25x multiple and Savoy's estimated equity capital at the closing time period. The actual merger consideration will be determined as of the month-end prior to closing. The merger consideration provided to Savoy will be payable 50% in cash and 50% in Hanover common stock. Hanover will issue shares of its common stock in connection with the merger at a valuation equal to 1.20x Tangible Book Value at the month-end prior to the closing of the merger. The calculation of Tangible Book Value for both entities and the purchase price are subject to certain adjustments stipulated in the definitive agreement including minimum and maximum capital thresholds. Savoy shareholders will own approximately 23% of the pro forma combined entity at closing.

Governance & Leadership

The combined company will be headquartered in Mineola, New York and will maintain Savoy's existing single branch office in Rockefeller Center, New York City. As previously noted, Savoy's current President & CEO Mac Wilcox will join the Hanover executive management team as Senior Executive Vice President, Head of Commercial Lending and Chief Revenue Officer. Given Hanover's high growth rate and Savoy's complementary business lines, there is anticipated to be significant retention of the Savoy employee base.

Two members of Savoy's board of directors will join the Hanover board of directors. Savoy directors not joining Hanover's board, many of whom were instrumental in organizing the Bank with Ms. Sisti, will join a newly established New York City Advisory Board which will be focused on customer retention and further expansion of the combined company's brand.

Timing & Approvals

The merger is expected to close in the first half of 2021, subject to satisfaction of customary closing conditions, including receipt of required regulatory approvals and approval by the Savoy shareholders. In addition to customary closing conditions, Hanover will become an SEC registrant at the closing of the transaction.

Advisors

Stephens Inc. served as financial advisor to Hanover and rendered a fairness opinion in connection with the transaction and Windels Marx Lane & Mittendorf, LLP served as its legal counsel. Janney Montgomery Scott LLC served as financial advisor to Savoy and rendered a fairness opinion in connection with the transaction, and Gallet Dreyer & Berkey, LLP served as its legal counsel.

Cautionary Language Concerning Forward-Looking Statements

Information set forth in this communication, including financial estimates and statements as to the expected timing, completion and effects of the proposed merger between Hanover Community Bank (the “Bank”), a wholly-owned subsidiary of Hanover Bancorp, Inc. (the “Company”), and Savoy Bank (“Savoy”) (the “Merger”), constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the rules, regulations and releases of the Securities and Exchange Commission (the “Commission”). Such forward-looking statements include, but are not limited to, statements about the benefits of the Merger, including future financial and operating results, and the combined company’s plans, objectives, expectations and intentions. Any statements that are not statements of historical fact, including statements containing such words as “will,” “could,” “plans,” “intends,” “expect,” “believe,” “view,” “opportunity,” “allow,” “continues,” “reflects,” “typically,” “anticipate,” “estimated,” “projects” or similar expressions, should also be considered forward-looking statements, although not all forward-looking statements contain these identifying words. Readers should not place undue influence on these forward-looking statements, which are based upon the current beliefs and expectations of the management of the Company and Savoy. These forward-looking statements are subject to risks and uncertainties, and actual results might differ materially from those discussed in, or implied by, the forward-looking statements.

Among the risks and uncertainties that could cause actual results to differ from those described in the forward-looking statements include, but are not limited to, the following: (1) the impact of the COVID-19 pandemic on the Company, the Bank and Savoy, their respective operations and that of their respective customers, (2) the occurrence of any event, change or other circumstances that could give rise to the termination of the Agreement and Plan of Merger, dated as of August 26, 2020, by and among the Company, the Bank and Savoy (the “Merger Agreement”); (3) the risk that Savoy’s shareholders may not adopt the Merger Agreement; (4) the risk that the necessary regulatory approvals may not be obtained or may be obtained subject to conditions that are not anticipated; (5) delays in closing the Merger or other risks that any of the closing conditions to the Merger may not be satisfied in a timely manner; (6) the inability to realize expected cost savings and synergies from the Merger in the amounts or in the timeframe anticipated; (7) the diversion of management’s time from ongoing business operations due to issues relating to the Merger; (8) costs or difficulties relating to integration matters might be greater than expected; (9) material adverse changes in the Company’s or Savoy’s operations or earnings; (10) potential litigation in connection with the Merger; and (11) the inability to retain Savoy’s customers and employees. There are important, additional factors that could cause actual results or events to differ materially from

those indicated by such forward looking statements, including the factors described in the Company's quarterly press releases available on the Company's website. Although management has taken certain steps to mitigate any negative effect of the aforementioned items, significant unfavorable changes could severely impact the assumptions used and could have an adverse effect on profitability.

The Company undertakes no obligation to update, alter, or otherwise revise any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise.

No Offer or Solicitation

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Additional Information and Where to Find It

In connection with the proposed Merger, the Company intends to file a registration statement on Form S-4 with the Commission. The Company may file other documents with the Commission regarding the proposed Merger. A definitive proxy statement/prospectus will be mailed to the shareholders of Savoy. INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THE PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE, AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE COMMISSION, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO SUCH DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain a free copy of the registration statement (when available), including the proxy statement/prospectus, and other documents containing information about the Company at the Commission's website at www.sec.gov. Copies of these documents may also be obtained from the Company (when available) by directing a request to Brian K. Finneran, 80 East Jericho Turnpike, Mineola, NY 11501 at (516) 548-8500.

Certain Information Regarding Participants

The Company, Savoy, their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies from Savoy's shareholders in respect of the proposed Merger. Information regarding the directors and executive officers of the Company may be found in its definitive proxy statement relating to its 2020 Annual Meeting of Shareholders, which can be obtained free of charge from the Company by directing a request to Brian K. Finneran, 80 East Jericho Turnpike, Mineola, NY 11501 at (516) 548-8500. Information regarding the directors and executive officers of Savoy may be found in its proxy statement relating to its 2020 Annual Meeting of Shareholders, which can be obtained free of charge from John Arvonio, 600 Fifth Avenue, 17th Floor, New York, NY

10020 at (646) 775-4017. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the Commission when they become available.

About Hanover Community Bank and Hanover Bancorp, Inc.

Hanover Bancorp, Inc., is a locally owned and operated privately held stock bank holding company for Hanover Community Bank, a community commercial bank focusing on highly personalized and efficient services and products responsive to local needs. Management and the Board of Directors are comprised of a select group of successful local businessmen and women who are committed to the success of the Bank by knowing and understanding the metro-New York area's financial needs and opportunities. Backed by state-of-the-art technology, Hanover offers a full range of financial services. Hanover employs a complete suite of consumer and commercial banking products and services, including multi-family and commercial mortgages, residential loans, business loans and lines of credit. Hanover also offers access to 24-hour ATM service with no fees attached, free checking with interest, telephone banking, advanced technologies in mobile and internet banking for our consumer and business customers, safe deposit boxes and much more. The Company's corporate administrative office is located in Mineola, New York where it also operates a full-service branch office along with additional branch locations in Garden City Park, Forest Hills, Flushing, Sunset Park, and Chinatown, New York.

Hanover Community Bank is a member of the Federal Deposit Insurance Corporation and is an Equal Housing/Equal Opportunity Lender. For further information, call (516) 548-8500 or visit the Bank's website at **www.hanoverbank.com**.

About Savoy Bank

Savoy Bank is a privately held commercial bank founded to provide small business owners in and around New York City with unparalleled service and financial products. Located at 600 Fifth Avenue, Rockefeller Center, New York, NY, Savoy Bank specializes in working with customers across a wide range of industries to understand and fulfill their deposit and lending needs. Combining technology and expertise, Savoy Bank offers a full suite of business accounts and deposit services and a spectrum of creative lending solutions, including through SBA 7(a), SBA 504 and USDA B&I lending programs.

Savoy Bank is a member of the Federal Deposit Insurance Corporation and is an Equal Housing/Equal Opportunity Lender. For further information, call (646) 775-4000 or visit the Bank's website at **www.savoybank.com**.