

For Immediate Release

HANOVER BANCORP, INC. SENDS OPEN LETTER TO SHAREHOLDERS

Details Hanover's Strong Performance Since Recapitalizing the Bank in 2012, Including the Doubling of Tangible Book Value

Informs Shareholders of Dissident Brian Pun's Undisclosed Conflicts and False Statements

Urges Shareholders to Vote "FOR" Both of the Company's Proposals on the WHITE Proxy Card

February 12, 2020 – Mineola, New York – Hanover Bancorp, Inc. ("Hanover"), the holding company for Hanover Community Bank (the "Bank"), sent an open letter to its fellow shareholders in advance of the Company's upcoming Annual Meeting of Shareholders (the "Annual Meeting") scheduled for February 21, 2020.

Hanover's Board of Directors urges shareholders to vote the **WHITE** proxy card "**FOR**" two important proposals: the re-election of three members of our Board of Directors, Dr. Michael Katz, Mr. Philip Okun, and Mr. John Sorrenti; and the removal of Mr. John Sapanski from the Board, for cause.

The full text of the letter, which details Hanover's strong performance since its recapitalization in 2012 and responds to a number of inaccurate and misleading statements made by Premier Asset LLC ("Premier"), an entity affiliated with dissident shareholder Brian Pun, is set forth below.

February 11, 2020

Dear Fellow Shareholder:

Hanover Bancorp's Annual Meeting of Shareholders (the "Annual Meeting"), which was postponed until February 21, 2020, is fast approaching. As a reminder, Hanover's Board of Directors is asking you to vote "**FOR**" two very important proposals:

1. The re-election of three members of our Board of Directors – Dr. Michael Katz, Mr. Philip Okun, and Mr. John Sorrenti; and
2. The removal of Mr. John Sapanski from the Board, *for cause*.

IT IS CRITICAL THAT SHAREHOLDERS VOTE "FOR" BOTH PROPOSALS ON THE ENCLOSED WHITE PROXY CARD TODAY

HANOVER IS DELIVERING STRONG PERFORMANCE AND WORKING TOWARD A POTENTIAL IPO

Your Board and management team have been focused on putting Hanover in the **strongest possible position** for when we decide to move forward with an **initial public offering**. We have

made **great progress** in this regard by growing our assets, loans and net interest income, resulting in a significant increase in tangible book value per share. From 2012 to the end of 2019, we have:

- Grown the balance sheet from \$69 million in total assets to \$862 million;
- Grown loans from \$31 million in total loans outstanding to \$723 million;
- Grown deposits from \$56 million to \$670 million;
- Grown net interest income from \$1.7 million to \$23.6 million;
- Grown tangible book value per share from \$8.60 to \$17.48; and
- Grown our branch footprint from one location to seven.

We look forward to delivering our audited financial results shortly. We believe having two-year financial results audited by our new accounting firm will put us one step closer to an eventual IPO.

Unfortunately, despite our steady and strong performance, Premier Asset LLC, an entity affiliated with dissident shareholder Brian Pun, has commenced a costly and distracting proxy contest against Hanover which threatens to derail our progress. By now you may have even received proxy materials from Premier and Mr. Pun asking you to vote for their hand-picked nominees. As detailed below, **Mr. Pun is not being forthright with you about his conflicts and motivations, and his materials contain numerous inaccuracies.** Your Board **believes Mr. Pun's interests are not aligned with the interests of all shareholders and urges you to discard Premier's GOLD materials.**

Make no mistake, Mr. Pun's efforts risk the value of your investment and may ultimately deny shareholders a long-awaited initial public offering. **YOU SHOULD REJECT THEM OUTRIGHT.**

ASK YOURSELF: WHAT ARE MR. PUN'S REAL MOTIVES?

As you consider your vote, your Board believes it is important that you are aware of certain details regarding Mr. Pun that he failed to disclose in his communication with shareholders:

- **Mr. Pun has demanded Hanover direct more and more loan closing and title business to his firm:** Since becoming a Hanover shareholder, Mr. Pun has benefited significantly from loan closing and title business sent by the bank. Over the last year, he has expressed significant dissatisfaction with the amount of referrals being directed to him. Rather than disclosing this information, Mr. Pun tries to obfuscate his business relationship with the bank by downplaying our referrals. The fact is Mr. Pun's title and loan closing business **has made more than \$335,000 in fees from 356 Hanover-referred loan closings in 2017 through 2019.** This does not even consider title work – and work done in prior years – which would further increase this amount.

- **Mr. Pun, his son and one of his affiliates owe Hanover substantial sums of money:** As of the date of this letter, Mr. Pun, Mr. Pun's son and Mr. Pun's affiliate are indebted to the bank for millions. There is no mention of these loans in Premier's proxy materials.
- **Mr. Pun has a significant, undisclosed relationship with First Central Savings Bank, a Hanover competitor:** A Pun affiliate is performing work for First Central to close a loan that had originally been submitted at Hanover. This loan left the bank when three former Hanover officers left to go work for First Central. These officers are currently the subjects of a lawsuit filed by Hanover accusing them of breaching their duty of loyalty and stealing confidential and proprietary information. In fact, the **SAME LAWYER** defending First Central around the employee litigation represents Premier on this proxy fight. **Your Board believes these are significant conflicts of interest that Mr. Pun has not disclosed to shareholders.**

Brian Pun's undisclosed connections to First Central, which could directly benefit from Hanover being thrown off course, should be enough to raise significant concerns about his loyalties and motives.

ASK YOURSELF: WHAT ELSE DOES MR. PUN FAIL TO DISCLOSE?

We have reviewed the letter Premier and Mr. Pun sent and believe shareholders should know that it is **filled with false allegations, irrelevant assertions and blatant misstatements**. Mr. Pun knows that the performance of the bank under my leadership has been stellar so instead he seeks to distract you with immaterial and false claims about my prior experience, my family and my compensation.

Once again, **more notable than what Mr. Pun chooses to say is what he fails to disclose.**

Mr. Pun details complaints made by others in an October 2019 letter without disclosing who has made them and why. The fact is **these are false allegations** made by the same former Hanover officers who are now at First Central and are the subject of the above-mentioned Hanover lawsuit. **These allegations have been investigated by your Board and were found to be without merit.**

Similarly, Mr. Pun's attack on executive compensation is inaccurate and incomplete. What he fails to disclose is that executive compensation is set by the Board Compensation Committee in **consultation with a highly-regarded independent compensation consultant in the banking sector** which advised the Board that its executive compensation is **appropriate** relative to Hanover's **strong performance** and **in line with its peers** in the New York metropolitan area.

I am extremely proud of my reputation and experience in the banking community which includes **servicing on the board of the highly-regarded New York Banker's Association and delivering to Madison National Bank shareholders a significant liquidity event at a premium to tangible book value** – relevant facts Mr. Pun fails to mention when impugning my reputation with misleading and false claims.

PREMIER'S NOMINEES ARE NOT ADDITIVE TO THE BOARD, ARE NOT INDEPENDENT AND HAVE LITTLE SKIN IN THE GAME

Your Board is comprised of professionals with significant leadership experience and backgrounds in banking, finance, accounting, real estate and law. We believe the Board has the right mix of skills, experiences and expertise to oversee the bank at this time. That said, we are committed to continually improving our performance and corporate governance and had, in fact, scheduled an interview with Mr. Pun and were prepared to consider him for a Board seat. Instead of going through the established protocol, Mr. Pun retained multiple law firms and commenced this misguided campaign, forcing Hanover to spend substantial resources to defend itself.

Your Board has **reviewed the credentials of Premier’s nominees** – Brian Pun, Alan Lefkowitz and Songlin (Charles) Yi – and determined that **they do not bring experience that would be additive** to the Board at this time and that their **independence is in doubt**. There are a number of factors that make Premier’s nominees questionable candidates to join the Board at this time:

- **Mr. Brian Pun:** Mr. Pun has no significant board or banking experience and, based on his qualifications, appears to have no understanding of the complex regulatory environment in which a bank operates. In addition to the clear conflicts outlined above, Mr. Pun’s claims that he was instrumental to any expansion in Flushing or the Chinatown Federal Savings Bank merger are misleading. Mr. Pun is manufacturing banking experience bona fides where they simply do not exist.
- **Mr. Alan Lefkowitz:** Mr. Lefkowitz has no apparent experience serving as a director for any company. In the months after Mr. Lefkowitz retired as Chief Lending Officer at Global Bank, the bank reported notable delinquent loans on a book of business much smaller than Hanover’s. In contrast, Hanover’s current management team has not originated a single non-performing loan during their time at the bank.
- **Mr. Songlin (Charles) Yi:** Mr. Yi has not disclosed any experience serving as a director for any company or any banking experience. Further, Mr. Yi can hardly be considered independent as he is personally engaged as an accountant for Mr. Pun. In our view, this raises serious concerns about where his true loyalties lie.

Shareholders should understand that the interests of Mr. Pun and his hand-selected nominees are very different from yours. **Mr. Lefkowitz and Mr. Yi do not own a single share in Hanover and Mr. Pun’s personal ownership – a mere 2.9% – pales in comparison to the ownership of the full Board. Your Board and executive management own nearly 30% of Hanover’s outstanding shares. Not to mention our three director nominees own more than 7%. With no skin in the game, whose interests are Mr. Lefkowitz and Mr. Yi likely to support – yours or Mr. Pun’s?** We believe the answer is clear.

PROTECT THE VALUE OF YOUR INVESTMENT

VOTE “FOR” HANOVER’S DIRECTOR NOMINEES AND “FOR” THE REMOVAL OF MR. SAPANSKI FROM THE BOARD, *FOR CAUSE*

Hanover is performing well and making significant progress toward a potential initial public offering. The proxy fight launched by Mr. Pun threatens to throw Hanover off course. Do not

hand Premier the opportunity to jeopardize the significant value we have worked so hard to create. YOU have the control here. The decision is YOURS.

No matter how many shares you own, **your vote is critically important**. Your Board urges shareholders to vote **“FOR”** the re-election of Dr. Katz, Mr. Okun and Mr. Sorrenti; and **“FOR”** the removal of Mr. Sapanski from the Board, *for cause*. Please vote **“FOR”** both proposals on the enclosed **WHITE** proxy card only. If you receive a **GOLD** proxy card from Premier and Mr. Pun, you may simply discard it.

If you have already voted on Hanover’s **WHITE** proxy card and do not wish to change your vote, you do not need to take any further action. If you have not yet voted **“FOR”** both proposals, or need assistance voting your ballots, please contact Hanover’s proxy solicitor, Innisfree M&A Incorporated. **Shareholders may call toll free at (877) 800-5192. Banks and brokers may call collect at (212) 750-5833.**

I want to personally assure you that we are working hard each and every day to position Hanover for a potential initial public offering so shareholders can realize the value we have created over the years. On behalf of the Board and management team, thank you for your continued support, interest, and investment in Hanover.

Very truly yours,

/s/

Michael P. Puorro
Chairman & CEO

You can vote by Internet, telephone or by signing and dating the enclosed **WHITE** Proxy Card and mailing it in the envelope provided.

If you have any questions about how to vote your shares or need additional assistance, please contact:

INNISFREE M&A INCORPORATED
Shareholders Call Toll Free: (877) 800-5192
Banks and Brokers Call: (212) 750-5833

Additional Information

If Mr. Sapanski is removed from the Board for cause at the Annual Meeting, the Board intends to reduce the size of the Board from nine (9) to eight (8) directors as of the Annual Meeting. No changes have been made to the By-Laws of the Company since March 28, 2019, the date of the last amendment that was approved by the Company’s shareholders, and accordingly, the named proxies currently do not intend to vote with respect to Premier’s proposal to repeal By-Laws adopted after such date without shareholder approval.

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 its customers 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. Hanover'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.

Investors

Brian K. Finneran
Chief Financial Officer
+1 (516) 548-8500

or

Innisfree M&A Incorporated
+ 1 (877) 800-5192

Media

Brandy Bergman / Nicholas Leasure
Reevemark
+ 1 (212) 433-4600

###