



**JOINT CHARTER  
OF THE  
AUDIT COMMITTEE  
OF**

**HANOVER BANCORP, INC. AND HANOVER COMMUNITY BANK  
BOARD APPROVAL 12/20/2023**

**I. Purpose**

The Joint Audit Committee of Hanover Bancorp, Inc. and Hanover Community Bank is established by the Boards of Directors for the primary purpose of assisting the Boards in:

1. overseeing the integrity of Hanover's financial statements,
2. overseeing Hanover's compliance with legal and regulatory requirements,
3. overseeing the independent auditors' qualifications, independence and retention,
4. overseeing the performance of Hanover's internal audit function and independent auditors, and
5. overseeing Hanover's system of internal controls regarding finance, accounting, legal, compliance, and ethics that management and the Board have established.

Consistent with this function, the Audit Committee encourages continuous improvement of, and fosters adherence to, Hanover's policies, procedures and practices throughout the organization. The Audit Committee provides an open avenue of communication among the Audit Committee, the independent auditors, senior management, the internal audit function, and the Boards of Directors, and also provides for employee communication as appropriate.

**II. Organization, Membership, and Qualifications**

1. Hanover will maintain a qualified Audit Committee. The Audit Committee shall be comprised of three or more directors, each of whom shall be independent as defined under the rules of any exchange on which Hanover's common stock is then traded, meet the criteria for independence set forth in Rule 10A-3 (b)(1) under the Securities Exchange Act of 1934 (the "Exchange Act") (subject to the exemptions provided in Rule 10A-3(c)), and not have participated in the preparation of the financial statements of Hanover or any current subsidiary of Hanover at any time during the past three years. Specifically, unless the rules of any exchange upon which Hanover's stock is then traded contains a more restrictive requirement, a director will not qualify as "independent" if:
  - (a) such director is, or during the past three years was, an employee of Hanover or any parent or subsidiary of Hanover or an immediate family member of an individual who

is, or in the past three years has been, employed by Hanover or any parent or subsidiary of Hanover as an executive officer. Prior service as an interim Chairman or CEO will not disqualify an otherwise independent director;

- (b) such director accepts or has an immediate family member who accepts any payments from Hanover or any parent or subsidiary of the company in excess of \$120,000 during the current or any of the past three fiscal years. This disqualification does not apply to (i) compensation for board service, (ii) payments arising solely from investments in Hanover's securities, if available to all security holders, (iii) compensation to an immediate family member who is a non-executive employee of Hanover or of a parent or subsidiary of Hanover, (iv) compensation for prior service as an interim Chairman or CEO, (v) benefits under a tax-qualified retirement plan, (vi) non-discretionary compensation, or (vii) personal loans to directors or executives permitted by the Exchange Act;
- (c) such director is, or has an immediate family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which Hanover made, or from which Hanover received, payments (other than payments arising solely from investments in Hanover's securities and available to all security holders or payments under non-discretionary charitable contribution matching programs) that exceed the greater of 5% of the recipient's gross revenues for that year or \$200,000, in any of the most recent three fiscal years;
- (d) such director is, or has an immediate family member who is, employed as an executive officer of another company at any time during the most recent three fiscal years at which any of Hanover's officers serve on such other company's compensation committee; or
- (e) such director is, or has an immediate family member who is, a current partner of Hanover's outside auditor, or such director or immediate family members was a partner or employee of Hanover's outside auditor who worked on Hanover's audit engagement at any time during the past three fiscal years.

In addition, a member of the audit committee will not be deemed independent if he or she accepts any consulting, advisory, or other compensatory fee from Hanover, other than for board service.

We will strive to have an "audit committee financial expert", as such term is defined under Rule 407 of SEC Regulation SK, or any successor provision, as it may be amended from time to time.

2. The qualifications and independence of committee members will be reviewed annually by the Board of Directors.

3. The chairman of the Audit Committee and the members of the Audit Committee shall be elected by a majority vote of the Board of Directors on an annual basis.

4. Committee members shall serve until their successors shall be duly elected and qualified or until their earlier resignation or removal. All members of the committee shall be financially literate, which means the each such member must be able to read and understand fundamental financial statements, including Hanover's balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Audit Committee.
5. Vacancies on the committee shall be filled at the next meeting of the Board based on the recommendation of the Nominating and Corporate Governance Committee and by a majority vote of the Board at the next meeting of the Board following the occurrence of a vacancy.
6. New committee members will attend an orientation program to review audit committee responsibilities and duties and existing members are encouraged to participate in educational programs conducted by Hanover or outside consultants.
7. No member of the Audit Committee may serve on the audit committee of more than two other public companies. If a member of the Audit Committee wishes to serve on the audit committee of another public company, the Board must approve such additional service before the director may accept the additional audit committee position. The Board shall have the sole discretion to permit or deny such additional service.
8. The Board shall make any final decisions with respect to committee structure or membership.

### **III. Meetings**

1. The chairperson of the committee will preside at each meeting and, in consultation with other members of the committee, set the frequency and length of each meeting and the agenda of the items to be addressed at each meeting.
2. The chairperson shall ensure that the agenda for each meeting is circulated to each committee member and attendee in advance of the meeting.
3. The chairperson shall direct that the minutes of all meetings and other relevant records will be maintained and distributed to the committee members.
4. The committee may request any officer or employee of Hanover, Hanover's outside counsel, the independent auditors or any special counsel or advisors to attend a committee meeting. Members of management may also submit a request to present items to the committee.
5. The committee shall report regularly to the full Board after each committee meeting and with respect to such other matters as deemed appropriate by the committee.
6. The committee shall meet at least four times annually, or more frequently as circumstances dictate.

7. A majority of the number of committee members shall constitute a quorum. Committee members may participate in, or conduct, a meeting of the committee through the use of any means of communication by which all committee members participating can hear each other during the meeting and participation by such means shall constitute presence at the meeting.
8. At least annually, the committee will meet in a separate session with the independent auditors.
9. The Audit Committee is to meet in separate executive sessions with management and the Internal Audit Firm at least once each year and at other times as necessary.

#### **IV. Responsibilities and Duties**

To fulfill its responsibilities and duties the Audit Committee will:

##### **A. *General***

1. Report regularly to the Board and review with the Board any issues that arise with respect to the quality or integrity of Hanover's financial statements. Management is responsible for the preparation, presentation and integrity of Hanover's consolidated financial statements, including adequate and timely disclosure. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies, as well as internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations, and disclosure controls and procedures to ensure appropriate and timely disclosure in public reports.
2. Review and report to the Board regularly on Hanover's compliance with legal or regulatory requirements, the performance and independence of Hanover's independent auditors, and the performance of Hanover's internal audit function.
3. Review and assess the adequacy of this written Charter annually and recommend changes to the Board of Directors as necessary.
4. Review and discuss with management and the independent auditors Hanover's annual consolidated financial statements, quarterly consolidated financial statements and all internal control reports or summaries thereof. Review other relevant reports or financial information submitted by Hanover to any governmental body or the public and relevant reports rendered by the independent auditors.
5. Approve financial earnings press releases, after having performed a review with management and having had the required discussions with the independent auditors. These reviews and discussions will focus on the type and presentation of information to be included in the financial earnings press release, paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information.

6. In consultation with the independent auditors and internal auditors, review the integrity of Hanover's internal and external financial reporting processes and the internal control structure.
7. Review with management and the independent auditor major issues regarding accounting principles and financial statement presentations, including any significant changes in Hanover's selection or application of accounting principles, and major issues as to the adequacy of Hanover's internal controls and any special audit steps adopted in light of material control deficiencies.
8. Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
9. Review with management the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Hanover's financial statements.
10. Establish and maintain procedures for the receipt, retention, and treatment of complaints received by Hanover regarding public reporting, accounting, internal accounting controls or auditing matters.
11. Establish and maintain procedures for the confidential, anonymous submission by Hanover employees of concerns regarding questionable accounting or auditing matters and any other matters that present a significant risk to Hanover, and develop procedures for resolving such matters.
12. Review with the independent auditors, the internal auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.
13. Conduct the examination of the Bank required by Section 122 of the New York Banking Law and retain independent auditors to assist in the conduct of such examination.
14. Oversee and monitor management's efforts to correct deficiencies noted in periodic audits and examinations.
15. Perform an annual self-assessment relative to the Audit Committee's purpose, duties and responsibilities outlined herein.
16. To the extent the Company is then subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, consider whether it will recommend to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K.

17. To the extent the Company is then subject to the reporting requirements of the Exchange Act, prepare an annual committee report for inclusion where necessary in the proxy statement of the Company relating to its annual meeting of security holders.
18. Perform any other activities consistent with this Charter, Hanover's by-laws and governing law, as the committee or the Board deems necessary or appropriate.

B. Independent Auditors

1. Select, negotiate the compensation of, retain and oversee the work performed by the independent auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Hanover. Review the performance of the independent auditors and remove the independent auditors if circumstances warrant. Hanover's independent auditors are ultimately accountable to the Audit Committee and the Audit Committee has the ultimate authority and responsibility to select, evaluate, and where appropriate, replace the independent auditor. The independent auditors shall report directly to the Audit Committee and the Audit Committee shall oversee the resolution of disagreements between management and the independent auditors in the event that they arise.
2. At least annually obtain and review a report (the "Auditor's Report") by the independent auditor describing: the firm's internal quality control procedures; any material issues raised by the most recent internal quality control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditors and Hanover.
3. At least annually evaluate the independent auditors' qualifications, performance and independence, including the review and evaluation of the lead partner of the independent auditor, based on the Audit Committee's review of the Auditor's Report and the independent auditors' work throughout the year and taking into account the opinions of management and Hanover's internal auditors. The Audit Committee shall present its conclusions with respect to the independent auditors to the Board.
4. Review with the independent auditors the proposed scope of services and plan for the annual audit.
5. The independent auditors are responsible for planning and performing their audit of the consolidated financial statements of Hanover in accordance with auditing standards generally accepted in the United States of America, and, to the extent then required, for performing an examination of management's assertions regarding the effectiveness of internal control over financial reporting in accordance with attestation standards established by the AICPA or PCAOB.
6. Regularly review with the independent auditors the communications required under Generally Accepted Auditing Standards; any problems or difficulties encountered in the

course of the audit work, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management, and management's response; and hold timely discussions with the independent auditors regarding the following:

- i. all critical accounting policies and practices;
  - ii. any accounting adjustments that were noted or proposed by the independent auditors but were "passed" (as immaterial or otherwise);
  - iii. all alternative treatments of financial information within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, including: ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
  - iv. other material written communications between the independent auditors and management;
  - v. an analysis of the auditor's judgment as to the quality of Hanover's accounting principles, setting forth significant reporting issues and judgments made in connection with the preparation of the financial statements;
  - vi. at least annually, obtain and review a report by the independent auditors describing all relationships between the independent auditors and Hanover that could affect the independence of auditors;
  - vii. any communications between the independent auditors engagement team and the firm's national office regarding auditing or accounting issues related to Hanover; and
  - viii. the responsibilities, budget and staffing of Hanover's internal audit function.
7. Review and approve both audit and permitted non-audit services to be provided by the independent auditors. The Audit Committee must pre-approve all audit and permissible non-audit services provided by the independent auditors. Prior to the engagement of the independent auditors for the next year's audit, management will submit an aggregate of services expected to be rendered during that year for each of the four categories of services (audit, audit-related, tax and other) to the Audit Committee for approval. Unless a type of service to be provided by the independent auditors has received general pre-approval as outlined above, it will require specific pre-approval by the Audit Committee. The Audit Committee may delegate pre-approval authority to one or more of its members, with such member reporting any pre-approval decisions at the next scheduled Audit Committee meeting.
8. The committee will set clear hiring policies for employees or former employees of the independent auditors, including prohibiting management from hiring as a manager an individual responsible for overseeing financial reporting matters of Hanover, any person who was employed by the independent auditors and was the lead partner, concurring partner, or any other member of the audit engagement team who provided more than ten hours of audit, review or attest services for Hanover within the one-year period preceding the commencement of the audit of the current year's financial statements.

C. Internal Audit

1. Review and advise on the selection and removal of the Internal Audit Firm and the annual performance evaluation of the Internal Audit Firm.
2. Review the organizational structure, qualifications, staffing and budgeting of the internal audit function, including a discussion of these internal audit items with the independent auditors.
3. Review the Internal Audit Charter on an annual basis and propose changes as applicable.
4. Review and approve the annual Internal Audit Plan. All internal audit reports are issued to the Chairman of the Audit Committee with copies provided to senior management.

D. Ethical Compliance, Legal Compliance, and Risk Management

1. Review Hanover's Business Code of Ethics ensure that it is in compliance with all applicable rules and regulations. Ensure that management has established a system to monitor compliance with these Codes of Ethics.
2. Ensure that management has a proper review system in place to ensure that Hanover's financial statements, reports and other financial information are in compliance with applicable laws and regulations.
3. Review periodic reports prepared by the Compliance Officer regarding Hanover's program for complying with laws and regulations.
4. Review with the Counsel, legal matters that could have a significant impact on the organization's financial statements.
5. Discuss policies with respect to risk assessment and risk management. Such discussions should include Hanover's major financial risk exposures and the steps management has taken to monitor and control such exposures. The Audit Committee shall discuss risk assessment and risk management guidelines and policies to govern the process by which risk assessment and risk management is undertaken.

V. Resources

The Audit Committee has the authority to obtain advice and assistance from and engage independent counsel, accountants, or other advisors as deemed appropriate to perform its duties and responsibilities. Hanover shall provide appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditors and to any advisors that the Audit Committee chooses to engage. The Audit Committee has ultimate authority to approve all audit engagement fees and terms. In addition, Hanover shall provide appropriate funding, as determined by the Audit Committee, for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.