



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
See Attachment to Form 8937

Blank lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See Attachment to Form 8937

Blank lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶  
See Attachment to Form 8937

Blank lines for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here  
Signature ▶ Brian K. Finneran Date ▶ 8-31-19  
Print your name ▶ Brian K. Finneran Title ▶ Executive Vice President & CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

**HANOVER BANCORP, INC.**  
**EIN 81-3324480**  
**ATTACHMENT TO FORM 8937**  
**REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES**

**Part II, Box 14:**

On August 9, 2019 (the “Effective Date”), Chinatown Federal Savings Bank, a federally chartered savings association (“CFSB”) was merged (the “Merger”) with and into Hanover Community Bank, a New York state chartered commercial bank (the “Bank”) and the wholly owned subsidiary Hanover Bancorp, Inc. (“Bancorp”), with Bank as the surviving entity, pursuant to the terms and conditions of the Agreement and Plan of Merger (the “Merger Agreement”), dated September 20, 2018, by and between Bancorp, Bank and CFSB. The holder of each share of CFSB common stock received merger consideration, in cash or in Bancorp shares, equal to \$66.47 per share, subject to adjustment. 30% of the consideration was paid through the issuance of Bancorp shares, and 70% of the consideration was paid in cash.

**Part II, Box 15:**

The receipt of the merger consideration by a United States holder was a taxable transaction for U.S. federal income tax purposes. A U.S. holders’ aggregate tax basis in the Bancorp common stock received in the merger generally equals the fair market of the Bancorp shares as of the effective time in the merger.

**Part II, Box 16:**

**The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Consult your tax adviser to determine the particular tax consequences to you of the Merger.**

Fair market value generally is the price at which property would change hands between a willing buyer and seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market value of Bancorp common stock received in the merger; you should consult your tax advisor to determine what measure of fair value if appropriate. Notwithstanding the foregoing, the precise number of shares issued to CFSB shareholders receiving Bancorp stock as consideration was based on the determined value of CFSB shares of \$66.47 per share, and the value of corresponding value of Bancorp shares.

**Part II, Box 17:**

The acquisition of CFSB by Bank pursuant to the Merger did not qualify as a reorganization within the meaning of section 368 of the Code. As a result, Bancorp relied on Section 1001, 1012 and 1223 of the Code for the tax treatment of the transaction

**Part II, Box 18:**

CFSB shareholders who received Bancorp common stock as Merger consideration may recognize loss by reason of the Merger, depending on a stockholder's particular circumstances and the deductibility of any such loss may be subject to limitations. Specifically, a CFSB shareholder generally will recognize gain or loss equal to the difference between the amount of the fair market value of the Bancorp stock received and the CFSB shareholder's basis in their shares of CFSB common stock. Such gain or loss generally will be a capital gain or loss, and will be long-term capital gain or loss if, the CFSB shareholder's holding period with respect to the shares exceeds one year. Special rules apply to CFSB shareholders who received their shares of CFSB common stock through the exercise of an employee stock option, through a tax qualified retirement plan, or otherwise as compensation and such CFSB shareholders are instructed to consult their own tax advisers.

**Part II, Box 19:**

In general, any adjustment to the tax basis that results in gain or loss recognized by a CFSB shareholder as a result of the completion of the Merger should be reported for the taxable year that includes the Effective Date (e.g., a calendar year shareholder would report the transaction on his or her federal income tax return filed for the 2019 calendar year).