



## ITEM 7.01 – REGULATION FD DISCLOSURE

On November 9, 2022, representatives of the Registrant will present to various investors the information about the Registrant described in the slides attached to this report as Exhibit 99.1, which are incorporated by reference herein.

The information in Item 7.01 of this report is being furnished, not filed, pursuant to Regulation FD. Accordingly, the information in Item 7.01 of this report will not be incorporated by reference into any registration statement filed by the Registrant under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this report is not intended to, and does not, constitute a determination or admission by the Registrant that the information in this report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Registrant.

## ITEM 9.01 - FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
Exhibit 99.1	<a href="#">Investor Presentation</a>
Exhibit 104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

---

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HANOVER BANCORP, INC.

Date: November 9, 2022

By: /s/ Lance P. Burke  
Lance P. Burke  
Executive Vice President & Chief Financial Officer  
(Principal Financial Officer)

---



**Investor Presentation  
November 2022**

---

# Disclaimer

---

This presentation has been prepared by us solely for informational purposes based on our own information, as well as information from public and industry sources. This presentation does not constitute an offer to sell, nor a solicitation of an offer to buy, any securities by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. Neither the SEC nor any other regulatory agency has approved or disapproved of our securities or passed upon the accuracy or adequacy of this presentation. Any representation to the contrary is a criminal offense. Our Common Stock is not a deposit account of our bank subsidiary and is not insured by the FDIC or any other governmental agency.

## **Forward-Looking Statements**

This presentation includes statements that are, or may be deemed, "forward-looking statements." In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "plans," "intends," "may," "could," "might," "will," "should," "approximately," "potential," "projected," "pro forma" or, in each case, their negatives or other variations thereon or comparable terminology, although not all forward-looking statements contain these words. Any or all of the forward-looking statements herein made by us may turn out to be incorrect.

By their nature, forward-looking statements involve risks and uncertainties because they relate to future events, competitive dynamics, and banking, regulatory, and other developments, and depend on anticipated circumstances that may or may not occur (or may occur on longer or shorter timelines than anticipated). They can be affected by inaccurate assumptions that we might make, or by known or unknown risks and uncertainties, including those discussed in our Annual Report on Form 10-K under Item 1A - Risk Factors, as updated by our subsequent filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made. Although we believe that we have a reasonable basis for each forward-looking statement contained in this presentation, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition, and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this presentation.

In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this presentation, they may not be predictive of results or developments in future periods. Any forward-looking statements that we make in this presentation speak only as of the respective dates of such statements, and we undertake no obligation to update such statements to reflect events or circumstances after the date of this presentation, except as required by law.

## **Non-GAAP Financial Measures**

This presentation contains supplemental financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Our management uses these non-GAAP measures in its analysis of our performance. These measures should not be considered a substitute for GAAP basis measures nor should they be viewed as a substitute for operating results determined in accordance with GAAP. Management believes the presentation of tangible common equity ("TCE"), tangible book value ("TBV") per share, and return on average tangible common equity ("ROATCE"), non-GAAP financial measures that exclude the impact of intangible assets, provide useful supplemental information that is essential to a proper understanding of our financial condition and results. Non-GAAP measures are not formally defined under GAAP, and other entities may use calculation methods that differ from those used by us. As a complement to GAAP financial measures, our management believes these non-GAAP financial measures assist investors in comparing the financial condition and results of operations of financial institutions due to the industry prevalence of such non-GAAP measures. A reconciliation of our non-GAAP financial measures to the most directly comparable GAAP measures has been provided herein.

# Overview of Hanover Bancorp, Inc.

## Company Background & Financial Snapshot

- The bank was founded in 2009 and is headquartered in Mineola, NY
- The Bank was recapitalized in 2012 by a group led by our current Chairman and CEO Michael Puorro and current members of our Board of Directors
- Successfully completed IPO and NASDAQ listing in May 2022
- Provides differentiated consumer and commercial banking services to clients in western Long Island and the New York City boroughs
  - Office recently opened in Freehold, NJ
  - Planned expansion into Hauppauge, NY (Early 2023)
- Executed an organic strategy from 2012 – 2018, focused primarily on the non-qualified mortgage niche residential lending business
- Completed two successful M&A transactions, acquiring Chinatown Federal Savings Bank in 2019 and Savoy Bank in 2021
- Successful team of seasoned bankers and banking teams from local, regional and national financial institutions
- Demonstrated track record of profitability; Hanover is highly focused around an efficient operating platform and branch network.

Balance Sheet at	
9/30/22	
\$ in millions	
Total assets	\$1,840
Gross loans	1,624
Deposits	1,528
Tangible common equity	153
TCE / TA	8.4%
NPAs / Assets	0.73%

Profitability for		
\$ in millions		
	Qtr. Ended 9/30/22	FYE 9/30/22
Net Income	\$5.8	\$23.6
Net interest margin	4.04%	4.18%
Efficiency ratio	48%	50%
Adj. ROAA <sup>(1)</sup>	1.39%	1.56%
Adj. ROATCE <sup>(1)</sup>	15.2%	18.8%

Source: S&P Global Market Intelligence; SEC Filings.  
 Note: All figures presented on a fiscal year basis; Hanover has a fiscal year ending September 30th.  
 (1) Adjusted for acquisition costs and related income tax effects. (2) Excluding PPP loans.

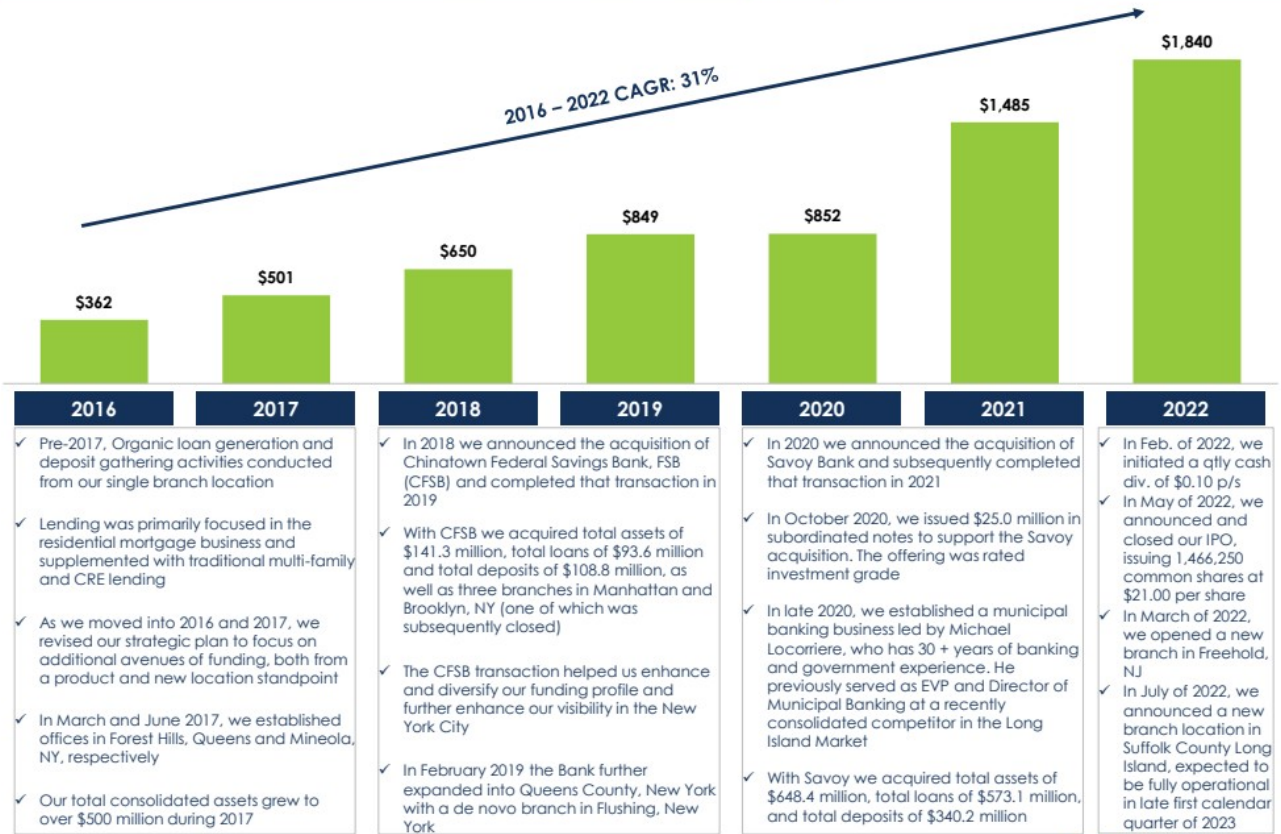
## Key Metrics & Banking Footprint

9/30/22 FYE	9/30/22 FYE	9/30/22 FYE	9/30/22 FYE
\$1.8B	\$1.6B	\$1.5B	46%
TOTAL ASSETS	TOTAL NET LOANS	TOTAL DEPOSITS	LTM Loan Growth <sup>(2)</sup>



#	Branch Name	Address	Deposits at 6/30/22 (\$M)
1	Headquarters & Mineola	80 East Jericho Turnpike, Mineola, NY	\$146
2	Garden City Park	2131 Jericho Turnpike, Garden City Park, NY	837
3	Flushing	138-29 39th Avenue, Flushing, NY	29
4	Forest Hills	71-15 Austin Street, Forest Hills, NY	35
5	Sunset Park	5512 8th Avenue, Brooklyn, NY	25
6	Bowery	109 Bowery, New York, NY	84
7	Midtown	600 5th Ave., 17th Floor, New York, NY	181
8	Freehold	4400 Route 9, Freehold, NJ	13




Growth in Total Assets (\$mm)



2016	2017	2018	2019	2020	2021	2022
<ul style="list-style-type: none"> <li>Pre-2017, Organic loan generation and deposit gathering activities conducted from our single branch location</li> <li>Lending was primarily focused in the residential mortgage business and supplemented with traditional multi-family and CRE lending</li> <li>As we moved into 2016 and 2017, we revised our strategic plan to focus on additional avenues of funding, both from a product and new location standpoint</li> <li>In March and June 2017, we established offices in Forest Hills, Queens and Mineola, NY, respectively</li> <li>Our total consolidated assets grew to over \$500 million during 2017</li> </ul>		<ul style="list-style-type: none"> <li>In 2018 we announced the acquisition of Chinatown Federal Savings Bank, FSB (CFSB) and completed that transaction in 2019</li> <li>With CFSB we acquired total assets of \$141.3 million, total loans of \$93.6 million and total deposits of \$108.8 million, as well as three branches in Manhattan and Brooklyn, NY (one of which was subsequently closed)</li> <li>The CFSB transaction helped us enhance and diversify our funding profile and further enhance our visibility in the New York City</li> <li>In February 2019 the Bank further expanded into Queens County, New York with a de novo branch in Flushing, New York</li> </ul>		<ul style="list-style-type: none"> <li>In 2020 we announced the acquisition of Savoy Bank and subsequently completed that transaction in 2021</li> <li>In October 2020, we issued \$25.0 million in subordinated notes to support the Savoy acquisition. The offering was rated investment grade</li> <li>In late 2020, we established a municipal banking business led by Michael Locorriere, who has 30+ years of banking and government experience. He previously served as EVP and Director of Municipal Banking at a recently consolidated competitor in the Long Island Market</li> <li>With Savoy we acquired total assets of \$648.4 million, total loans of \$573.1 million, and total deposits of \$340.2 million</li> </ul>		<ul style="list-style-type: none"> <li>In Feb. of 2022, we initiated a qly cash div. of \$0.10 p/s</li> <li>In May of 2022, we announced and closed our IPO, issuing 1,466,250 common shares at \$21.00 per share</li> <li>In March of 2022, we opened a new branch in Freehold, NJ</li> <li>In July of 2022, we announced a new branch location in Suffolk County Long Island, expected to be fully operational in late first calendar quarter of 2023</li> </ul>

Note: Total assets for 2016 – 2022 as of September 30th as Hanover has a fiscal year end of September 30<sup>th</sup>.

# Hanover Executive Management Team

	Name	Position with Hanover	Age	Years of Banking Experience	Year Started at Hanover
	Michael P. Puorro	CEO & Chairman	63	30 +	2012
	Brian K. Finneran	President	65	40 +	2017
	Lance P. Burke	Exec. VP & Chief Financial Officer	43	20 +	2021
	McClelland Wilcox	Senior Exec. VP & Chief Lending & Revenue Officer	51	20 +	2021
	Kevin Corbett	Exec. VP & Chief Credit Officer	63	35 +	2020
	Alice Rouse	Exec. VP & Chief Risk Officer	56	25 +	2017
	Michael Locorriere	Exec. VP & Chief Municipal Officer	54	20 +	2020
	Lisa A. Diiorio	First Senior VP & Chief Accounting Officer	59	25 +	2016

Note: Throughout the presentation, unless otherwise specified, references to "Hanover" may be to either the holding company or the bank.



# Robust TBV Per Share & Balance Sheet Growth

**Tangible Book Value per Share**



**Total Assets (\$mm)**



**Total Loans (\$mm)**



**Total Deposits (\$mm)**

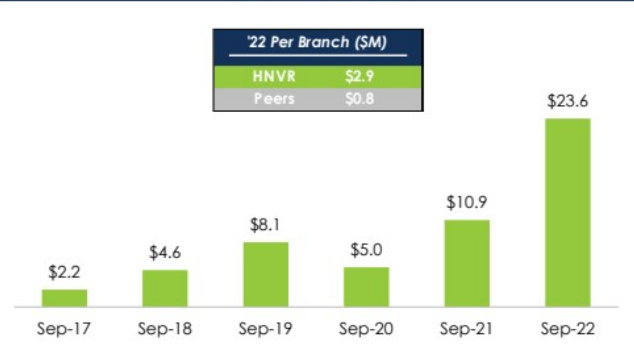


Note: All figures presented on a fiscal year basis; Hanover has a fiscal year ending September 30<sup>th</sup>. Dollars in millions.

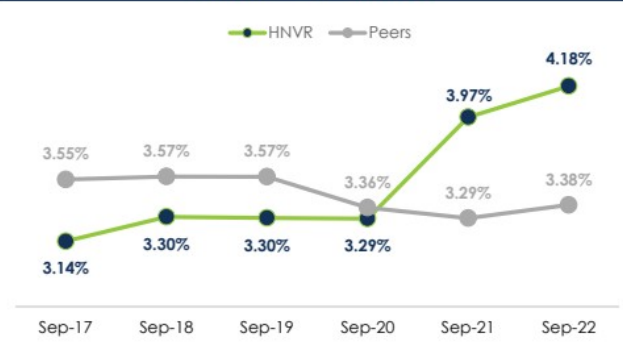
# Strong and Efficient Profitability

Success Maintaining Strong Profitability Metrics Across a Branch-lite Operating Model

## Net Income (\$M)



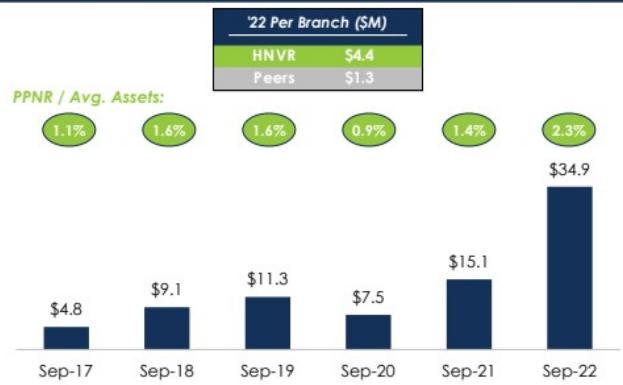
## Net Interest Margin (%)



## ROAA and ROAE (%)



## Pre-Provision Net Revenue (\$M)



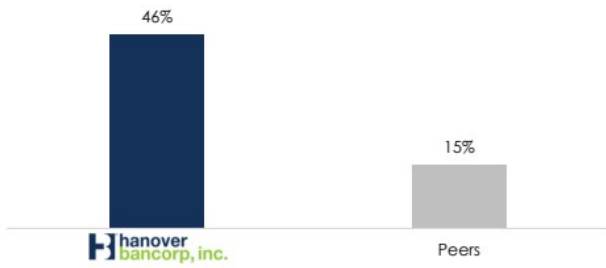
Source: S&P Global Market Intelligence; SEC Filings.

Note: All figures presented on a fiscal year basis; Hanover has a fiscal year ending September 30th. Peers include major exchange-traded banks and thrifts with most recent quarter total assets between \$1 and \$3 billion, excluding merger targets and mutuals.

# Well-Positioned to Overcome Current Market Headwinds

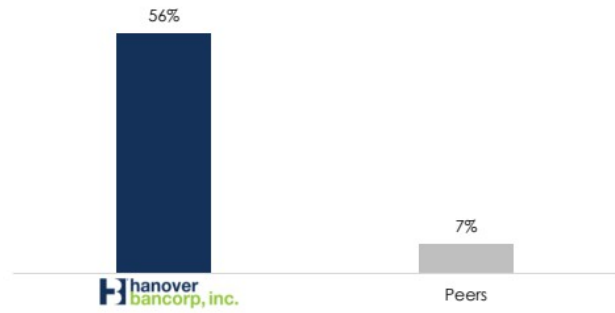
## Strong Organic Loan Generation

LTM Loan Growth (ex. PPP)



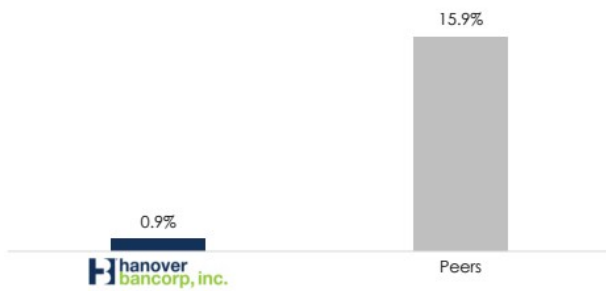
## Demonstrated Revenue Growth

FYE 22 vs FYE 21 Revenue Growth



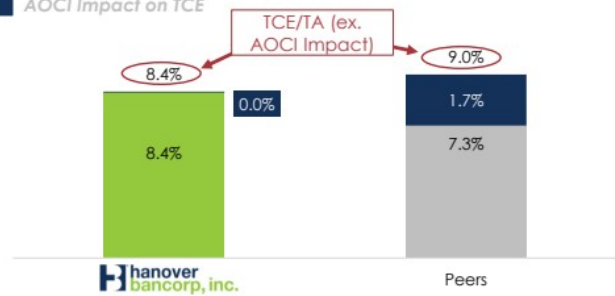
## Securities Portfolio Exposure

Total Securities / Assets



## AOCI Impact on Tangible Capital

Reported TCE/TA  
AOCI Impact on TCE



Source: SEC Filings; S&P Global Market Intelligence. Note: Peers include major exchange-traded banks and thrifts with most recent quarter total assets between \$1 and \$3 billion, excluding merger targets and mutuals.

# Investment Highlights

---

## High Degree of Franchise Scarcity Value

- Recent market consolidation has resulted in a lack of sub-\$5 billion asset sized banks in the Long Island and Greater New York City Metro Area.
- Since June 2020, there have been 16 bank transactions in the tri-state area, 11 of which involved targets with total assets less than \$5 billion.

## Niche Lending & Funding Expertise Drives Pricing Power

- Since 2014, the residential mortgage operation has been highly focused on non-conforming lending in New York City. With the addition of Savoy, the Company has acquired a niche in SBA and small business commercial banking platform.
- Hanover's municipal deposit banking business is differentiated in that it is focused on long-term relationships that typically have less pricing volatility, particularly in rising rate environments.

## Efficient, Profitable and Scalable Business Model

- Demonstrated track record of profitability and investing in the business. Hanover is highly focused around profitability and a highly efficient operating platform and branch network.
- The Company's level of assets, loans, deposits and revenue relative to the number of branch offices is well above peers. Management believes a continued focus on operating efficiently will result in above average levels of profitability over the long-term.

## Disciplined Underwriting and High Quality Balance Sheet

- Since 2016, Hanover has incurred \$999k in cumulative net charge-off's, representing 15 basis points of average loans over that time period.
- Total non-accrual loans at September 30, 2022 were \$12.3 million, or 0.76% of total loans.
- Hanover's reserves represent 0.94% of Hanover originated loans at September 30, 2022.

## Demonstrated Ability to Integrate M&A Transactions

- Hanover's executive team, which is led by Chairman and CEO Michael Puorro, has significant experience with M&A transactions and post-closing integration efforts.
- In August 2019, the Company closed the CFSB acquisition and has successfully grown the former CFSB deposit franchise.
- In May 2021, the Company closed the Savoy merger, an approximately \$650 million total asset single branch commercial bank located in NYC. The transaction significantly diversified revenue and lending mix while boosting profitability and leveraging Savoy's expertise in commercial and SBA lending.

Source: S&P Global Market Intelligence; SEC Filings.

Note: All figures presented on a fiscal year basis; Hanover has a fiscal year ending September 30<sup>th</sup>.

# Niche Lending & Branch-Lite Model Drives Outsized Margins

## Niche Lending & Funding Expertise Drives Pricing Power

- ✓ A number of our business segments are focused on providing specialized lending and deposit products to specific customer groups within our markets.
- ✓ We are focused on providing expertise and excellent service in the chosen segments in which we operate.
- ✓ Since 2014 our residential mortgage operation has been highly focused on non-conforming lending in New York City.
- ✓ With Savoy, we acquired a niche SBA and small business commercial banking business.
- ✓ Our municipal deposit banking business is differentiated in that we are focused on long-term relationships and our customers are not transactional in nature.
- ✓ Consistently achieving a higher yield on loans than peers.
- ✓ Low deposit cost coupled with SBA lending growth drives Net Interest Margin Expansion.
- ✓ This leads to us greatly surpassing peers in Net Interest Margin performance.

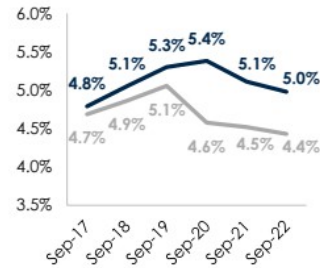
Net Interest Margin

— Hanover — Peer Median



Yield on Loans

— Hanover — Peer Median



Source: S&P Global Market Intelligence; SEC Filings.

Note: All figures presented on a fiscal year basis; Hanover has a fiscal year ending September 30th. Peers include major exchange-traded banks and thrifts with most recent quarter total assets between \$1 and \$3 billion, excluding merger targets and mutuals. Note: Annual data as of the fiscal years ended 9/30.

## Efficient, Profitable and Scalable Business Model

For the fiscal year ended 9/30/2022

Total Assets per Office

\$230.0

\$109.8

hanover bancorp, inc. Peer Median

Total Net Loans per Office

\$201.3

\$76.4

hanover bancorp, inc. Peer Median

Total Deposits per Office

\$191.0

\$91.5

hanover bancorp, inc. Peer Median

Revenue per Office

\$8.8

\$3.5

hanover bancorp, inc. Peer Median

Net Income per Office

\$2.9

\$0.8

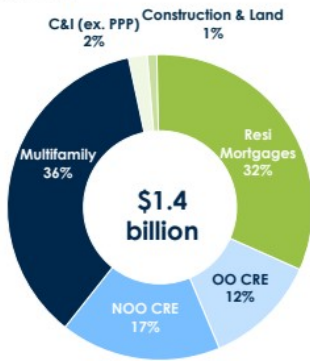
hanover bancorp, inc. Peer Median

hanover bancorp, inc. 10

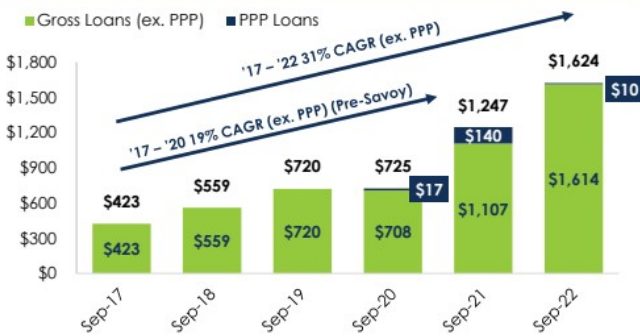
# Niche Lending Segments

## Loan Portfolio Composition<sup>(1)</sup>

As of September 30, 2022



## Total Loan Growth (\$mm)



Note: All figures presented on a fiscal year basis; Hanover has a fiscal year ending September 30th.  
 (1) Commercial & Industrial excludes \$10.2 M in PPP loans.

## 1

### Residential Real Estate

- ✓ Initiated our residential lending platform in 2013 with a focus on the boroughs of New York City
- ✓ We originate mainly non-qualified, alternative documentation single-family residential mortgage loans through broker referrals, our branch network and retail channels.
- ✓ We offer multiple products including those designed specifically for two- to four-family units

Residential RE	For the years ended September 30,					
	2017	2018	2019	2020	2021	2022
Loans originated	\$157,461	\$268,283	\$334,099	\$96,031	\$104,567	\$166,222
Loans sold	79,286	134,464	194,978	39,982	36,375	19,441

## 2

### Commercial Real Estate (including Multi-family)

- ✓ CRE lending is an area of expertise for us, with the Savoy acquisition re-enforcing what we believe was an already strong CRE lending foothold in New York City
- ✓ We maintain a loan-to-value policy limit of 75% for commercial real estate loans

## 3

### Commercial and Industrial

- ✓ We provide a mix of variable and fixed rate commercial and industrial loans which are typically made to small and medium sized businesses
- ✓ Prior to the acquisition of Savoy, we had a very limited portfolio of commercial and industrial loans
- ✓ Strategic initiative to build out the C&I business includes the opening of the Freehold branch and planned expansion into Hauppauge while simultaneously hiring a specialized C&I team

# Growing Core Deposit Franchise

## Diversifying our Deposit Composition

As of September 30, 2012



As of September 30, 2022



- Hired a Chief Municipal Officer and supporting personnel to initiate our municipal banking business, which has grown municipal deposit balances from \$74.3 million at December 31, 2020 to \$416.9 million at September 30, 2022, at a weighted average rate of 1.19%;
- Implemented a core processor IT conversion that resulted in a platform with a comprehensive suite of commercial deposit account capabilities; and
- Reduced wholesale funding levels (defined as Federal Home Loan Bank ("FHLB") borrowings, brokered deposits and Qwick Rate accounts).

Deposit Growth (\$mm)



Noninterest-Bearing Deposit Growth (\$mm)



# Asset Quality Managed Through Disciplined Policies and Procedures

## Credit Philosophy

- Management utilized strong local community ties along with their experience with both federal and New York bank regulatory agencies to create a bank that emphasizes strong credit quality.
- Total loans having credit risk ratings of Special Mention or Substandard were \$32.6 million at September 30, 2022 versus \$51.9 million at September 30, 2021.
- Total non-accrual loans at September 30, 2022 were \$12.3 million, or 0.76% of total loans and Management believes all of the Company's non-accrual loans are well collateralized and no specific reserves have been taken with regard to these loans.

## Credit Underwriting and Administration

- The Company has been prudently working with borrowers negatively impacted by the COVID-19 pandemic while managing credit risks and recognizing an appropriate allowance for loan losses.
- Net charge-offs of \$158K or 0.01% of average loans for the fiscal year ended 9/30/2022.
- Allowance for loan losses of \$12.8 million or 0.94% of Hanover originated loans at 9/30/2022, which management has determined to be adequate based on an extensive review of multiple credit and economic factors

Nonperforming Assets / Total Assets



Net Charge-off's / Average Loans



Note: Annual data represents 9/30 fiscal year end data.



# Hanover bancorp, inc.

## Appendix

---



## Creating a Differentiated Community Bank

### Organic Growth

- Build the premier community bank franchise serving customers and small to mid-size business in the New York City metro area and Long Island
- Continue to penetrate the potential customer bases in multiple niche areas
- Continue to serve the local economies in our geographic footprint by capitalizing on a focus on personalized service, the ability to realize greater economies of scale than smaller community banks and ability to provide better and more responsive service than larger regional banks

### Strategic Acquisitions

- Expanded commercial banking capabilities significantly, due to the Savoy acquisition, with a particular focus on small business clients and Small Business Administration (SBA) lending
- Leverage the Savoy acquisition and expand presence in the New York City market
- Continue to pursue prudent and commercially attractive acquisitions in both traditional banking and select non-bank targets

### Diversifying Loan Portfolio through Niche Segments

- Focus on diversifying the loan portfolio through niche lending segments to generate appropriate risk-adjusted returns
- Focus our niche lending on: residential real estate, commercial real estate and multi-family
- Average loan-to-value of the mortgage underwriting portfolio at origination was 55%

### Complementing the Lending Efforts and Diversifying Funding

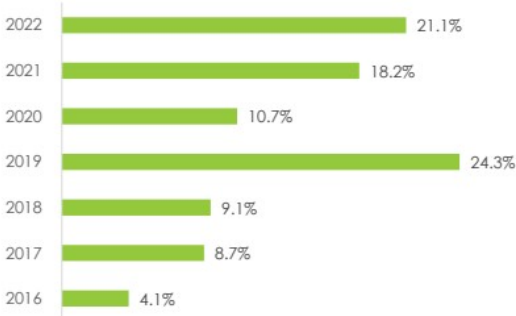
- The deposit and treasury management products and services complement the niche lending focus
- Established a municipal banking business in 2020 with potential to produce a significant level of deposits at cost effective rates with the effort led by Michael Locorriere
- Initiative is consistent with a branch-lite and highly efficient approach

## Focus on Delivering Shareholder Value

# Significant Consolidation of NYC Metro Community Banks Provides Growth Opportunities

## % of Banks Acquired in NYC<sup>(1)</sup>

Approximately 55% of banks<sup>(1)</sup> in NYC MSA were consolidated in the last 5 years



## Long Island Significantly Consolidated



## Top 20 NYC MSA Banks in 2016<sup>(2)</sup>

Acquired		Institutions ranked by asset size			
Rank	Institution	2016 Deposits (\$mm)	Rank	Institution	2016 Deposits (\$mm)
1	kearny	\$2,695	11	Blue Foundry Bank	\$1,167
2	ConnectOne	\$3,344	12	PCSB FINANCIAL SERVICES	\$1,133
3	BRIDGE BANCORP, INC.	\$2,926	13	First State Bank	\$675
4	amalgamated FINANCIAL CORP.	\$3,009	14	Metropolitan Commercial Bank	\$946
5	PEAPACK-GLADSTONE BANK	\$3,412	15	UNITY BANCORP INC	\$835
6	Northfield Bancorp	\$2,714	16	1st Constitution	\$777
7	OUTWELL FINANCIAL CORP.	\$2,280	17	Two River BANCORP	\$746
8	1NFirst of Long Island Corporation	\$2,609	18	First Commerce Bank	\$661
9	SUFFOLK BANCORP	\$1,838	19	SB One Bancorp	\$578
10	BCB Bank	\$1,392	20	Bank of New Jersey	\$578

Source: SEC Filings; S&P Global Market Intelligence. Note: Dollars in millions.

(1) Banks in the NYC MSA acquired in a given year as a percentage of the number of institutions with total assets less than \$5 billion as of December 31st of the prior year.

(2) Institutions ranked by asset size. Includes banks with total assets less than \$5 billion as of 12/31/2016.

# New York MSA – A Leading U.S. Banking Market

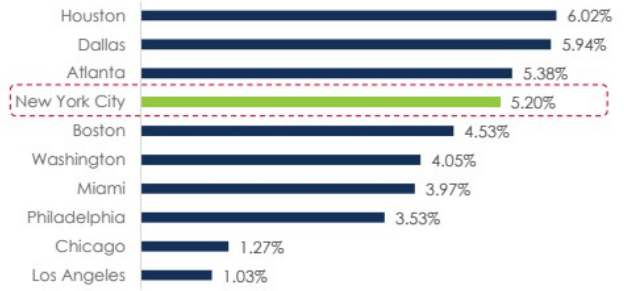
## Most Populated MSA

### Population (mm)



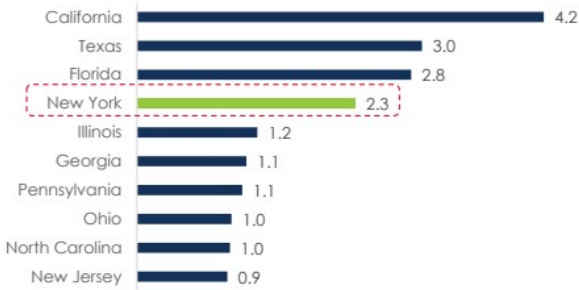
## 4<sup>th</sup> Fastest Growing MSA <sup>(1)</sup>

### Projected Population Growth ('22-'27)



## 4<sup>th</sup> Most Small Businesses by State

### Small Businesses (mm)



## Largest Deposit Market (MSA)

### Deposits (\$bn)



Source: S&P Global Market Intelligence; SEC Filings; US Census. Note: Small Business data as of 2018.  
 (1) Ranking amongst ten largest populated MSAs of 2022.

# Gross Loan Portfolio Composition & Growth

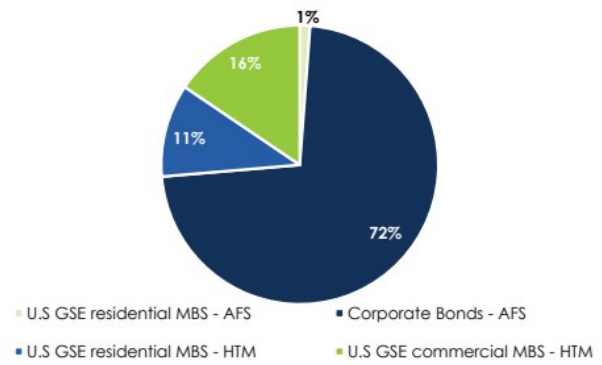


\$ in millions	Sept. '16	Sept. '17	Sept. '18	Sept. '19	Sept. '20	Sept. '21	Sept. '22	Sept. '16 - Sept. '20 CAGR	Sept. '16 - Sept. '22 CAGR
Residential Real Estate	\$147	\$238	\$373	\$465	\$454	\$444	\$515	33%	23%
Multi-family Real Estate	95	120	132	140	137	266	574	9%	35%
Commercial Real Estate	52	59	49	108	114	349	473	22%	45%
Commercial & Industrial	7	6	7	7	21	172	46	33%	38%
Construction & Land Dev.	0	0	0	0	0	15	13	--	--
Consumer	0	0	0	1	0	0	0	--	--
<b>Gross Loans</b>	<b>\$301</b>	<b>\$423</b>	<b>\$560</b>	<b>\$721</b>	<b>\$725</b>	<b>\$1,247</b>	<b>\$1,621</b>	<b>25%</b>	<b>32%</b>
Net Deferred costs (fees)	(0)	(1)	(1)	(1)	(0)	1	3		
<b>Total Loans</b>	<b>\$301</b>	<b>\$423</b>	<b>\$559</b>	<b>\$720</b>	<b>\$725</b>	<b>\$1,247</b>	<b>\$1,624</b>	<b>25%</b>	<b>32%</b>

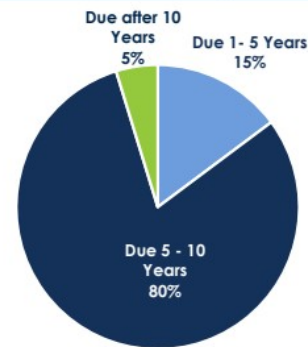
# Balance Sheet Liquidity

- The Company strives to maintain an efficient level of capital, commensurate with its risk profile, on which a competitive rate of return to stockholders will be realized over both the short and long term.
- Securities portfolio (AFS + HTM) equaled \$16.7 million as of September 30, 2022.
  - AFS securities consist of \$12.1 million corporate bonds and \$0.2 million in residential MBS, fair value
  - HTM securities consist of \$1.8 million residential MBS and \$2.6 million in commercial MBS, amortized cost
- At September 30, 2022, accumulated other comprehensive income included an unrealized loss of AFS securities of \$790 thousand
  - Representing only 0.4% of tangible common equity (ex. AOCI) for the same period

Securities Portfolio Composition <sup>(1)</sup>



Securities Portfolio Maturity Distribution <sup>(1)</sup>



Note: Dollars in millions.  
 (1) As of September 30, 2022.

# Non-GAAP Reconciliation

## Tangible Book Value per Common Share

Non-GAAP Reconciliation Table	As of September 30,					
	2022	2021	2020	2019	2018	2017
	(dollars in thousands, except share data)					
<b>Book value per Common Share</b>	<b>\$23.69</b>	<b>\$22.02</b>	<b>\$18.69</b>	<b>\$17.28</b>	<b>\$15.14</b>	<b>\$13.41</b>
Less: goodwill and other intangible assets	(2.69)	(3.53)	(0.46)	(0.36)	—	—
<b>Tangible book value per common share</b>	<b>\$21.00</b>	<b>\$18.49</b>	<b>\$18.23</b>	<b>\$16.92</b>	<b>\$15.14</b>	<b>\$13.41</b>
Common stockholders' equity	\$172,584	\$122,529	\$78,043	\$71,950	\$54,230	\$41,778
Less: goodwill and other intangible assets	(19,567)	(19,648)	(1,923)	(1,508)	—	—
Tangible common stockholders' equity	\$153,017	\$102,881	\$76,120	\$70,442	\$54,230	\$41,778
Total assets	\$1,840,058	\$1,484,641	\$851,606	\$848,836	\$649,963	\$501,358
Less: goodwill and other intangible assets	(19,567)	(19,648)	(1,923)	(1,508)	—	—
Tangible assets	\$1,820,491	\$1,464,993	\$849,683	\$847,328	\$649,963	\$501,358
<b>Tangible common equity ratio</b>	<b>8.41%</b>	<b>7.02%</b>	<b>8.96%</b>	<b>8.31%</b>	<b>8.34%</b>	<b>8.33%</b>

Note: All figures presented on a fiscal year basis; Hanover has a fiscal year ending September 30<sup>th</sup>.

## Non-GAAP Reconciliation

### Adjusted Net Income / Diluted Earnings per Share

Non-GAAP Reconciliation Table	As of or For the Years Ended September 30,					
	2022	2021	2020	2019	2018	2017
	(dollars in thousands, except share data)					
<b>Net income</b>	<b>\$23,556</b>	<b>\$10,851</b>	<b>\$4,974</b>	<b>\$8,085</b>	<b>\$4,601</b>	<b>\$2,152</b>
Adjustments:						
Acquisition costs	250	4,430	450	737	97	—
Income tax effect of adjustment above	(53)	(1,019)	(89)	(177)	(36)	—
<b>Adjusted net income (non-GAAP)</b>	<b>\$23,753</b>	<b>\$14,262</b>	<b>\$5,335</b>	<b>\$8,645</b>	<b>\$4,662</b>	<b>\$2,152</b>
<b>Diluted earnings per share</b>	<b>\$3.68</b>	<b>\$2.28</b>	<b>\$1.18</b>	<b>\$2.06</b>	<b>\$1.36</b>	<b>\$0.78</b>
Adjustments:						
Acquisition costs	0.04	0.93	0.11	0.19	0.03	—
Income tax effect of adjustment above	(0.01)	(0.21)	(0.03)	(0.04)	(0.01)	—
<b>Adjusted diluted earnings per share (non-GAAP)</b>	<b>\$3.71</b>	<b>\$3.00</b>	<b>\$1.26</b>	<b>\$2.21</b>	<b>\$1.38</b>	<b>\$0.78</b>



## Non-GAAP Reconciliation Adjusted ROAA / Adjusted ROATCE

Non-GAAP Reconciliation Table	As of or For the Years Ended September 30,					
	2022	2021	2020	2019	2018	2017
	(dollars in thousands, except share data)					
<b>Return on average total assets</b>	<b>1.55%</b>	<b>0.99%</b>	<b>0.58%</b>	<b>1.16%</b>	<b>0.81%</b>	<b>0.51%</b>
Adjustments:						
Acquisition costs	0.01%	0.41%	0.06%	0.11%	0.02%	—
Income tax effect of adjustment above	(0.00%)	(0.09%)	(0.01%)	(0.03%)	(0.01%)	—
<b>Adjusted return on average total assets</b>	<b>1.56%</b>	<b>1.31%</b>	<b>0.63%</b>	<b>1.24%</b>	<b>0.82%</b>	<b>0.51%</b>
<b>Average common stockholders' equity</b>	<b>\$145,977</b>	<b>\$94,072</b>	<b>\$74,976</b>	<b>\$63,588</b>	<b>\$46,545</b>	<b>\$35,312</b>
Less: average goodwill and other intangible assets	(19,608)	(7,672)	(1,549)	(492)	—	—
<b>Average tangible common stockholders' equity</b>	<b>\$126,369</b>	<b>\$86,400</b>	<b>\$73,427</b>	<b>\$63,096</b>	<b>\$46,545</b>	<b>\$35,312</b>
<b>Return on average common stockholders' equity</b>	<b>16.14%</b>	<b>11.53%</b>	<b>6.63%</b>	<b>12.71%</b>	<b>9.89%</b>	<b>6.09%</b>
Adjustments:						
Acquisition costs	0.17%	4.71%	0.60%	1.16%	0.21%	—
Income tax effect of adjustment above	(0.04%)	(1.08%)	(0.12%)	(0.28%)	(0.08%)	—
<b>Adjusted return on average common stockholders' equity</b>	<b>16.27%</b>	<b>15.16%</b>	<b>7.11%</b>	<b>13.59%</b>	<b>10.02%</b>	<b>6.09%</b>
<b>Return on average tangible common stockholders' equity</b>	<b>18.64%</b>	<b>12.56%</b>	<b>6.77%</b>	<b>12.81%</b>	<b>9.89%</b>	<b>6.09%</b>
Adjustments:						
Acquisition costs	0.20%	5.13%	0.61%	1.17%	0.21%	—
Income tax effect of adjustment above	(0.04%)	(1.18%)	(0.11%)	(0.28%)	(0.08%)	—
<b>Adjusted return on average tangible common stockholders' equity</b>	<b>18.80%</b>	<b>16.51%</b>	<b>7.27%</b>	<b>13.70%</b>	<b>10.02%</b>	<b>6.09%</b>

## Non-GAAP Reconciliation

### Adjusted Operating Efficiency Ratio / Adjusted Non-interest Expense on Avg. Total Assets

Non-GAAP Reconciliation Table	As of or For the Years Ended September 30,					
	2022	2021	2020	2019	2018	2017
	(dollars in thousands, except share data)					
<b>Operating efficiency ratio (non-GAAP)</b>	<b>50.25%</b>	<b>66.95%</b>	<b>73.79%</b>	<b>58.43%</b>	<b>56.75%</b>	<b>66.44%</b>
Non-interest expense	\$35,181	\$30,005	\$21,022	\$15,887	\$11,880	\$9,584
Adjustments:						
Acquisition costs	250	4,430	450	737	97	—
<b>Adjusted non-interest expense (non-GAAP)</b>	<b>\$34,931</b>	<b>\$25,575</b>	<b>\$20,572</b>	<b>\$15,150</b>	<b>\$11,783</b>	<b>\$9,584</b>
Net interest income - as reported	61,254	41,708	27,122	22,421	18,221	12,882
Non-interest income - as reported	8,872	3,349	1,364	4,770	2,733	1,543
Less: Gain on sale of securities for sale	105	240	—	—	20	—
Adjusted total revenues for adjusted efficiency ratio (non-GAAP)	\$70,021	\$44,817	\$28,486	\$27,191	\$20,934	\$14,425
<b>Adjusted operating efficiency ratio (non-GAAP)</b>	<b>49.89%</b>	<b>57.07%</b>	<b>72.22%</b>	<b>55.72%</b>	<b>56.29%</b>	<b>66.44%</b>
<b>Non-interest expense to average total assets</b>	<b>2.31%</b>	<b>2.75%</b>	<b>2.47%</b>	<b>2.28%</b>	<b>2.09%</b>	<b>2.26%</b>
Acquisition costs	0.01%	0.41%	0.06%	0.11%	0.01%	—
<b>Adjusted non-interest expense on average total assets (non-GAAP)</b>	<b>2.30%</b>	<b>2.34%</b>	<b>2.41%</b>	<b>2.17%</b>	<b>2.08%</b>	<b>2.26%</b>