



Carver Bancorp, Inc. and Carver Federal Savings Bank Finance and Audit Committee Charter

I. Finance and Audit Committee Purpose

The Finance and Audit Committee of Carver Bancorp, Inc. and Carver Federal Savings Bank (collectively “Carver”) is appointed by the Board of Directors (the “Board”) to assist the Board in fulfilling its oversight responsibilities. The Finance and Audit Committee’s primary duties and responsibilities are to:

- Oversee Carver’s accounting and financial reporting processes, the audits of Carver’s financial statements and Carver’s systems of internal controls regarding finance, accounting and legal compliance.
- Monitor the independence and performance of Carver’s independent auditors, including Carver’s internal auditing function, and any firm engaged for the purpose of conducting internal audit work for Carver.
- Monitor Carver’s process for adhering to laws, regulations and the Code of Ethics.
- Provide an avenue of communication among the independent auditors, management, the internal auditing department and the Board.

II. Finance and Audit Committee Authority

The Finance and Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities. The Committee is empowered to:

- Appoint, compensate, retain and oversee the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Carver.
- Appoint, compensate, retain and oversee the work of any firm engaged for the purpose of conducting internal audit work for Carver.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all auditing and non-audit services to be performed by a firm performing an audit function for Carver.
- Engage, at Carver’s expense, independent counsel and other advisers, as the Committee determines necessary to carry out its duties.
- Seek any information it requires from employees – all of whom are directed to cooperate with the Committee’s requests – or external parties.

- Meet and consult with officers, independent auditors, any firm engaged for the purpose of conducting internal audit work for Carver, or outside counsel, as the Committee deems appropriate.

III. Finance and Audit Committee Composition and Meetings

The Finance and Audit Committee shall comply with the membership requirements of the NASDAQ Stock Market and the United States Securities and Exchange Commission. The Finance and Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors, in accordance with the rules of the NASDAQ Stock Market and applicable laws and regulations for audit committee membership, free from any material relationship that would interfere with the exercise of his or her independent judgment. All members of the Finance and Audit Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background which results in the individual's financial sophistication, including but not limited to a current or past position as a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

Finance and Audit Committee members shall be appointed by the Board after considering the recommendation of the Nominating/Corporate Governance Committee and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors. If a Finance and Audit Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership.

Carver must provide for appropriate funding, as determined by the Finance and Audit Committee, in its capacity as a committee of the Board of Carver, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Carver; (ii) compensation to any independent counsel or other advisers authorized to be employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Finance and Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Finance and Audit Committee Chair and/or the Chief Executive Officer, shall prepare and/or approve an agenda in advance of each meeting. The Finance and Audit Committee should meet privately in executive session: (i) at least quarterly with the independent auditors, the chief financial officer and the internal audit officer; (ii) at least quarterly with management and any firm engaged for the purpose of conducting internal audit work for Carver; and (iii) as a committee to discuss any matters that the Finance and Audit Committee or each of these groups believes should be discussed. In addition, the Finance and Audit Committee, or at a minimum its Chair, should communicate with management and the independent auditors quarterly to review Carver's financial statements and significant findings based upon the independent auditors' limited review procedures.

IV. Finance and Audit Committee Responsibilities and Duties

Review Procedures

1. Review and reassess the adequacy of this Charter at least annually and recommend and submit the Charter to the Board for approval. The Finance and Audit Committee shall ensure that the Charter is published in the proxy statement of Carver at least once every three years as required by the Securities and Exchange Commission.
2. Review Carver's annual audited financial statements and Carver's interim financial statements, in each case prior to filing or distribution, and consider whether they are complete, consistent with information known to Committee members and reflect appropriate accounting principles. Review should include (i) discussion with management and independent auditors of significant issues regarding accounting principles, practices and judgments, including the appropriateness of the accounting principles and disclosure practices for new, complex, unusual or highly judgmental transactions or events, and recent professional and regulatory pronouncements, and (ii) an understanding of the impact of such accounting principles, practices, judgments and pronouncements on the financial statements. Discuss any significant changes to Carver's accounting principles and any items required to be communicated to the independent auditors in accordance with Statement on Auditing Standard ("SAS") 61. The Chair of the Finance and Audit Committee may represent the entire Finance and Audit Committee for purposes of the quarterly review.
3. Review with management and the independent auditors the results of the annual audit and quarterly reviews, including any difficulties encountered.
4. Oversee Carver's accounting and financial reporting processes, the audits of the financial statements of Carver and Carver's systems of internal control, and consult with management, the independent auditors and the internal auditors regarding the integrity of such processes, audits and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Understand the scope of internal and external auditors' review of internal control over financial reporting and review significant findings, including the status of previous audit recommendations prepared by the independent auditors and the internal auditing department together with management's responses.
5. Review disclosures made by the chief executive officer(s) and the chief financial officer(s) during the Forms 10-K and 10-Q certification process about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in Carver's internal controls.
6. Assess the Corporation's business risk management process and the adequacy of the overall control environment, including controls in selected areas representing financial reporting, disclosure, compliance, and significant financial or business risk.
7. Review management process for the identification of material fraud risks across Carver and the adequacy of prevention, detection and reporting mechanisms in place. In addition, receive and review reports from the CEO, CFO and/or the Chief Risk

Officer on any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls.

Independent Auditors

8. The independent auditors are accountable to the Finance and Audit Committee of the Board and report directly to the Committee. The Finance and Audit Committee has the direct authority and responsibility to select, compensate, oversee, evaluate and, where appropriate, replace the independent auditors. The Finance and Audit Committee shall review the independence and performance of the auditors and annually exercise final approval on the appointment, retention or discharge of the independent auditors. All auditing and non-audit services performed by outside auditors shall be approved by the Finance and Audit Committee prior to performance of such services to ensure that such services are not prohibited by laws and regulations promulgated by the Securities and Exchange Commission.
9. Approve the fees and other significant compensation to be paid to the independent auditors.
10. Actively engage in a dialogue with the independent auditors with respect to any disclosed relationship or services that may impact the objectivity and independence of the independent auditors and take or recommend that the Board take appropriate action to oversee the independent auditors' independence. The Finance and Audit Committee shall ensure that the lead audit partner of the independent auditors and the audit partner responsible for reviewing the audit are rotated at least every five years.
11. Review and discuss with the independent auditors, on an annual basis, all significant relationships they have with Carver that could impair the auditors' objectivity and independence and ensure receipt from independent auditors of a formal written statement delineating all relationships between the independent auditors and Carver, consistent with Independence Standards Board Standards 1.
12. Review the independent auditors' audit plan – discuss scope, staffing, locations, reliance upon management, and internal audit and general audit approach.
13. Prior to releasing the year-end earnings press release, discuss the results of the annual audit with the independent auditors. Discuss certain matters required to be communicated to the Finance and Audit Committee in accordance with SAS 61.
14. Consider the independent auditors' judgments about the quality and appropriateness of Carver's accounting principles as applied in its financial reporting.

Internal Audit Department, Legal Counsel, and Regulatory Compliance

15. Review the budget, business plan, and changes in the business plan, activities, organizational structure, and qualifications of the internal audit department, as needed.
16. Ensure there are no unjustified restrictions or limitations on, and review and concur in the appointment, replacement or dismissal of, the senior internal audit executive.

17. Review the effectiveness of the Internal Audit Officer, and any firm engaged for the purpose of conducting internal audit work for Carver, including compliance with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* and the *FFIEC Interagency Guidance on the Internal Audit Function and its Outsourcing* (copies of both documents are available upon request).
18. Review significant reports prepared by the Internal Audit Officer and any firm engaged for the purpose of conducting internal audit work for Carver together with management's response and follow-up to these reports.
19. On at least an annual basis, review with Carver's General Counsel any legal matters that could have a significant impact on Carver's financial statements, Carver's compliance with applicable laws and regulations and any inquiries received from regulators or governmental agencies.
20. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
21. In conjunction with the Compliance Committee of the Board, review the findings of any examinations by regulatory agencies and any auditor observations.

Other Finance and Audit Committee Responsibilities

22. Annually report to shareholders as required by the Securities and Exchange Commission. The report shall be included in Carver's annual proxy statement.
23. Perform any other activities consistent with this Charter, Carver's by-laws, and governing law as the Finance and Audit Committee or the Board deems necessary or appropriate.
24. Maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.
25. Provide an open avenue of communication between the Internal Audit Officer, any firm engaged for the purpose of conducting internal audit work for Carver, the independent auditors and the Board.
26. Establish, review and update periodically Carver's codes of ethical conduct and ensure that management has established a system to communicate and enforce such codes. Additionally, ensure that processes and procedures exist for (i) the receipt, retention and treatment of complaints received by Carver regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of Carver of concerns regarding questionable accounting or auditing matters.
27. Annually assess the Finance and Audit Committee's performance, responsibilities and adherence to this Charter.
28. Review financial and accounting personnel succession planning within Carver.

29. Annually review policies and procedures as well as audit results associated with directors' and officers' expense accounts and perquisites. Annually review a summary of director and officers' related party transactions and potential conflicts of interest.

Approval: December 12, 2018