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## HERITAGE NOLA BANCORP, INC ANNOUNCES FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

**Covington, Louisiana** - Heritage NOLA Bancorp, Inc. (the “Company”) (OTC Pink Marketplace –: “HRGG”), the holding company of Heritage Bank of St. Tammany (the “Bank”), announces net income of \$776,000, or \$0.56 per basic share, for the year ended December 31, 2020, compared to net income of \$355,000, or \$0.24 per basic share, for the year ended December 31, 2019. The increase in net income was primarily attributable to an increase of \$1.5 million in noninterest income, partially offset by an increase of \$1.1 million in noninterest expense. The increase in noninterest income was due to a large increase in gain on sale of loans and loan servicing income. The increase in noninterest expense was largely driven by the addition of staff to accommodate the robust growth in loan operations and to staff our new branch which opened in August of 2020 at 13102 La. Highway 1085 in Covington, Louisiana.

The Bank has continued to experience a large volume in mortgage loan refinancing originated to be sold to Freddie Mac. The Bank maintains servicing on these loans, so not only was income up from the origination and sale of the loans, but also loan servicing income increased. The bank also took part in a \$5 million commercial USDA loan where 80% of the loan was sold. Gain on sale of loans increased to \$1.3 million for the year ended December 31, 2020 from \$154,000 for the year ended December 31, 2019, and loan servicing income increased to \$591,000 for the year ended December 31, 2020 from \$255,000 for the year ended December 31, 2019.

Total assets were \$141.4 million at December 31, 2020, compared to \$131.4 million at December 31, 2019, an increase of \$10.0 million, or 7.6%. Heritage Bank experienced an increase in cash in 2020 like most other financial institutions. Several asset categories experienced an increase as these funds were deployed. Total net loans increased \$1.5 million to \$104.0 million at December 31, 2020, from \$102.5 million at December 31, 2019. Total securities available for sale increased \$5.6 million to \$11.8 million at December 31, 2020, from \$6.2 million at December 31, 2019, and total cash and cash equivalents increased \$2.1 million to \$8.2 million at December 31, 2020, from \$6.1 million at December 31, 2019. Premises and equipment also increased \$1.5 million, to \$7.4 million at December 31, 2020, from \$5.9 million at December 31, 2019 reflecting the investment in our newest branch.

Loans held for sale increased \$2.9 million, to \$3.2 million at December 31, 2020, from \$284,000 at December 31, 2019, while portfolio loans receivable decreased \$1.2 million to \$101.8 million at December 31, 2020 from \$103.0 million at December 31, 2019. Within portfolio loans, commercial real estate loans increased \$3.5 million, and commercial business loans increased \$2.6 million, year to date, offset by a decrease in one-to-four-family residential loans of \$8.0 million. This decline is due primarily to loans that refinanced into loans sold, or to be sold, in the secondary market.

Total deposits increased \$14.8 million to \$103.7 million at December 31, 2020 from \$88.9 million at December 31, 2019. Borrowings decreased \$3.9 million to \$14.1 million at December 31, 2020 from \$18.0 million at December 31, 2019. Within deposits, interest and noninterest bearing checking accounts increased \$8.9 million, and savings accounts increased \$11.8 million, while certificates of deposit decreased \$5.9 million, year to date.

Stockholders' equity was \$22.3 million at December 31, 2020, a decrease of \$886,000 from \$23.2 million at December 31, 2019. Though net income was \$776,000 for the year, this income was offset by stock repurchases totaling \$2.0 million. The Bank remains well-capitalized with ratios well in excess of regulatory minimums.

Interest income for the year ended December 31, 2020 remained stable at \$5.8 million, an increase of \$78,000 from the year ended December 31, 2019. The average balance of the loan portfolio increased \$3.6 million to \$103.7 million for the year, compared to \$100.1 million for 2019, while the average yield remained stable at 5.29% for 2020 compared to 5.27% for 2019. The average balance and yield of the investment securities for the year ended December 31, 2020 were \$7.8 million and 1.44%, respectively, as compared to an average balance of \$5.6 million and a yield of 2.54% for the year ended December 31, 2019. Other interest earning assets, consisting primarily of deposits in correspondent banks and other banks, had an average balance of \$15.4 million and an average yield of 1.22% for the year ended December 31, 2020, compared to \$11.4 million and 2.55%, respectively, for the year ended December 31, 2019.

Interest expense decreased \$224,000 to \$1.5 million for the year ended December 31, 2020, from \$1.7 million for the year ended December 31, 2019. Average interest-bearing deposits increased \$9.5 million to \$88.3 million from \$78.8 million for the years ended December 31, 2020 and December 31, 2019, respectively. The average cost on these deposits decreased to 1.33% from 1.64% for the same periods. The average balance of borrowings decreased \$760,000, to \$16.4 million for the year ended December 31, 2020 from \$17.2 million for the year ended December 31, 2019. The average cost for these borrowings decreased to 1.97% from 2.47% for the same periods.

Net interest income increased \$302,000 to \$4.3 million for the year ended December 31, 2020, from \$4.0 million for the year ended December 31, 2019. Our interest rate spread increased to 3.13% from 3.09%, and our net interest margin decreased to 3.38% from 3.41%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019.

The Bank recorded provision for loan losses of \$245,000 for the year ended December 31, 2020, compared to \$13,000 for the year ended December 31, 2019. The provision recorded during the 2020 period was done in accordance with the Bank's allowance for loan loss methodology, with additional allowances set aside for the uncertain risk posed by the pandemic. Qualitative factors have been adjusted for possible additional losses due to the COVID-19 economic shutdowns and restrictions. The allowance for loan losses at December 31, 2020 was \$1.0 million, or 0.95% of total loans, compared to \$769,000, or 0.73% at December 31, 2019.

Non-interest income increased \$1.5 million to \$2.1 million for the year ended December 31, 2020 from \$538,000 for the year ended December 31, 2019. The increase was due to an increase in gain on loans originated for sale of \$1.2 million, and an increase in loan servicing income of \$336,000.

Non-interest expense increased \$1.1 million for the year ended December 31, 2020, to \$5.2 million, compared to \$4.1 million for the year ended December 31, 2019. This increase was largely due to an increase in salaries and employee benefits expense of \$555,000 an increase in other expense of \$355,000, and an increase in occupancy expense of \$166,000. Salaries and occupancy expense increases were driven largely by the expenses related to our expanding loan operations, production-based compensation for our lenders, and the personnel and occupancy expense of our new branch office at 13102 La. Highway 1085 in Covington, Louisiana which opened in mid-August. The increase in other expense was partially driven by additional amortization of mortgage servicing rights, including an adjustment for accelerated prepayment speeds.

Income tax expense increased to \$190,000 for the year ended December 31, 2020 due to the increase in the Company's income, resulting in an effective tax rate for the year of 19.7%.

## **About Heritage NOLA Bancorp, Inc.**

Heritage NOLA Bancorp, Inc. is the holding company for Heritage Bank of St. Tammany, a federally chartered savings bank. The Bank, founded in 1924, is a community bank providing a variety of financial services to residents and businesses in and around St. Tammany Parish, Louisiana. To learn more about us, visit [www.heritagebank.org](http://www.heritagebank.org).

### Forward-Looking Statement

This press release contains certain forward-looking statements that are based on assumptions and may describe future plans, strategies and expectations of the Company and the Bank. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like “believe,” “expect,” “anticipate,” “estimate” and “intend” or future or conditional verbs such as “will,” “would,” “should,” “could” or “may.” Certain factors that could cause actual results to differ materially from expected results include changes in the interest rate environment, changes in general economic conditions, legislative and regulatory changes that adversely affect the business of the Company and the Bank, and changes in the securities markets. Except as required by law, the Company does not undertake any obligation to update any forward-looking statements to reflect changes in belief, expectations or events.

Heritage NOLA Bancorp, Inc.  
Consolidated Statements of Financial Condition  
December 31, 2020 (unaudited) and December 31, 2019  
(In Thousands, except share data)

	December 31, 2020	December 31, 2019
<b><u>ASSETS</u></b>		
Cash and Due from Banks	\$ 1,036	\$ 806
Interest Earning Deposits in Banks	7,209	5,351
Total Cash and Cash Equivalents	8,245	6,157
Interest Earning Time Deposits in Banks	5,080	6,076
Securities Available for Sale, at Fair Value	11,820	6,210
Securities Held to Maturity	265	389
Mortgage Loans Held for Sale	3,220	284
Loans Receivable, Net of Unearned Income	101,782	102,954
Allowance for Loan Losses	(1,011)	(769)
Total Loans, Net	103,991	102,469
Premises and Equipment	7,407	5,857
Federal Home Loan Bank Stock	841	827
Bank Owned Life Insurance	2,206	2,153
Foreclosed Real Estate	—	—
Prepaid Expenses and Other Assets	1,559	1,294
<b>Total Assets</b>	<b>\$ 141,414</b>	<b>\$ 131,432</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
Interest Bearing Deposits	\$ 91,952	\$ 83,734
Noninterest Bearing Deposits	11,739	5,205
Total Deposits	103,691	88,939
Borrowed Funds	14,105	18,041
Advances from Borrowers for Taxes and Insurance	257	302
Accrued Expenses and Other Liabilities	1,063	966
<b>Total Liabilities</b>	119,116	108,248
<b>Shareholders' Equity</b>		
Preferred Stock, \$0.01 Par Value, 1,000,000 Shares Authorized, None Issued	—	—
Common Stock, \$0.01 Par Value, 9,000,000 Shares Authorized, 1,370,106 and 1,543,309 Shares Issued and Outstanding on December 31, 2020 and December 31, 2019	14	15
Additional Paid-in Capital	11,815	13,561
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(1,111)	(1,164)
Retained Earnings	11,526	10,750
Accumulated Other Comprehensive Income (Loss)	54	22
<b>Total Shareholders' Equity</b>	22,298	23,184
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 141,414</b>	<b>\$ 131,432</b>

Heritage NOLA Bancorp, Inc.  
Consolidated Statements of Income  
For the Three Months and Nine Months Ended December 31, 2020 and 2019 (Unaudited)  
(In Thousands, except share data)

	<b>Years Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Interest Income</b>		
Loans, including Fees	\$ 5,487	\$ 5,277
Investment Securities	113	142
Other Interest Earning Assets	188	291
Total Interest Income	5,788	5,710
<b>Interest Expense</b>		
Deposits	1,172	1,295
Borrowed Funds	323	424
Total Interest Expense	1,495	1,719
Net Interest Income	4,293	3,991
<b>Provision for Loan Losses</b>	245	13
Net Interest Income after Provision for Loan Losses	4,048	3,978
<b>Noninterest Income</b>		
Gain on Sale of Loans Originated for Sale	1,338	154
Loan Servicing Income	591	255
Other Income	148	129
Total Noninterest Income	2,077	538
<b>Noninterest Expense</b>		
Salaries and Employee Benefits	2,990	2,435
Occupancy and Equipment	599	433
Data Processing	215	186
FDIC Insurance and Examination Fees	77	68
Director Compensation	70	72
Legal, Accounting and Professional Fees	200	249
Advertising	126	120
Telephone and Communications	72	62
Other	810	455
Total Noninterest Expense	5,159	4,080
<b>Income Before Income Tax Expense</b>	966	436
Income Tax Expense	190	81
<b>Net Income</b>	\$ 776	\$ 355

**Other Financial Data**

	<b>Years Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Return on average assets	0.56%	0.28%
Return on average equity	3.34%	1.50%
Net interest margin	3.38%	3.41%
Tier 1 Leverage ratio	14.13%	14.64%
Allowance for loan losses to total loans	0.95%	0.73%
Non-performing loans to total loans	1.04%	0.78%
Earnings per share, basic	\$ 0.56	\$ 0.24
Earnings per share, diluted	\$ 0.55	\$ 0.24
Book Value per share, (Tier 1 Capital)	\$ 16.24	\$ 15.01