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Contact: David Crumhorn, President and CEO
or Lisa B Hughes, SVP & CFO
Telephone: (985) 892-4565

HERITAGE NOLA BANCORP, INC ANNOUNCES MARCH 31, 2021 QUARTERLY EARNINGS

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 \$278,000, or \$0.22 per basic share, for the quarter ended March 31, 2021, compared to net income of \$66,000, or \$0.05 per basic share, for the quarter ended March 31, 2020. The increase in net income was primarily attributable to an increase of \$275,000 in noninterest income, and an increase of \$197,000 in net interest income, partially offset by an increase of \$182,000 in noninterest expense. The increase in noninterest income was due to an increase in gain on sale of loans and loan servicing income. The increase in net interest income resulted from increased compensation expense primarily due to incentives driven by robust loan demand.

The Bank has continued to experience a large volume in mortgage loan refinancing originated to be sold to Freddie Mac, and we maintain servicing on these loans. Gain on sale of loans increased to \$203,000 for the quarter ended March 31, 2021 from \$31,000 for the quarter ended March 31, 2020, and loan servicing income increased to \$143,000 for the quarter ended March 31, 2021 from \$51,000 for the quarter ended March 31, 2020.

Total assets were \$151.4 million at March 31, 2021, compared to \$141.4 million at December 31, 2020, an increase of \$10.0 million. Securities available for sale increased \$4.7 million to \$16.5 million at March 31, 2021, from \$11.8 million at December 31, 2020. Total loans, net increased \$3.8 million to \$107.8 million at March 31, 2021, from \$104.0 million at December 31, 2020. Total cash and cash equivalents increased \$2.2 million to \$10.4 million at March 31, 2021, from \$8.2 million at December 31, 2020.

Securities were purchased to deploy excess liquidity, and included agencies, mortgage backed securities and municipal bonds.

Portfolio loans receivable increased \$3.9 million to \$105.7 million at March 31, 2021 from \$101.8 million at December 31, 2020. Within portfolio loans, one-to four-family residential loans increased \$2.6 million and residential construction loans increased \$1.5 million, year to date.

Total deposits increased \$10.7 million to \$114.4 million at March 31, 2021 from \$103.7 million at December 31, 2020. Borrowings decreased \$930,000 to \$13.2 million at March 31, 2021 from \$14.1 million at December 31, 2020. Interest-bearing checking accounts increased \$4.1 million, and noninterest-bearing checking accounts increased \$2.4 million, year to date.

Stockholders’ equity was \$22.2 million at March 31, 2021, a decrease of \$71,000 from December 31, 2020. Though net income was \$278,000 for the three months, this income was offset by stock repurchases of 16,700 shares. At March 31, 2021, the Bank remains well-capitalized with ratios well in excess of regulatory minimums.

Interest income for the quarter ended March 31, 2021 was \$1.5 million, unchanged from the quarter ended March 31, 2020. The average balance of the loan portfolio decreased to \$103.4 million for the first quarter of 2021, from \$103.5 million for the same period in 2020, while the average yield increased 22 basis points, to 5.53%, quarter to quarter. The increase in the yield on loans was due in part to loan fees earned as Paycheck Protection Program (“PPP”) loans were forgiven during the 2021 quarter. The average balance and yield of the investment securities for the quarter ended March

31, 2021 were \$13.7 million and 0.99%, respectively, as compared to an average balance of \$6.5 million and a yield of 2.29% for the quarter ended March 31, 2020. Other interest-earning assets, consisting primarily of deposits in correspondent banks and other banks, had an average balance of \$18.3 million and an average yield of 0.70% for the quarter ended March 31, 2021, compared to \$12.3 million and 2.15%, respectively, for the quarter ended March 31, 2020.

Interest expense decreased \$179,000 to \$261,000 for the quarter ended March 31, 2021, from \$440,000 for the quarter ended March 31, 2020. Average interest-bearing deposits increased \$12.3 million to \$98.7 million from \$86.4 million for the quarters ended March 31, 2021 and March 31, 2020, respectively. The average cost on these deposits decreased to 0.83% for the 2021 quarter from 1.60% for the 2020 quarter. The average balance of borrowings decreased to \$13.7 million for the quarter ended March 31, 2021 from \$16.5 million for the quarter ended March 31, 2020. The average cost for these borrowings decreased to 1.64% from 2.28%, period to period.

Net interest income increased \$197,000 to \$1.2 million for the quarter ended March 31, 2021, from \$1.0 million for the quarter ended March 31, 2020. Our interest rate spread increased to 3.48% from 3.12%, and our net interest margin increased to 3.64% from 3.39%, for the quarter ended March 31, 2021 as compared to the quarter ended March 31, 2020.

We recorded provision for loan losses of \$25,000 for the quarter ended March 31, 2021, compared to \$10,000 for the quarter ended March 31, 2020. The provision recorded during the 2021 period was done in accordance with the Bank's allowance for loan loss methodology. Qualitative factors have been adjusted for possible additional losses due to the economic slowdown from the COVID-19 pandemic. The allowance for loan losses was \$1.0 million, or 0.93% of total loans, at March 31, 2021.

Non-interest income increased \$275,000 to \$392,000 for the quarter ended March 31, 2021 from \$117,000 for the quarter ended March 31, 2020. The increase was due to an increase in gain on loans originated for sale of \$172,000, and an increase in loan servicing income of \$92,000.

Non-interest expense increased \$182,000 for the quarter ended March 31, 2021 compared to the same quarter in 2020, largely due to an increase in salaries and employee benefits expense of \$91,000 and an increase in other expense of \$30,000. The increase in salaries was largely due to loan staff incentives driven by robust loan demand for home refinances and for PPP loans.

Income tax expense increased to \$71,000 for the quarter ended March 31, 2021 due to the increase in the Company's quarterly pre-tax income, resulting in an effective tax rate for the quarter of 20.3%.

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.

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
March 31, 2021 (unaudited) and December 31, 2020
(In Thousands, except share data)

	March 31, 2021	December 31, 2020
<u>ASSETS</u>		
Cash and Due from Banks	\$ 1,509	\$ 1,036
Interest Earning Deposits in Banks	8,930	7,209
Total Cash and Cash Equivalents	10,439	8,245
Interest Earning Time Deposits in Banks	4,333	5,080
Securities Available for Sale, at Fair Value	16,531	11,820
Securities Held to Maturity	241	265
Mortgage Loans Held for Sale	3,108	3,220
Loans Receivable, Net of Unearned Income	105,734	101,782
Allowance for Loan Losses	(1,037)	(1,011)
Total Loans, Net	107,805	103,991
Premises and Equipment	7,336	7,407
Federal Home Loan Bank Stock	843	841
Bank Owned Life Insurance	2,219	2,206
Foreclosed Real Estate	—	—
Prepaid Expenses and Other Assets	1,654	1,559
Total Assets	\$ 151,401	\$ 141,414
<u>LIABILITIES AND EQUITY</u>		
Interest Bearing Deposits	\$ 100,226	\$ 91,952
Noninterest Bearing Deposits	14,135	11,739
Total Deposits	114,361	103,691
Borrowed Funds	13,175	14,105
Advances from Borrowers for Taxes and Insurance	380	257
Accrued Expenses and Other Liabilities	1,258	1,063
Total Liabilities	129,174	119,116
Shareholders' Equity		
Preferred Stock, \$0.01 Par Value, 1,000,000 Shares Authorized, None Issued	—	—
Common Stock, \$0.01 Par Value, 9,000,000 Shares Authorized, 1,353,406 and 1,370,106 Shares Issued and Outstanding on March 31, 2021 and December 31, 2020	14	14
Additional Paid-in Capital	11,662	11,815
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(1,111)	(1,111)
Retained Earnings	11,804	11,526
Accumulated Other Comprehensive Income (Loss)	(142)	54
Total Shareholders' Equity	22,227	22,298
Total Liabilities and Shareholders' Equity	\$ 151,401	\$ 141,414

Heritage NOLA Bancorp, Inc.
Consolidated Statements of Income
For the Three Months Ended March 31, 2021 and 2020 (Unaudited)
(In Thousands, except share data)

	Three Months Ended March 31,	
	2021	2020
Interest Income		
Loans, including Fees	\$ 1,428	\$ 1,373
Investment Securities	34	37
Other Interest Earning Assets	32	66
Total Interest Income	1,494	1,476
Interest Expense		
Deposits	205	346
Borrowed Funds	56	94
Total Interest Expense	261	440
Net Interest Income	1,233	1,036
Provision for Loan Losses	25	10
Net Interest Income after Provision for Loan Losses	1,208	1,026
Noninterest Income		
Gain on Sale of Loans Originated for Sale	203	31
Loan Servicing Income	143	51
Other Income	46	35
Total Noninterest Income	392	117
Noninterest Expense		
Salaries and Employee Benefits	747	656
Occupancy and Equipment	160	154
Data Processing	58	53
FDIC Insurance and Examination Fees	20	13
Director Compensation	18	16
Legal, Accounting and Professional Fees	63	50
Advertising	41	20
Telephone and Communications	21	14
Other	123	93
Total Noninterest Expense	1,251	1,069
Income Before Income Tax Expense	349	74
Income Tax Expense	71	8
Net Income	\$ 278	\$ 66

Other Financial Data

(Annualized)

Three Months Ended March 31,

	2021	2020
Return on average assets	0.75%	0.20%
Return on average equity	4.95%	1.13%
Net interest margin	3.64%	3.39%
Bank Tier 1 Leverage ratio	13.97%	15.56%
Allowance for loan losses to total loans	0.93%	0.71%
Non-performing loans to total loans	0.69%	0.84%
Earnings per share, basic	\$ 0.22	\$ 0.05
Earnings per share, diluted	\$ 0.22	\$ 0.05
Book Value per share	\$ 16.42	\$ 15.16