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## **HERITAGE NOLA BANCORP, INC. ANNOUNCES SEPTEMBER 30, 2021 QUARTERLY EARNINGS**

**Covington, Louisiana** - Heritage NOLA Bancorp, Inc. (the "Company") (OTC Pink Marketplace: "HRGGö"), the holding company of Heritage Bank of St. Tammany (the "Bank"), announces net income of \$215,000, or \$0.18 per basic share, for the quarter ended September 30, 2021, compared to net income of \$177,000, or \$0.13 per basic share, for the quarter ended September 30, 2020. Net interest income increased \$127,000 due to decreased interest expense, however noninterest income decreased \$306,000 due to fewer loans being sold in the secondary market for the quarter ended September 30, 2021 compared to the same quarter in 2020.

The volume of residential mortgage loans refinanced and sold to Freddie Mac has declined in recent months. Gain on sale of loans decreased to \$119,000 for the quarter ended September 30, 2021 from \$355,000 for the quarter ended September 30, 2020, and loan servicing income decreased to \$117,000 for the 2021 quarter from \$195,000 for the 2020 quarter.

Total assets were \$152.6 million at September 30, 2021, compared to \$141.4 million at December 31, 2020, an increase of \$11.2 million. Securities available for sale increased \$6.6 million to \$18.4 million at September 30, 2021, from \$11.8 million at December 31, 2020. Total loans, net increased \$1.2 million to \$105.2 million at September 30, 2021, from \$104.0 million at December 31, 2020. Total cash and cash equivalents increased \$5.3 million to \$13.5 million at September 30, 2021, from \$8.2 million at December 31, 2020.

The increase in cash and cash equivalents was due to the increase in deposits detailed below. The increase in securities held for sale was due to securities purchased to deploy excess liquidity and include mortgage-backed securities and municipal bonds.

Portfolio loans receivable increased \$2.6 million to \$104.4 million at September 30, 2021 from \$101.8 million at December 31, 2020. Within portfolio loans, one-to four-family residential construction loans increased \$3.8 million and land and other construction loans increased \$2.9 million, year to date. Loans available for sale decreased by \$1.3 million.

Total deposits increased \$13.0 million to \$116.7 million at September 30, 2021 from \$103.7 million at December 31, 2020. Borrowings decreased \$2.7 million to \$11.4 million at September 30, 2021 from \$14.1 million at December 31, 2020. Within deposits, savings accounts increased \$8.0 million, and checking accounts increased \$5.6 million, year to date.

Stockholders' equity was \$22.6 million at September 30, 2021, an increase of \$259,000 from December 31, 2020. Net income of \$740,000 year to date, was offset by stock repurchases of 42,026 shares, for an aggregate purchase price of \$571,000. At September 30, 2021, the Bank's Tier 1 Leverage ratio was 14.06%, well in excess of the regulatory minimum.

Interest income for the quarter ended September 30, 2021 was \$1.4 million, a decrease of \$25,000 from the quarter ended September 30, 2020. The average balance of the loan portfolio decreased to \$103.9 million for the third quarter of 2021, from \$105.4 million for the year earlier quarter, while the average yield decreased 10 basis points, to 5.16%, compared to 5.26% for the quarter ended September 30, 2020. The decrease in the yield on loans was due to decreasing loan interest rates on new loans made and on adjustable-rate loans. The average balance and yield of the investment securities for the

quarter ended September 30, 2021 were \$18.3 million and 1.29%, respectively, as compared to an average balance of \$7.5 million and a yield of 1.34% for the quarter ended September 30, 2020. Other interest-earning assets, consisting primarily of deposits in correspondent banks and other banks, had an average balance of \$17.0 million and an average yield of 0.61% for the quarter ended September 30, 2021, compared to \$17.7 million and 0.93%, respectively, for the quarter ended September 30, 2020.

Interest expense decreased \$152,000 to \$201,000 for the quarter ended September 30, 2021, from \$353,000 for the quarter ended September 30, 2020. Average interest-bearing deposits increased \$12.9 million to \$102.8 million from \$89.8 million for the quarters ended September 30, 2021 and September 30, 2020, respectively. The average cost on these deposits decreased to 0.61% for the 2021 quarter from 1.24% for the 2020 quarter. The average balance of borrowings decreased to \$12.0 million for the quarter ended September 30, 2021 from \$16.1 million for the quarter ended September 30, 2020. The average cost for these borrowings decreased to 1.43% from 1.86%, period to period.

Net interest income increased \$127,000 to \$1.2 million for the quarter ended September 30, 2021, from \$1.1 million for the quarter ended September 30, 2020. Our interest rate spread increased to 3.40% from 3.11%, and our net interest margin increased to 3.52% from 3.36%, for the quarter ended September 30, 2021 as compared to the quarter ended September 30, 2020. These increases stem from deposits repricing at lower rates faster than loans.

We did not record a provision for loan losses for the quarter ended September 30, 2021, compared to \$95,000 for the quarter ended September 30, 2020. The provision recorded during the 2020 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 September 30, 2021.

Non-interest income decreased \$306,000 to \$286,000 for the quarter ended September 30, 2021 from \$592,000 for the quarter ended September 30, 2020. The decrease was due to decreases in the 2021 quarter in gain on loans originated for sale of \$236,000 and in loan servicing income of \$78,000.

Non-interest expense decreased \$133,000 for the quarter ended September 30, 2021 compared to the same quarter in 2020, largely due to a decrease in compensation expense of \$32,000 and a decrease in other expenses of \$53,000. The decrease in compensation expense was largely due a decrease in loan officer commissions and incentives due to decreased loan demand. The decrease in other expenses was due to the fact that in the third quarter of 2020, there were expenses to open a new branch and other SEC reporting related expenses which were not duplicated for the third quarter of 2021.

Income tax expense increased to \$54,000 for the quarter ended September 30, 2021 compared to \$43,000 for the quarter ended September 30, 2020. The resulting effective tax rate for the 2021 quarter was 20.1%.

### **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  
September 30, 2021 (unaudited) and December 31, 2020  
(In Thousands, except share data)

	September 30, 2021	December 31, 2020
<b><u>ASSETS</u></b>		
Cash and Due from Banks	\$ 1,299	\$ 1,036
Interest Earning Deposits in Banks	12,270	7,209
Total Cash and Cash Equivalents	13,569	8,245
Interest Earning Time Deposits in Banks	3,237	5,080
Securities Available for Sale, at Fair Value	18,393	11,820
Securities Held to Maturity	202	265
Mortgage Loans Held for Sale	1,889	3,220
Loans Receivable, Net of Unearned Income	104,391	101,782
Allowance for Loan Losses	(1,034)	(1,011)
Total Loans, Net	105,246	103,991
Premises and Equipment	7,210	7,407
Federal Home Loan Bank Stock	845	841
Bank Owned Life Insurance	2,245	2,206
Foreclosed Real Estate	ô	ô
Prepaid Expenses and Other Assets	1,698	1,559
<b>Total Assets</b>	<b>\$ 152,645</b>	<b>\$ 141,414</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
Interest Bearing Deposits	\$ 103,935	\$ 91,952
Noninterest Bearing Deposits	12,788	11,739
Total Deposits	116,723	103,691
Borrowed Funds	11,413	14,105
Advances from Borrowers for Taxes and Insurance	525	257
Accrued Expenses and Other Liabilities	1,427	1,063
<b>Total Liabilities</b>	130,088	119,116
<b>Shareholders' Equity</b>		
Preferred Stock, \$0.01 Par Value, 1,000,000 Shares Authorized, None Issued	ô	ô
Common Stock, \$0.01 Par Value, 9,000,000 Shares Authorized, 1,328,080 and 1,370,106 Shares Issued and Outstanding on September 30, 2021 and December 31, 2020	13	14
Additional Paid-in Capital	11,437	11,815
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(1,111)	(1,111)
Retained Earnings	12,266	11,526
Accumulated Other Comprehensive Income (Loss)	(48)	54
<b>Total Shareholders' Equity</b>	22,557	22,298
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 152,645</b>	<b>\$ 141,414</b>

Heritage NOLA Bancorp, Inc.  
Consolidated Statements of Income  
For the Three Months Ended September 30, 2021 and 2020 (Unaudited)  
(In Thousands, except share data)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Interest Income</b>				
Loans, including Fees	\$ 1,341	\$ 1,385	\$ 4,151	\$ 4,146
Investment Securities	59	25	142	85
Other Interest Earning Assets	26	41	87	150
Total Interest Income	<u>1,426</u>	<u>1,451</u>	<u>4,380</u>	<u>4,381</u>
<b>Interest Expense</b>				
Deposits	157	278	539	931
Borrowed Funds	44	75	149	256
Total Interest Expense	<u>201</u>	<u>353</u>	<u>688</u>	<u>1,187</u>
Net Interest Income	1,225	1,098	3,692	3,194
<b>Provision for Loan Losses</b>				
Net Interest Income after Provision for Loan Losses	<u>6</u>	<u>95</u>	<u>25</u>	<u>145</u>
<b>Noninterest Income</b>				
Gain on Sale of Loans Originated for Sale	119	355	509	660
Loan Servicing Income	117	195	387	443
Other Income	50	42	154	111
Total Noninterest Income	<u>286</u>	<u>592</u>	<u>1,050</u>	<u>1,214</u>
<b>Noninterest Expense</b>				
Salaries and Employee Benefits	750	782	2,300	2,166
Occupancy and Equipment	157	187	474	489
Data Processing	65	57	185	161
FDIC Insurance and Examination Fees	22	23	64	53
Director Compensation	18	18	54	54
Legal, Accounting and Professional Fees	47	68	153	182
Advertising	39	43	112	83
Telephone and Communications	20	20	62	52
Other	124	177	387	440
Total Noninterest Expense	<u>1,242</u>	<u>1,375</u>	<u>3,791</u>	<u>3,680</u>
<b>Income Before Income Tax Expense</b>	269	220	926	583
Income Tax Expense	54	43	186	114
<b>Net Income</b>	<u>\$ 215</u>	<u>\$ 177</u>	<u>\$ 740</u>	<u>\$ 469</u>

**Other Financial Data**

(Annualized)

	<b>Three Months Ended Sept 30,</b>	
	<b>2021</b>	<b>2020</b>
Return on average assets	0.57%	0.50%
Return on average equity	3.80%	3.02%
Net interest margin	3.52%	3.36%
Bank Tier 1 Leverage ratio	14.06%	14.62%
Allowance for loan losses to total loans	0.93%	0.83%
Non-performing loans to total loans	0.71%	0.67%
Earnings per share, basic	\$ 0.18	\$ 0.13
Earnings per share, diluted	\$ 0.17	\$ 0.13
Book Value per share	\$ 16.98	\$ 15.65