



ANNUAL AUDIT REPORT

2025 AND 2024

**Consolidated Financial Statements**  
**Heritage NOLA Bancorp, Inc.**

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## Independent Auditor's Report

To the Audit Committee and Board of Directors  
Heritage NOLA Bancorp, Inc. and Subsidiary  
Covington, Louisiana

### ***Opinion***

We have audited the consolidated financial statements of Heritage NOLA Bancorp, Inc. (a Maryland Corporation) and its Subsidiary, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Heritage NOLA Bancorp, Inc. and its Subsidiary as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Heritage NOLA Bancorp, Inc. and its Subsidiary, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Heritage NOLA Bancorp, Inc. and its Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Heritage NOLA Bancorp, Inc. and its Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Heritage NOLA Bancorp, Inc. and its Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Respectfully submitted,

*Nannis T. Bourgeois, LLP*

Baton Rouge, Louisiana  
March 10, 2026

**HERITAGE NOLA BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2025 AND 2024**  
(Dollars in thousands)

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b><u>ASSETS</u></b>		
Cash and Due from Banks	\$ 1,159	\$ 2,325
Interest Earning Deposits in Banks	9,494	5,553
Federal Funds Sold	—	25
Total Cash and Cash Equivalents	10,653	7,903
Interest Earning Time Deposits in Banks	498	1,345
Securities Available for Sale, at Fair Value	5,686	6,163
Securities Held to Maturity	5,979	6,775
Loans Receivable, Net of Unearned Income	145,819	147,317
Allowance for Credit Losses - Loans	(1,297)	(1,309)
Total Loans, Net	144,522	146,008
Premises and Equipment	6,244	6,418
Federal Home Loan Bank Stock	469	1,553
Bank Owned Life Insurance	2,491	2,429
Prepaid Expenses and Other Assets	2,750	2,744
<b>Total Assets</b>	<b>\$ 179,292</b>	<b>\$ 181,338</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
Interest Bearing Deposits	\$ 131,843	\$ 127,928
Noninterest Bearing Deposits	15,372	15,421
Total Deposits	147,215	143,349
Borrowed Funds	9,500	16,500
Advances from Borrowers for Taxes and Insurance	458	243
Accrued Expenses and Other Liabilities	1,122	1,123
<b>Total Liabilities</b>	158,295	161,215
<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, 1,239,680 and 1,239,680 Shares Issued and Outstanding on December 31, 2025 and December 31, 2024	12	12
Additional Paid-in Capital	10,739	10,659
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(846)	(899)
Retained Earnings	11,654	11,175
Accumulated Other Comprehensive Income (Loss)	(562)	(824)
<b>Total Shareholders' Equity</b>	20,997	20,123
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 179,292</b>	<b>\$ 181,338</b>

The accompanying notes are an integral part of these financial statements.

**HERITAGE NOLA BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**  
(Dollars in thousands)

	<b>Years Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Interest Income</b>		
Loans, including Fees	\$ 9,162	\$ 7,993
Investment Securities	318	367
Other Interest Earning Assets	528	395
Total Interest Income	10,008	8,755
<b>Interest Expense</b>		
Deposits	4,579	4,271
Borrowed Funds	370	737
Total Interest Expense	4,949	5,008
Net Interest Income	5,059	3,747
<b>Provision for Credit Losses</b>	—	—
Net Interest Income after Provision for Credit Losses	5,059	3,747
<b>Noninterest Income</b>		
Gain on Sale of Loans Originated for Sale	203	24
Loan Servicing Income	478	273
Other Income	279	292
Total Noninterest Income (Loss)	960	589
<b>Noninterest Expense</b>		
Salaries and Employee Benefits	2,779	2,554
Occupancy and Equipment	566	570
Data Processing	349	344
FDIC Insurance and Examination Fees	156	125
Director Compensation	94	101
Legal, Accounting and Professional Fees	836	252
Advertising	44	129
Telephone and Communications	98	92
Other	486	444
Total Noninterest Expense	5,408	4,611
<b>Income (Loss) Before Income Tax Expense</b>	611	(275)
Income Tax Expense (Benefit)	132	(57)
<b>Net Income (Loss)</b>	\$ 479	\$ (218)
<b>Earnings (Loss) per share: Basic</b>	\$ 0.42	\$ (0.19)
<b>Diluted</b>	\$ 0.38	\$ (0.18)

The accompanying notes are an integral part of these financial statements.

**HERITAGE NOLA BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**  
(Dollars in thousands)

	<b>Years Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Net Income (Loss)</b>	\$ 479	\$ (218)
<b>Other Comprehensive Income (Loss):</b>		
Unrealized Holding Gains (Losses) on Securities Available for Sale, net of reclassification adjustment	332	(58)
Income Tax Effect	(70)	12
Total Other Comprehensive Income (Loss)	262	(46)
<b>Comprehensive Income (Loss)</b>	\$ 741	\$ (264)

The accompanying notes are an integral part of these financial statements.

**HERITAGE NOLA BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**  
(Dollars in thousands)

	<u>Common Stock</u>	<u>Additional Paid In Capital</u>	<u>Unallocated ESOP Shares</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
<b>Balance at January 1, 2024</b>	\$ 12	\$ 10,598	\$ (952)	\$ 11,393	\$ (778)	\$ 20,273
Compensation Expense related to restricted shares	—	25	—	—	—	25
Compensation Expense related to stock options	—	20	—	—	—	20
ESOP Shares Released	—	16	53	—	—	69
Net Income (Loss)	—	—	—	(218)	—	(218)
Other Comprehensive Income (Loss)	—	—	—	—	(46)	(46)
<b>Balance at December 31, 2024</b>	<u>\$ 12</u>	<u>\$ 10,659</u>	<u>\$ (899)</u>	<u>\$ 11,175</u>	<u>\$ (824)</u>	<u>\$ 20,123</u>
<b>Balance at January 1, 2025</b>	\$ 12	\$ 10,659	\$ (899)	\$ 11,175	\$ (824)	\$ 20,123
Compensation Expense related to restricted shares	—	13	—	—	—	13
Compensation Expense related to stock options	—	32	—	—	—	32
ESOP Shares Released	—	35	53	—	—	88
Net Income (Loss)	—	—	—	479	—	479
Other Comprehensive Income (Loss)	—	—	—	—	262	262
<b>Balance at December 31, 2025</b>	<u>\$ 12</u>	<u>\$ 10,739</u>	<u>\$ (846)</u>	<u>\$ 11,654</u>	<u>\$ (562)</u>	<u>\$ 20,997</u>

The accompanying notes are an integral part of these financial statements.

**HERITAGE NOLA BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**  
(Dollars in thousands)

	<b>Years Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash Flows from Operating Activities</b>		
Net Income (Loss)	\$ 479	\$ (218)
Adjustments to Reconcile Net Income/(Loss) to Net Cash from Operating Activities:		
Provision for Credit Losses	—	—
Provision for Depreciation	243	249
Deferred Income Tax Expense (Benefit)	132	(62)
Change in Mortgage Servicing Rights	(138)	19
(Gain) or Loss on Sale of Securites Available for Sale	—	—
(Accretion) Amortization of Premiums and Discounts on Securities	23	26
(Accretion) Amortization of Deferred Loan Origination Fees	(12)	(21)
Gain on Sale of Loans Originated for Sale	(203)	(24)
Proceeds from Sale of Loans	2,703	574
Originations of Loans Held for Sale	(2,500)	(550)
Stock dividends on FHLB Stock	(74)	(86)
Compensation Expense related to Stock Benefit Plans	133	114
(Increase) Decrease in Accrued Interest Receivable	(6)	(98)
(Increase) Decrease in Bank Owned Life Insurance	(62)	(60)
(Increase) Decrease in Prepaid Expenses and Other Assets	(67)	(5)
Increase (Decrease) in Accrued Expenses and Other Liabilities	25	14
	<u>676</u>	<u>(128)</u>
<b>Net Cash provided by (used in) Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Principal Collected on Securities Available for Sale	800	902
Principal Collected on Securities Held to Maturity	783	792
Purchase of Federal Home Loan Bank Stock	(68)	—
Sale of Federal Home Loan Bank Stock	1,226	—
Net Change in Interest-earning Time Deposits at Banks	847	498
Net (Increase) Decrease in Loans	1,474	(7,882)
Purchases of Premises and Equipment	(69)	(20)
	<u>4,993</u>	<u>(5,710)</u>
<b>Net Cash provided by (used in) Investing Activities</b>		

(Continued on the next page)

**HERITAGE NOLA BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**  
(Dollars in thousands)

	<b>Years Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Financing Activities</b>		
Net Increase (Decrease) in Deposits	3,866	12,190
Advances from Borrowers for Taxes and Insurance	215	112
Borrowed Funds	192,350	236,000
Repayments of Borrowed Funds	(199,350)	(241,000)
Net Cash provided by (used in) Financing Activities	(2,919)	7,302
<b>Net Change in Cash and Cash Equivalents</b>	2,750	1,464
<b>Cash and Cash Equivalents - Beginning of Year</b>	7,903	6,439
<b>Cash and Cash Equivalents - End of Year</b>	\$ 10,653	\$ 7,903
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the period for:		
Interest Paid on Deposits	\$ 4,581	\$ 4,269
Interest Paid on Borrowed Funds	\$ 392	\$ 771

The accompanying notes are an integral part of these financial statements.

**HERITAGE NOLA BANCORP, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**Note A - Summary of Significant Accounting Policies -**

Nature of Operations

Heritage NOLA Bancorp, Inc. (the “Company”) (OTC Pink Marketplace – HRGG) was formed to serve as the stock holding company for Heritage Bank of St. Tammany (the “Bank”) upon completion of its mutual-to-stock conversion. The conversion was effective July 12, 2017. Heritage NOLA Bancorp, Inc. issued 1,653,125 shares at an offering price of \$10.00 per share.

On July 16, 2020, Heritage NOLA Bancorp, Inc., filed a Form 15 with the Securities and Exchange Commission (“SEC”) to deregister its common stock under Section 12(g) of the Securities Exchange Act of 1934, as amended. Upon filing the Form 15, the Company’s obligation to file periodic reports with the SEC, including reports on Form 10-K, Form 10-Q and Form 8-K, and proxy materials was suspended and was thereafter terminated. The Bank continues to report detailed quarterly financial results to its regulators.

In accordance with OCC regulations, at the time of the Conversion, the Bank substantially restricted retained earnings by establishing a liquidation account. The liquidation account will be maintained for the benefit of eligible account holders who continue to maintain their accounts at the Bank after the Conversion. The liquidation account will be reduced annually to the extent that eligible holders have reduced their qualifying deposits. Subsequent increases will not restore an eligible account holder’s interest in the liquidation account. In the event of a complete liquidation by the Bank, and only in such event, each eligible account holder will be entitled to receive a distribution from the liquidation account in an amount proportionate to the adjusted qualifying account balances then held. The Bank may not pay dividends if those dividends would reduce equity capital below the required liquidation account amount.

The Bank is a community bank providing various financial services through its four branches, two in Covington, and one each in Slidell and Madisonville, Louisiana. The primary lending products are single-family residential loans and commercial real estate loans. The primary deposit products are demand and savings accounts, and certificates of deposit.

Principles of Consolidation

The consolidated financial statements as of and for the years ended December 31, 2025 and 2024, include Heritage NOLA Bancorp, Inc. and its wholly-owned subsidiary the Bank, together referred to as the Company. Intercompany transactions and balances have been eliminated in consolidation.

Significant Group Concentrations of Credit Risk

Most of the Company’s activities are with customers located within St. Tammany Parish, Louisiana. The types of securities that the Company invests in are included in Note C. The types of lending that the Company engages in are included in Note D. The Company does not have any significant concentrations to any one industry or customer. Real estate loans related to residential properties represented 67% and 68% of the total loan portfolio at December 31, 2025 and 2024, respectively.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimate.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents, are defined as all highly liquid debt instruments, excluding securities, with original maturities at purchase of three months or less.

**HERITAGE NOLA BANCORP, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

Interest Earning Time Deposits

Interest earning time deposits in banks with original maturities at purchase of greater than three months are carried at cost.

Securities

Securities are classified in three categories at the time of purchase and accounted for as follows:

Securities that the Company has the positive intent and ability to hold to maturity are classified as held to maturity and reported at cost, adjusted for amortization of premiums and accretion of discounts which are recognized in interest income using the interest method.

Securities that are bought and held by the Company primarily for the purpose of selling them in the near future are classified as trading securities and reported at fair value. Unrealized gains and losses are included in earnings. The Company had no securities classified as trading as of December 31, 2025 and 2024.

Securities classified as available for sale are those securities that the Company intends to hold for an indefinite period of time but not necessarily to maturity. Any decision to sell a security classified as available for sale would be based on various factors including changes in market interest rates, liquidity needs, changes in yields or alternative investments, and for other reasons. They are reported at fair value. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method. Unrealized gains and losses, net of income tax, are excluded from earnings and reported as a separate component of equity until realized. Gains and losses on the sale of securities available for sale are determined using the specific identification method.

Allowance for Credit Losses - Held to Maturity Securities

Management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. The estimate of expected credit losses is primarily based on the ratings assigned to the securities by debt rating agencies and the average of the annual historical loss rates associated with those ratings. The Bank then multiplies those loss rates, as adjusted for any modifications to reflect current conditions and reasonable and supportable forecasts as considered necessary, by the remaining lives of each individual security to arrive at a lifetime expected loss amount. The Bank's held-to-maturity portfolio includes US Agency Mortgage-backed securities.

All the mortgage-backed securities held by the Bank are issued by government-sponsored corporations. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses.

Allowance for Credit Losses-Available for Sale Securities

For available for sale securities, management evaluates all investments in an unrealized loss position on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. If the Bank has the intent to sell the security or it is more likely than not that the Bank will be required to sell the security, the security is written down to fair value and the entire loss is recorded in earnings.

If either of the above criteria is not met, the Bank evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, the Bank may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected are compared to the amortized cost basis of the security and any excess is recorded as an allowance for credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any amount of unrealized loss that has not been recorded through an allowance for credit loss is recognized in other comprehensive income.

**HERITAGE NOLA BANCORP, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

Changes in the allowance for credit loss are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance for credit loss when management believes an available for sale security is confirmed to be uncollectible or when either of the criteria regarding intent or requirement to sell is met. As of December 31, 2025 and 2024, there was no allowance for credit loss related to the available for sale portfolio.

Federal Home Loan Bank of Dallas (FHLB) Stock

FHLB stock is redeemable at par value at the discretion of the FHLB and is used to collateralize FHLB advances and FHLB letters of credit. The stock is carried at cost which approximates fair value. The Bank is a member of the FHLB System which requires the Bank to purchase and maintain stock in the FHLB. The requirement is generally 0.04% of total assets at the most recent December 31 plus 4.10% of outstanding FHLB advances, plus 0.01% of outstanding FHLB letters of credit. The Bank was in compliance with these requirements at December 31, 2025 and 2024.

Loans Receivable

The Bank grants land, residential, commercial real estate, and consumer loans to customers. A substantial portion of the loan portfolio is represented by real estate loans primarily in St. Tammany Parish. The ability of the Bank's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for credit losses - loans, and any deferred loan fees or costs on originated loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of direct loan origination costs, are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on the loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Loans are typically charged off not later than 180 days past due. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash basis or cost recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Mortgage Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value under fair value option accounting guidance for financial instruments. For these loans, gains and losses on loan sales are recorded in noninterest income, and direct loan origination costs and fees are deferred at origination of the loan and are recognized in noninterest income upon sale of the loan.

**HERITAGE NOLA BANCORP, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

Allowance for Credit Losses – Loans

The Bank follows ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard utilizes an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology.

The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Accrued interest receivable is excluded from the estimate of credit losses.

The allowance for credit losses represents management’s estimate of lifetime credit losses inherent in loans as of the balance sheet date. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as changes in environmental conditions, such as changes in unemployment rates, property values, and other relevant factors.

The Bank measures expected credit losses for loans on a pooled basis when similar risk characteristics exist. The Bank has identified loan portfolio segments which generally correspond to their call report classifications and calculates the allowance for credit losses for each segment. These segments are disclosed in Note D. Commercial real estate loans include loans to commercial customers for financing of land and buildings or for land development or construction of a building. These loans are repaid through revenues from operations of the businesses, rents of properties, sales of properties, or refinancing.

Loans that do not share risk characteristics are evaluated on an individual basis. When management determines that foreclosure is probable and the borrower is experiencing financial difficulty, the expected credit losses are based on the fair value of collateral at the reporting date adjusted for selling costs as appropriate.

When the discounted cash flow method is used to determine the allowance for credit losses, management does not adjust the effective interest rate used to discount the expected cash flows to incorporate prepayments.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a modification is expected with an individual borrower, or the extension or renewal options are included in the original or modified contract at the reporting date and are not conditionally cancellable by the Bank.

Additionally, the allowance for credit losses calculation includes subjective adjustments as determined by management for various qualitative risk factors that are likely to cause estimated credit losses to differ from historical experience. These qualitative adjustments may increase or reduce reserve levels and include adjustments for various areas such as lending management experience and risk tolerance, loan review and audit results, asset quality and portfolio trends, loan portfolio growth, industry concentrations, trends in underlying collateral, external factors and economic conditions not already captured.

Allowance for Credit Losses - Unfunded Commitments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Bank’s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

**HERITAGE NOLA BANCORP, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

The Bank records an allowance for credit losses on off-balance sheet credit exposures, unless the commitments to extend credit are unconditionally cancelable, through a charge to provision for unfunded commitments in the Bank's income statements. The allowance for credit losses on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date under the current expected credit loss model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur as well as any third-party guarantees. At December 31, 2025 and 2024, the allowance for unfunded commitments was insignificant.

Mortgage Servicing Rights

Mortgage servicing rights are recognized separately when rights are acquired through the sale or servicing of financial assets. Under authorization guidance of FASB ASC 860-50, servicing rights resulting from the sale of loans originated by the Bank are initially measured at fair value at the date of transfer. The Bank subsequently measures each class of servicing asset using the amortization method. Under the amortization method, servicing rights are amortized in proportion to and over the period of estimated net servicing income. The amortized assets are assessed for impairment or increased obligation based on fair value at each reporting date. Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income.

Foreclosed Real Estate

Foreclosed real estate properties acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated costs to sell at the date of foreclosure. Loan losses arising from the acquisition of these properties are charged against the allowance for credit losses. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less estimated costs to sell. Costs relating to development and improvement of property are capitalized, whereas costs relating to holding property are expensed.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed by the straight-line method (book purposes) or accelerated methods (tax purposes) over the estimated useful lives of the assets. Land is carried at cost. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal and the resulting gains or losses are included in current operations.

Bank Owned Life Insurance

The cash surrender value of bank owned life insurance policies represents the value of life insurance policies on certain current and former officers of the Company for which the Company is the beneficiary. The Company accounts for these assets using the cash surrender value method in determining the carrying value of the insurance policies.

Earnings Per Share

Basic earnings per share ("EPS") represents income available to common shareholders divided by the weighted average number of common shares outstanding; no dilution for any potentially convertible shares is included in the calculation. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company. The potential common shares that may be issued by the Company relate to outstanding stock options.

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Earnings per common share were computed based on the following:

<i>(in thousands, except per share data)</i>	Years Ended December 31,	
	2025	2024
Numerator:		
Net income (loss) available to common shareholders	\$ 479	\$ (218)
Denominator:		
Weighted average common shares outstanding	1,239,680	1,239,680
Average unallocated ESOP shares	(89,916)	(95,206)
Weighted average shares	1,149,764	1,144,474
Effect of dilutive securities:		
Restrictive Stock	65,725	64,148
Stock Options	48,856	12,990
Weighted average common shares outstanding - assuming dilution	1,264,345	1,221,612
Basic earnings (loss) per common share	\$ 0.42	\$ (0.19)
Diluted earnings (loss) per common share	\$ 0.38	\$ (0.18)

#### Income Taxes

Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Bank determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation process, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with the taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The income tax accounting guidance related to accounting for uncertainty in income taxes sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. As of December 31, 2025 and 2024, management is not aware of any uncertain tax positions that would have a material effect on the Bank's financial statements.

#### Advertising Costs

Advertising costs are expensed as incurred.

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Recognition of Revenue from Contracts with Customers

Non-interest income from service charges on deposit accounts, ATM/debit card fee income, credit card and merchant-related income (e.g., interchange fees), and transactional income from traditional banking services are the significant sources of revenue from contracts with customers. The Company generally acts in a principal capacity in the performance of these services. The Company's performance obligations are generally satisfied as the services are rendered and typically do not extend beyond a reporting period.

Compensated Absences

Employees of the Bank are entitled to paid vacation, paid sick days and personal days off, depending on length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The Bank's policy is to recognize the costs of compensated absences when actually paid to employees.

Estimates

The use of estimates in the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses on loans and fair value estimates of investment securities. In connection with the determination of the allowance for credit losses and valuation of foreclosed real estate, management obtains independent appraisals for significant properties.

While management uses available information to recognize losses on loans and foreclosed real estate, further reductions in the carrying amounts of loans and foreclosed assets may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans and foreclosed real estate. Such agencies may require the Bank to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated credit losses on loans and foreclosed real estate may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

In the ordinary course of business, the Bank enters into off-balance-sheet financial instruments consisting of commitments to extend credit, including unfunded commitments under lines of credit. Such financial instruments are recorded in the financial statements when they are funded.

Comprehensive Income

The Bank reports comprehensive income in accordance with the accounting guidance related to FAS ASC 220, *Comprehensive Income*. Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes net unrealized gains (losses) on securities available for sale and is presented in the statements of changes in shareholders' equity and comprehensive income.

Leases

The Company accounts for leases in accordance with Accounting Standards Codification (ASC) Topic 842, Leases. This guidance requires that right-of-use (ROU) assets and lease liabilities be recorded on the balance sheet. The Company elected the practical expedient relief package allowed by the standard, which does not require the reassessment of (1) whether existing contracts contain a lease, (2) the lease classification or (3) unamortized initial direct costs for existing leases. Additionally, the Company made accounting policy elections for the exclusion of

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short-term leases (leases with an initial term of 12 months or less and which do not include a purchase option that the Company is reasonably certain to exercise) from the balance sheet presentation. The Company had no operating or finance leases as of December 31, 2025 or 2024.

Reclassifications

Certain reclassifications may have been made to the 2024 financial information in order to conform to the 2025 financial statement presentation. Such reclassifications had no effect on previously reported net income.

Subsequent Events

In preparing the financial statements, the Bank has evaluated events and transactions for potential recognition or disclosure through March 10, 2026, the date the financial statements were available to be issued.

On July 24, 2025, Heritage NOLA Bancorp announced that it had entered into a definitive purchase and assumption agreement with OnPath Federal Credit Union pursuant to which OnPath will acquire substantially all of the assets and assume substantially all of the liabilities (including all of the deposit account liabilities) of Heritage Bank in an all-cash transaction (the "P&A Transaction"). The P&A Transaction is subject to regulatory approvals and the approval of the shareholders of Heritage NOLA Bancorp. Shareholder approval was obtained in November 2025 and the P&A Transaction is expected to close in the second quarter of 2026.

Following the completion of the P&A Transaction and after all of the respective obligations of Heritage NOLA Bancorp and Heritage Bank (including settlement of the liquidation account maintained by Heritage Bank as discussed in Note A) are settled, Heritage Bank will liquidate and distribute its remaining assets to Heritage NOLA Bancorp and then Heritage NOLA Bancorp will dissolve and distribute its remaining assets to its shareholders. The distribution of cash representing the per share consideration to Heritage NOLA Bancorp's shareholders is expected to occur in the fourth quarter of 2026, although delays in the liquidation and dissolution could delay the distribution to shareholders.

**Note B – Commitments and Contingencies -**

The Bank is a party to financial instruments with off-balance-sheet risk to meet the financing needs of its customers. These financial instruments are commitments to extend credit. The instruments contain various elements of credit and interest rate risk in excess of the amount recognized in the balance sheets. The Bank's exposure to credit loss, if the other party to the financial instrument for commitments to extend credit does not perform, is the contractual amount of those instruments. The Bank uses the same credit policies in making commitments that it does for on-balance-sheet financial instruments. The Bank had construction loans in process commitments of \$6.6 million, unfunded home equity lines of credit of \$8.7 million, and unfunded various other lines of credit of \$5.6 million. The Bank maintained cash accounts at various financial institutions during 2025 and 2024. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage under defined limits. At various times in 2025 and 2024, the Bank may have had funds on deposit at these institutions which were in excess of the insured amount. Deposits at the FHLB are not subject to insurance coverage.

Commitments to extend credit are agreements to lend to a customer if there is no violation of any contract conditions. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Management evaluates each customer's credit request separately and determines and obtains the amount of collateral needed when credit is extended. Collateral includes primarily real estate.

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The Bank has established a federal funds line of credit agreement with First National Bankers Bank (FNBB) that renews annually. In April 2025, the line was renewed at \$6,700,000 until April 2026. The interest rate would be set by FNBB on the day any borrowing occurs. There were no borrowings under this agreement at December 31, 2025 or 2024.

**Note C - Investment Securities -**

The amortized costs and estimated fair values of securities at December 31 were as follows:

(in thousands)	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
<b>Available for Sale:</b>				
U.S. Government Agency - SBA pools	\$ 186	\$ —	\$ (2)	\$ 184
U.S. Agency Mortgage-Backed Securities	4,713	4	(388)	4,329
U.S. Government Agency	1,000	—	(210)	790
Municipal Bonds	498	—	(115)	383
Total Available for Sale	\$ 6,397	\$ 4	\$ (715)	\$ 5,686
<b>Held to Maturity:</b>				
U.S. Agency Mortgage-Backed Securities	\$ 5,979	\$ —	\$ (458)	\$ 5,521

(in thousands)	December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
<b>Available for Sale:</b>				
U.S. Government Agency - SBA pools	\$ 290	\$ —	\$ (3)	\$ 287
U.S. Agency Mortgage-Backed Securities	5,419	1	(642)	4,778
U.S. Government Agency	1,000	—	(264)	736
Municipal Bonds	498	—	(136)	362
Total Available for Sale	\$ 7,207	\$ 1	\$ (1,045)	\$ 6,163
<b>Held to Maturity:</b>				
U.S. Agency Mortgage-Backed Securities	\$ 6,775	\$ —	\$ (792)	\$ 5,983

There was no allowance for credit losses on available for sale or held to maturities debt securities at December 31, 2025 or 2024.

There were no securities sold in 2025 or in 2024.

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The amortized cost and fair value of investment securities at December 31, 2025 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties. The scheduled contractual maturities of securities available for sale and held to maturity at December 31, 2025, were as follows:

<u>(in thousands)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
<b>Available for Sale:</b>		
After One Year Through Five Years	\$ 26	\$ 25
After Five Years Through Ten Years	2,044	1,806
After Ten Years	4,327	3,855
	<u>\$ 6,397</u>	<u>\$ 5,686</u>
<b>Held to Maturity:</b>		
After One Year Through Five Years	\$ 12	\$ 12
After Five Years Through Ten Years	715	702
After Ten Years	5,252	4,807
	<u>\$ 5,979</u>	<u>\$ 5,521</u>

The following table reflects gross unrealized losses, fair values, and length of time in a continued unrealized loss position for all available for sale securities with fair values below amortized cost with no allowance for credit losses at December 31, 2025 and 2024:

<u>(in thousands)</u>	<u>December 31, 2025</u>					
	<u>Less Than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
<b>Available for Sale:</b>						
U.S. Government Agency - SBA pools	\$ —	\$ —	\$ 184	\$ 2	\$ 184	\$ 2
U.S. Agency Mortgage-Backed Securities	33	1	3,559	387	3,592	388
U.S. Government Agency	—	—	790	210	790	210
Municipal Bonds	—	—	383	115	383	115
Total Available for Sale	<u>\$ 33</u>	<u>\$ 1</u>	<u>\$ 4,916</u>	<u>\$ 714</u>	<u>\$ 4,949</u>	<u>\$ 715</u>

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(in thousands)	December 31, 2024					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<b>Available for Sale:</b>						
U.S. Government Agency - SBA pools	\$ —	\$ —	\$ 287	\$ 3	\$ 287	\$ 3
U.S. Agency Mortgage-Backed Securities	766	41	3,944	601	4,710	642
U.S. Government Agency	—	—	736	264	736	264
Municipal Bonds	—	—	362	136	362	136
Total Available for Sale	<u>\$ 766</u>	<u>\$ 41</u>	<u>\$ 5,329</u>	<u>\$ 1,004</u>	<u>\$ 6,095</u>	<u>\$ 1,045</u>

Management evaluates unrealized losses on the above available for sale debt securities on a periodic and regular basis, as well as when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition, whether the nature of the unrealized loss positions is related to the interest rate environment at the measurement point compared to the interest rate environment at the date of settlement, and if the fair value is expected to recover as the bonds approach maturity.

The bank has only U.S. Government agency or U.S. Government-sponsored agency mortgage-backed securities which are held to maturity.

At December 31, 2025 and 2024, the Bank had no held to maturity securities that were past due 30 days or more as to principal or interest payments. The Bank had no held to maturity securities classified as nonaccrual as of December 31, 2025 and 2024.

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**Note D - Loans Receivable --**

Loans receivable at December 31 are summarized as follows:

<u>(in thousands)</u>	<u>2025</u>	<u>2024</u>
Real Estate:		
Mortgage Loans held for sale	\$ —	\$ —
Secured by one-to four family residential properties		
Owner-occupied	69,869	66,242
Non-owner-occupied	8,376	9,371
Home Equity Lines of Credit	9,437	7,648
Commercial (Nonresidential) Properties	39,943	37,774
Land	6,216	7,741
Construction	13,740	24,394
Multi-family	1,588	1,642
Commercial	3,093	4,257
Consumer Loans	261	279
Total Loans Receivable	<u>\$ 152,523</u>	<u>\$ 159,348</u>
Less: Undisbursed Loans in Process	(6,608)	(11,923)
Deferred Loan Fees	<u>(96)</u>	<u>(108)</u>
Loans Receivable, Net	<u>\$ 145,819</u>	<u>\$ 147,317</u>
Less: Allowance for Credit Losses	<u>(1,297)</u>	<u>(1,309)</u>
Total Loans, Net	<u><u>\$ 144,522</u></u>	<u><u>\$ 146,008</u></u>

There were no discounts on loans purchased in 2025 or 2024.

At December 31, 2025 and 2024, the Bank did not have any loans where formal foreclosure procedures had been initiated.

Under its current lending status with the FHLB (Note J), the Bank may be required to deliver qualifying loans and securities to the FHLB in order to collateralize any outstanding and future advances. The Bank did not deliver any specific loans to the FHLB at December 31, 2025 and 2024. FHLB maintains a blanket lien on \$63.5 million of our loan portfolio. The Bank had \$479,000 in mortgage-backed securities pledged to FHLB at December 31, 2025 and \$592,000 mortgage-backed securities pledged at December 31, 2024.

Loans - Real Estate, Commercial and Consumer

Commercial real estate loans are secured by the subject property and are underwritten based upon standards set forth in policies approved by the Bank's Board of Directors (Board). Such standards include, among other factors, loan to value limits, cash flow coverage, and general creditworthiness of the obligors.

Residential real estate loans are underwritten in accordance with policies approved by the Board, including repayment capacity and source, value of the underlying property, credit history and stability.

Construction loans to borrowers are to finance the construction of owner occupied and leased properties. These loans are categorized as construction loans during the construction period, later converting to commercial or residential real estate loans after the construction is complete and amortization of the loan begins. Construction loan funds are disbursed periodically based on the percentage of construction completed. Management carefully monitors these loans with on-site inspections.

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The Bank also makes loans on occasion for the purchase of land for future development for either commercial or residential use by the borrower.

Consumer loans are extended for deposit account collateralized loans and small unsecured loans.

Commercial loans and lines of credit are offered, and the Bank also purchases commercial loans from a third party company that extends loans to healthcare providers and other professionals.

The tables below provide an allocation and roll forward of the allowance for loan losses by loan type as of and for the years ended December 31, 2025 and 2024. The allocation of a portion of the allowance to one category does not preclude its availability to absorb losses in other categories.

The following tables presents by portfolio segment, the changes in the allowance for credit losses for loans under the CECL methodology (ASC Topic 326) for the years ended December 31, 2025 and 2024 (in thousands):

2025

	Real Estate						Commercial	Total
	Commercial	Land	One-to-Four Family	Construction	Multi-Family	Consumer		
<u>Allowance for Credit Losses:</u>								
Beginning Balance	\$ 434	\$ 70	\$ 765	\$ 6	\$ 10	\$ 6	\$ 18	\$ 1,309
Charge-offs	—	—	—	—	—	(14)	—	(14)
Recoveries	—	—	4	—	—	2	—	6
Provision (credit)	41	(8)	(47)	(2)	1	14	(3)	(4)
Ending Balance	\$ 475	\$ 62	\$ 722	\$ 4	\$ 11	\$ 8	\$ 15	\$ 1,297

2024

	Real Estate						Commercial	Total
	Commercial	Land	One-to-Four Family	Construction	Multi-Family	Consumer		
<u>Allowance for Credit Losses:</u>								
Beginning Balance	\$ 784	\$ 53	\$ 459	\$ 1	\$ 3	\$ 5	\$ 4	\$ 1,309
Charge-offs	—	—	—	—	—	(5)	—	(5)
Recoveries	—	—	4	—	—	1	—	5
Provision (credit)	(350)	17	302	5	7	5	14	—
Ending Balance	\$ 434	\$ 70	\$ 765	\$ 6	\$ 10	\$ 6	\$ 18	\$ 1,309

Credit quality indicators as of December 31, 2025 and 2024:

*Pass* - A pass asset is properly approved, documented, collateralized, and performing. It does not reflect an abnormal amount of risk.

*Special mention* - A special mention asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in the deterioration of the repayment prospects for the asset or in the Bank's credit position at some future date. Special mention assets are not adversely classified and do not expose the Bank to sufficient risk to warrant adverse classification.

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*Substandard* - An asset classified as substandard has a well-defined weakness or weaknesses. A substandard asset is inadequately protected by the current net worth or paying capacity of the obligor or pledged collateral, if any. It is characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

*Doubtful* - Assets classified as doubtful have all the weaknesses inherent in those classified as substandard. In addition, these weaknesses make collection or liquidation in full highly questionable and improbable on the basis of currently existing facts, conditions, and values.

*Loss* - Assets classified as loss are considered uncollectible or of such little value that the continuance of the loan or other asset on the books of the Bank is not warranted. Some recovery of funds could be possible in the future, but the amount and probability of this recovery are not determinable thus providing little justification for the assets to remain on the books.

The following tables represent the Bank's credit exposure by credit quality indicator as of December 31:

**Credit Risk Profile by Internally Assigned Grade**

(in thousands)

	December 31, 2025							
	Real Estate							
	Commercial Real Estate	Land	One-to-Four Family	Construction	Multi-Family	Consumer	Commercial	Total
Pass	\$ 39,627	\$ 6,216	\$ 86,763	\$ 13,740	\$ 1,588	\$ 261	\$ 3,093	\$ 151,288
Special Mention	—	—	—	—	—	—	—	—
Substandard	316	—	919	—	—	—	—	1,235
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
	\$ 39,943	\$ 6,216	\$ 87,682	\$ 13,740	\$ 1,588	\$ 261	\$ 3,093	\$ 152,523

	December 31, 2024							
	Real Estate							
	Commercial Real Estate	Land	One-to-Four Family	Construction	Multi-Family	Consumer	Commercial	Total
Pass	\$ 37,451	\$ 7,741	\$ 82,056	\$ 24,394	\$ 1,642	\$ 279	\$ 4,257	\$ 157,820
Special Mention	—	—	—	—	—	—	—	—
Substandard	323	—	1,205	—	—	—	—	1,528
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
	\$ 37,774	\$ 7,741	\$ 83,261	\$ 24,394	\$ 1,642	\$ 279	\$ 4,257	\$ 159,348

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The following tables are an aging analysis of loans as of December 31, 2025 and 2024:

**Aged Analysis of Past Due Loans Receivable**

(in thousands)

	December 31, 2025					
	Accruing			Current	Nonaccrual Status	Total Loans Receivable
	30-89 Days Past Due	90 Days and Over Past Due	Total Past Due			
Real Estate:						
Residential	\$ 1,529	\$ 488	\$ 2,017	\$ 85,207	\$ 458	\$ 87,682
Commercial	—	—	—	39,943	—	39,943
Land	75	—	75	6,141	—	6,216
Construction	—	—	—	13,740	—	13,740
Multi-family	—	—	—	1,588	—	1,588
Consumer	3	—	3	258	—	261
Commercial	—	—	—	3,093	—	3,093
	<u>\$ 1,607</u>	<u>\$ 488</u>	<u>\$ 2,095</u>	<u>\$ 149,970</u>	<u>\$ 458</u>	<u>\$ 152,523</u>

	December 31, 2024					
	Accruing			Current	Nonaccrual Status	Total Loans Receivable
	30-89 Days Past Due	90 Days and Over Past Due	Total Past Due			
Real Estate:						
Residential	\$ 1,665	\$ 86	\$ 1,751	\$ 80,819	\$ 691	\$ 83,261
Commercial	323	—	323	37,451	—	37,774
Land	—	—	—	7,741	—	7,741
Construction	—	—	—	24,394	—	24,394
Multi-family	—	—	—	1,642	—	1,642
Consumer	2	—	2	277	—	279
Commercial	43	—	43	4,214	—	4,257
	<u>\$ 2,033</u>	<u>\$ 86</u>	<u>\$ 2,119</u>	<u>\$ 156,538</u>	<u>\$ 691</u>	<u>\$ 159,348</u>

**Nonaccrual Loans**

The following table is a summary of the loans in nonaccrual status at December 31, 2025 and 2024 (in thousands):

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	<b>December 31, 2025</b>		
	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total Nonaccrual Loans
Real estate:			
Residential	\$ 458	\$ —	\$ 458
Commercial	—	—	—
Land	—	—	—
Multi-Family	—	—	—
Construction	—	—	—
Consumer and Commercial	—	—	—
	\$ 458	\$ —	\$ 458

	<b>December 31, 2024</b>		
	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total Nonaccrual Loans
Real estate:			
Residential	\$ 691	\$ —	\$ 691
Commercial	—	—	—
Land	—	—	—
Multi-Family	—	—	—
Construction	—	—	—
Consumer and Commercial	—	—	—
	\$ 691	\$ —	\$ 691

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**Modifications Made to Borrowers Experiencing Financial Difficulty**

The allowance for credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon asset origination or acquisition. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. The Bank uses a probability of default/loss model to determine the allowance for credit losses. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification.

Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance, a change to the allowance for credit losses is generally not recorded upon modification. Occasionally, the Bank modifies loans by providing principal forgiveness on certain of its real estate loans. When principal forgiveness is provided, the amortized cost basis of the asset is written off against the allowance for credit losses. The amount of the principal forgiveness is deemed to be uncollectible; therefore, that portion of the loan is written off, resulting in a reduction of the amortized cost basis and a corresponding adjustment to the allowance for credit losses.

In some cases, the Bank will modify a certain loan by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted.

Upon the Bank's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

The Bank had no modified loans during the years ended December 31, 2025 and 2024 and there have been no loans that were previously modified that have defaulted in the last 12 months.

**Collateral Dependent Loans**

The Bank designates individually evaluated loans on nonaccrual status as collateral dependent loans, as well as other loans that management of the Bank designates as having higher risk. Collateral dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining the allowance for credit losses. Under CECL, for collateral dependent loans, the Bank has adopted the practical expedient to measure the allowance for credit losses based on the fair value of collateral. The allowance for credit losses is calculated on an individual loan basis based on the shortfall between the fair value of the loan's collateral, which is adjusted for liquidation costs/discounts, and amortized cost. If the fair value of the collateral exceeds the amortized cost, no allowance is required.

The following table presents an analysis of collateral-dependent loans of the Bank as of December 31, 2025 and 2024 (in thousands):

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	December 31, 2025					
	Residential Properties	Business Assets	Land	Commercial Property	Other	Total Loans
Real estate:						
Residential	\$ 458	\$ -	\$ -	\$ -	\$ -	\$ 458
Commercial	-	-	-	-	-	-
Land	-	-	-	-	-	-
Multi-Family	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Consumer and Commercial	-	-	-	-	-	-
	\$ 458	\$ -	\$ -	\$ -	\$ -	\$ 458

	December 31, 2024					
	Residential Properties	Business Assets	Land	Commercial Property	Other	Total Loans
Real estate:						
Residential	\$ 691	\$ -	\$ -	\$ -	\$ -	\$ 691
Commercial	-	-	-	-	-	-
Land	-	-	-	-	-	-
Multi-Family	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Consumer and Commercial	-	-	-	-	-	-
	\$ 691	\$ -	\$ -	\$ -	\$ -	\$ 691

**Unfunded Commitments**

The reserve for credit losses on off- balance-sheet credit exposures is adjusted as a provision for credit losses in the income statement. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life, utilizing the same models and approaches for the Bank's other loan portfolio segments described above, as these unfunded commitments share similar risk characteristics as its loan portfolio segments. The Bank has identified the unfunded portion of certain lines of credit as unconditionally cancellable credit exposures, meaning the Bank can cancel the unfunded commitment at any time. No credit loss estimate is reported for off-balance sheet credit exposures that are unconditionally cancellable by the Bank or for undrawn amounts under such arrangements that may be drawn prior to the cancellation of the arrangement.

The Bank's liability for credit losses on off-balance-sheet credit exposures was insignificant at December 31, 2025 and 2024.

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**Note E - Accrued Interest Receivable -**

Accrued interest receivable at December 31, (included in other assets), is summarized as follows:

<u>(Dollars in thousands)</u>	<u>2025</u>	<u>2024</u>
Securities Available for Sale	\$ 21	\$ 23
Securities Held to Maturity	13	15
Interest Bearing Deposits	1	6
Loans Receivable	662	647
	<u>\$ 697</u>	<u>\$ 691</u>

**Note F - Servicing –**

In 2025 and 2024, the Bank recognized a gain of \$203,000 and \$24,000, respectively, on loans sold to the Federal Home Loan Mortgage Corporation; gross proceeds were \$2.7 million and \$550,000, respectively.

Mortgage loans serviced for others are not included in the accompanying balance sheets. The risks inherent in mortgage servicing assets relate primarily to changes in prepayments that result from shifts in mortgage interest rates. The unpaid principal balances of mortgage loans serviced for others were \$113.0 million and \$93.9 million at December 31, 2025 and 2024, respectively. In connection with the foregoing mortgage loans serviced, custodial escrow balances (net) in the amount of \$987,000 and \$683,000 at December 31, 2025 and 2024, respectively, were maintained in non-interest bearing accounts.

Servicing assets are included in other assets on the balance sheet.

The following table represents the change in mortgage servicing rights as of December 31, 2025 and 2024.

<u>(Dollars in thousands)</u>	<u>2025</u>	<u>2024</u>
Beginning Balance	\$ 797	\$ 815
Additions	207	38
Amortization	(69)	(56)
Impairment	—	—
Ending Balance	<u>\$ 935</u>	<u>\$ 797</u>

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**Note G - Premises and Equipment –**

Major classes of premises and equipment at December 31 are summarized as follows:

<u>(Dollars in thousands)</u>	<u>Estimated Life</u>	<u>2025</u>	<u>2024</u>
Land		\$ 1,570	\$ 1,570
Buildings	25 - 39 Years	8,184	8,184
Furniture and Fixtures	3 - 10 Years	951	894
		<u>10,705</u>	<u>10,648</u>
Less Accumulated Depreciation		<u>4,461</u>	<u>4,230</u>
		<u>\$ 6,244</u>	<u>\$ 6,418</u>

The provision for depreciation charged to operating expenses was \$243,000 and \$249,000 for the years ended December 31, 2025 and 2024, respectively.

**Note H - Leases -**

The Bank leases a portion of its Covington and Slidell buildings to third parties under operating leases. These leases contain renewal options. Rental income under these leases amounted to \$114,000 and \$117,000 in 2025 and 2024, respectively. At December 31, 2025, the remaining future minimum receipts under these leases are as follows:

<u>(Dollars in thousands)</u>	
2026	\$ 87
2027	69
2028	46
	<u>\$ 202</u>

**Note I - Deposits -**

Deposit account balances at December 31, 2025 and 2024, are summarized as follows:

<u>(Dollars in thousands)</u>	<u>2025</u>	<u>2024</u>
Non-Interest Bearing Deposits	\$ 15,372	\$ 15,421
Interest Bearing Demand Deposits	14,711	14,293
Savings Deposits	17,151	16,877
Certificates of Deposit	93,389	90,756
Individual Retirement Accounts	6,592	6,002
	<u>\$ 147,215</u>	<u>\$ 143,349</u>

The aggregate amount of certificates of deposit with a denomination of greater than \$250,000 was approximately \$27.5 million and \$25.4 million at December 31, 2025 and 2024, respectively.

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At December 31, 2025, the scheduled maturities of all certificates of deposit were as follows:

<u>(Dollars in thousands)</u>	
3 months or less	\$ 37,444
3 months through 12 months	58,363
1 year through 3 years	3,397
Over 3 years	777
	<u>\$ 99,981</u>

The interest expense associated with each major classification of interest-bearing deposits was as follows:

<u>(Dollars in thousands)</u>	<u>2025</u>	<u>2024</u>
Interest Bearing DDAs	\$ 224	\$ 213
Savings Accounts	36	47
Certificates of Deposit	4,319	4,011
	<u>\$ 4,579</u>	<u>\$ 4,271</u>

**Note J - Borrowed Funds -**

Borrowed funds at December 31, 2025 and 2024 in the amounts of \$9.5 million and \$16.5 million, consisted of advances from the FHLB. These advances were at fixed interest rates at December 31, 2025, ranging from 3.62% to 3.99%. At December 31, 2025, the scheduled maturities of the advances were as follows:

<u>(Dollars in thousands)</u>	
2026	\$ 9,500
2027	—
	<u>\$ 9,500</u>

These advances are collateralized by a blanket lien on a variety of the Bank's mortgage loans (44%), a small portion of the Bank's securities, and FHLB stock held by the Bank.

At December 31, 2025, the Bank had the capacity to borrow an additional \$47.5 million from the FHLB.

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**Note K - Income Taxes -**

The provision (benefit) for income tax for the years ended December 31 is summarized as follows:

<u>(Dollars in thousands)</u>	<u>2025</u>	<u>2024</u>
Current Tax Provision	\$ —	\$ —
Deferred Tax Expense (Benefit)	<u>132</u>	<u>(57)</u>
Provision (Benefit)	<u>\$ 132</u>	<u>\$ (57)</u>

The provision (benefit) for federal income taxes differs from that computed by applying federal statutory rates to income (loss) before federal income tax expense, as indicated in the following analysis:

	<u>2025</u>	<u>2024</u>
Federal Statutory Income Tax	\$ 129	\$ (57)
Tax Exempt Income	(11)	(14)
Other - Net	<u>14</u>	<u>14</u>
	<u>\$ 132</u>	<u>\$ (57)</u>

Deferred tax assets and liabilities at December 31 consist of the following components utilizing federal corporate income tax rates of 21%:

<u>(Dollars in thousands)</u>	<u>2025</u>	<u>2024</u>
Deferred Tax Assets:		
Allowance for Credit Losses - Loans	\$ 272	\$ 275
Deferred Loan Fees and Costs, net	12	13
Deferred Compensation	301	298
Net Unrealized Losses on Securities	149	219
Net Operating Loss	<u>372</u>	<u>499</u>
	1,106	1,304
Deferred Tax Liabilities:		
Tax over Book Depreciation	128	168
Dividends on FHLB Stock	88	73
Mortgage Servicing Rights	196	167
Net Unrealized Gains on Securities	<u>—</u>	<u>—</u>
	<u>412</u>	<u>408</u>
Valuation Allowance	<u>—</u>	<u>—</u>
Net Deferred Tax Asset	<u>\$ 694</u>	<u>\$ 896</u>

The net deferred tax asset is included in prepaid expenses and other assets in the balance sheet.

The Bank's tax filings for the years ended December 31, 2022 through the current date are open to audit under statutes of limitations by the Internal Revenue Service. Management believes that its tax positions would be sustained if

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audited. Any penalties or interest incurred in 2025 or 2024 related to the Bank's tax positions would be classified in the statement of income as other expense.

**Note L – Employee Benefit Plans -**

The Bank has established a 401(k) retirement savings plan that covers substantially all employees. Participants may contribute a portion of their compensation, up to the federal limitations, with the Bank matching the participant's contribution up to 4% of their compensation. Employer contributions expensed were \$74,000 and \$69,000 to the plan in 2025 and 2024, respectively.

The Bank has established a deferred compensation agreement with certain current and past directors and officers. The expense incurred for these agreements for the years ended December 31, 2025 and 2024 amounted to approximately \$21,000 and \$4,000, respectively. The accrued liability for these agreements at December 31, 2025 and 2024 amounted to approximately \$989,000 and \$976,000, respectively.

To finance the benefits under this plan, the Bank has entered into an arrangement to provide for the cost of split-dollar life insurance policies on the lives of certain of the Bank's current and former members of the Board of Directors.

As part of the Company's stock conversion, an employee stock ownership plan ("ESOP") for eligible employees was established. The leveraged ESOP is accounted for in accordance with the requirements of ASC 718, *Compensation – Stock Compensation*. All employees of the Bank meeting certain tenure requirements are entitled to participate in the ESOP.

Shares were purchased by the ESOP with a loan from Heritage NOLA Bancorp, Inc. The ESOP acquired 132,250 shares of the Company's common stock in the conversion. During the years ended December 31, 2025 and December 31, 2024, 5,290 shares were allocated to ESOP plan participants each year, leaving 84,640 and 89,930 unallocated shares in the ESOP at December 31, 2025 and December 31, 2024, respectively. Compensation expense related to the ESOP was \$89,000 for the year ended December 31, 2025 and \$69,000 for the year ended December 31, 2024.

The stock price at the formation date was \$10.00. The aggregate fair value of the 84,640 unallocated shares was \$1,418,566 based on the \$16.76 average closing price of the common stock for the 2025 year.

Under ASC 718, unearned ESOP shares are not considered outstanding and are shown as a reduction of shareholders' equity as unearned compensation. Dividends on unallocated ESOP shares are considered to be compensation expense. The Company recognizes compensation cost equal to the fair value of the ESOP shares during the periods in which they are committed to be released. To the extent that the fair value of the Company's ESOP shares differs from the cost of such shares, the differential is credited to shareholders' equity. The Company receives a tax deduction equal to the cost of the shares released. As the loan is internally leveraged, the loan receivable from the ESOP to the Company is not reported as an asset nor is the debt of the ESOP shown as a Company liability.

The compensation expense resulting from the release of the common stock from the suspense account and allocation to plan participants results in a corresponding reduction in the earnings of Heritage NOLA Bancorp.

In August 2018, the Company's stockholders approved the 2018 Heritage NOLA Bancorp, Inc. Equity Incentive Plan (the "2018 Plan" or the "Plan"). No more than 231,437 shares of the Company's common stock may be issued under the Plan, of which a maximum of 165,312 may be issued pursuant to the exercise of stock options and 66,125 may be issued pursuant to restricted stock awards, restricted stock units and unrestricted share awards. Stock options awarded to employees may be incentive stock options or non-qualified stock options. The shares that may be issued may be authorized but unissued shares or treasury shares. The Plan permits the grant of incentive awards in the form of options, stock appreciation rights, restricted share and share unit awards, and performance share awards. The 2018 Plan contains limits on certain types of awards to individual participants.

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Awards may vest or become exercisable only upon the achievement of performance measures or based solely on the passage of time after award. Stock options and restricted stock awards provide for accelerated vesting upon death, disability or if there is an involuntary termination of service following a change in control (as defined in the Plan).

On August 16, 2018, the Company made grants of restricted shares and stock options for 16,530 and 41,325 shares, respectively, to non-employee members of the Board of Directors. The awards vest over a five-year period and the stock options have a ten-year period to expiration. Each option has an exercise price of \$12.48, as determined on the grant date.

On September 18, 2018, the Company made grants of restricted shares and stock options for 49,581 and 104,500 shares, respectively, to certain members of management and staff. The awards vest over either a five- or seven-year period and the stock options have a ten-year period to expiration. Each option has an exercise price of \$12.45, as determined on the grant date.

On August 20, 2024, the Company made grants of stock options for 20,487 shares, respectively, to certain members of management and staff. The options vest over a five-year period and have a ten-year period to expiration. Each option has an exercise price of \$11.21, as determined on the grant date.

**Stock Options**

The table below represents the stock option activity for the period shown:

	2025		2024	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding at January 1	163,125	\$ 12.31	144,825	\$ 12.46
Granted	—	—	20,487	11.21
Exercised	—	—	—	—
Forfeited	—	—	2,187	11.78
Expired	—	—	—	—
Options outstanding at December 31	163,125	\$ 12.31	163,125	\$ 12.31

As of December 31, the Company had \$91,000 and \$123,000 of unrecognized compensation expense related to stock options expense for the years ended December 31, 2025 and December 31, 2024, respectively, having recognized \$32,000 compensation expense in 2025, and \$21,000 in 2024. The cost of stock options are being amortized in monthly installments over the five-year and seven-year vesting periods. The aggregate grant date fair value of the stock options granted in 2018 was \$544,000. The fair value of the stock options granted in 2025 was \$133,000. The options outstanding at December 31, 2025, were granted on August 16, 2018, September 18, 2018 and August 20, 2024. There are 147,685 options exercisable at December 31, 2025 and there were 140,040 options exercisable at December 31, 2024. Unvested options vest immediately upon a change in control.

The fair value of the Company's stock options granted in 2018 were \$3.69 and \$3.75 for the options granted on August 16, 2018 and September 18, 2018, respectively, and \$6.50 for the options granted on August 20, 2024. The value was determined using the Black-Scholes option pricing formula. The following assumptions were used in the formula:

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	<u>Stock Options Granted August 16, 2018</u>	<u>Stock Options Granted September 18, 2018</u>	<u>Stock Options Granted August 20, 2024</u>
Expected volatility	12.44 %	11.94 %	40.92 %
Risk-free interest rate	2.87 %	3.05 %	3.82 %
Expected dividend yield	— %	— %	— %
Expected life (in years)	10	10	10
Exercise price for the stock options	\$ 12.48	\$ 12.45	\$ 11.21

*Expected volatility* - Based on the historical volatility of share price for the Company.

*Risk-free interest rate* - Based on the U.S. Treasury yield curve and expected life of the options at the time of grant.

*Dividend yield* – Heritage NOLA Bancorp, Inc. does not anticipate a quarterly dividend per share.

*Expected life* - Based on the average of the vesting period and the ten year contractual term of the stock option plan.

*Exercise price for the stock options* - Based on the closing price of the Company’s stock on the date of grant.

**Restricted Shares**

Restricted shares are accounted for as fixed grants using the fair value of the Company’s stock at the time of the grant. Unvested restricted shares may not be disposed of or transferred during the vesting period.

The table below presents the restricted stock award activity for the period shown:

	<u>2025</u>		<u>2024</u>	
	<u>Restricted Stock Awards</u>	<u>Weighted Average Fair Value at Grant Date</u>	<u>Restricted Stock Awards</u>	<u>Weighted Average Fair Value at Grant Date</u>
Non-vested at January 1	2,007	\$ 12.46	4,015	\$ 12.46
Granted	—	—	—	—
Vested	(2,007)	12.46	(2,008)	12.46
Forfeited	—	—	—	—
Non-vested at December 31	<u>—</u>	<u>\$ 12.46</u>	<u>2,007</u>	<u>\$ 12.46</u>

As of December 31, 2025 and December 31, 2024, the Company had \$0 and \$13,000 of unrecognized compensation expense related to restricted shares respectively, having recognized \$13,000 of compensation expense in 2025. The cost of the restricted shares is being amortized in monthly installments over the five and seven-year vesting periods.

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**Note M - Related Party Transaction -**

Certain officers and directors were deposit and loan customers of the Bank in the ordinary course of business. Deposits and loans of these officers and directors at December 31 were as follows:

<u>(Dollars in thousands)</u>	<u>2025</u>	<u>2024</u>
Deposits	<u>\$ 1,918</u>	<u>\$ 2,094</u>
Loans:		
Beginning Loan Balance	\$ 880	\$ 360
New Loans	—	525
Principal Advances	8	—
Repayments	<u>(9)</u>	<u>(5)</u>
Ending Loan Balance	<u>\$ 879</u>	<u>\$ 880</u>

**Note N - Legal Contingencies –**

Various legal claims arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Bank's financial statements.

**Note O - Regulatory Matters -**

The Bank is subject to various regulatory capital requirements administered by its primary federal regulator, the Office of the Comptroller of the Currency (OCC). Failure to meet minimum regulatory capital requirements can initiate certain mandatory, and possible additional discretionary actions by regulators that if undertaken, could have a direct material effect on the Bank's financial statements. Under the capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines involving quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings and other factors. As of December 31, 2025 and 2024, the Bank was classified as well capitalized under the regulatory framework for prompt corrective action, and management believes that the Bank meets all capital requirements to which it is subject.

In 2021, the Bank elected to opt-in to the Community Bank Leverage Ratio (CBLR) framework, which exempts banks with less than \$10 billion in assets, and that meet certain other requirements, from existing risk-based capital ratio and leverage ratio requirements provided they exceed a CBLR of 9.0%. The Bank's actual CBLR and amount at December 31, 2025, and 2024 was as follows:

	<u>Amount</u>	<u>Ratio</u>
	<u>(Dollars in thousands)</u>	
<b>As of December 31, 2025</b>		
CBLR and/or Tier 1 Capital (to Average Total Assets)	\$ 20,064	11.0%
	<u>Amount</u>	<u>Ratio</u>
	<u>(Dollars in thousands)</u>	
<b>As of December 31, 2024</b>		
CBLR and/or Tier 1 Capital (to Average Total Assets)	\$ 19,197	10.8%

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The Bank is subject to certain restrictions on the amount of dividends that it may pay without prior regulatory approval. In addition, dividends paid by the Bank would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements.

**Note P - Accumulated Other Comprehensive Income (Loss) -**

The following is a summary of the changes in the balances of each component of accumulated other comprehensive income (loss) for the years ended December 31, 2025 and 2024:

<u>(Dollars in thousands)</u>	<u>2025</u>	<u>2024</u>
<b><u>Unrealized Gains (Losses) on Securities Available for Sale:</u></b>		
Beginning Balance	\$ (824)	\$ (778)
Effect of sale of Available for Sale Securities	—	—
Other Comprehensive Income (Loss) - Net of Tax	<u>262</u>	<u>(46)</u>
Ending Balance	<u><u>\$ (562)</u></u>	<u><u>\$ (824)</u></u>

**Note Q - Fair Value of Financial Statements -**

Fair Value Disclosures

The Bank groups its financial assets and liabilities measured at fair value in three levels. Fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the inputs used to develop those assumptions and measure fair value. The hierarchy requires companies to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Includes the most reliable sources, and includes quoted prices in active markets for identical assets or liabilities.
- Level 2 - Includes observable inputs. Observable inputs include inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates) as well as inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).
- Level 3 - Includes unobservable inputs and should be used only when observable inputs are unavailable.

Recurring Basis

Fair values of investment securities available for sale were primarily measured using information from a third-party pricing service. This pricing service provides information by utilizing evaluated pricing models supported with market data information. Standard inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data from market research publications.

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The following tables present the balance of assets and liabilities measured on a recurring basis as of December 31, 2025 and 2024. The Bank did not record any liabilities at fair value for which measurement of the fair value was made on a recurring basis.

(In thousands) Description	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2025</u>				
U.S. Government Agency - SBA pools	\$ 184	\$	\$ 184	\$
U.S. Agency Mortgage-Backed Securities	4,329		4,329	
U.S. Government Agency	790		790	
Municipal Bonds	383		383	
Total Available for Sale Securities	\$ 5,686	\$ —	\$ 5,686	\$ —
<u>December 31, 2024</u>				
U.S. Government Agency - SBA pools	\$ 287	\$	\$ 287	\$ —
U.S. Agency Mortgage-Backed Securities	4,778		4,778	—
U.S. Government Agency	736		736	
Municipal Bonds	362		362	
Total Available for Sale Securities	\$ 6,163	\$ —	\$ 6,163	\$ —

Nonrecurring Basis

The Company has segregated all financial assets and liabilities that are measured at fair value on a nonrecurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the table below. The Company did not record any liabilities at fair value for which measurement of the fair value was made on a non-recurring basis.

The fair value of the collateral dependent loans is measured at the fair value of the collateral. Collateral dependent loans are Level 2 assets measured using appraisals from external parties of the collateral less any prior liens. Repossessed assets are initially recorded at fair value less estimated costs to sell. The fair value of repossessed assets

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is based on property appraisals and an analysis of similar properties available. As such, the Bank records repossessed assets as Level 2.

<u>(In thousands)</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2025</u>				
Assets				
Collateral Dependent Loans	\$ 458	\$ —	\$ 458	\$ —
Repossessed Assets	—	—	—	—
Total	<u>\$ 458</u>	<u>\$ —</u>	<u>\$ 458</u>	<u>\$ —</u>
<u>December 31, 2024</u>				
Assets				
Collateral Dependent Loans	\$ 691	\$ —	\$ 691	\$ —
Repossessed Assets	—	—	—	—
Total	<u>\$ 691</u>	<u>\$ —</u>	<u>\$ 691</u>	<u>\$ —</u>

Fair values of financial instruments - In cases where quoted market prices of financial instruments are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. The fair values of certain financial instruments and all non-financial instruments are not required to be disclosed. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company. The following methods and assumptions were used by the Company in estimating fair values of financial instruments:

Cash, due from banks, federal funds sold and interest-earning deposits with banks - The carrying amount is a reasonable estimate of fair value.

Securities - Fair value is based on quoted market price, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Loans Receivable - Fair value is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Cash Value of Life Insurance - The carrying amount approximates its fair value.

Deposits - The fair value of demand, savings, NOW and money market accounts is the amount payable on demand at the reporting date. The fair value of fixed-maturity time deposits is estimated using the rates currently offered for deposits of similar remaining maturities.

Borrowings - The carrying amounts of federal funds purchased, borrowings under repurchase agreements, and other short-term borrowings maturing within ninety days approximate their fair values. Fair values of other borrowings are estimated using discounted cash flow analyses based on current incremental borrowing rates for similar types of borrowing arrangements.

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Commitments to extend credit and standby letters of credit - The fair values of commitments to extend credit and standby letters of credit do not differ significantly from the commitment amount and are therefore omitted from this disclosure.

The carrying amounts and estimated fair values of the Company's financial instruments at December 31 are as follows:

(In thousands)	Carrying Amount	Fair Value	Fair Value Measurement Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2025</b>					
Financial Assets:					
Cash, Short-Term Investments and Federal Funds Sold	\$ 11,151	\$ 11,151	\$ 11,151	\$ —	\$ —
Securities-Available for Sale	5,686	5,686	—	5,686	—
Securities-Held to Maturity	5,979	5,521	—	5,521	—
Other Equity Securities	469	469	—	—	469
Cash Value of Life Insurance	2,491	2,491	—	2,491	—
Loans Held for Sale	—	—	—	—	—
Loans Held -Net	144,522	143,783	—	—	143,783
	\$ 170,298	\$ 169,101	\$ 11,151	\$ 13,698	\$ 144,252
Financial Liabilities:					
Deposits	\$ 147,215	\$ 147,976	\$ —	\$ —	\$ 147,976
Borrowed Funds	9,500	9,500	—	9,500	—
	\$ 156,715	\$ 157,476	\$ —	\$ 9,500	\$ 147,976

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(In thousands)	Carrying Amount	Fair Value	Fair Value Measurement Using		
			Quoted Prices in Active Markets Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2024</b>					
Financial Assets:					
Cash, Short-Term Investments and					
Federal Funds Sold	\$ 9,248	\$ 9,248	\$ 9,248	\$ —	\$ —
Securities-Available for Sale	6,163	6,163	—	6,163	—
Securities-Held to Maturity	6,775	5,983	—	5,983	—
Other Equity Securities	1,553	1,553	—	—	1,553
Cash Value of Life Insurance	2,429	2,429	—	2,429	—
Loans Held for Sale	—	—	—	—	—
Loans-Net	146,008	141,727	—	—	141,727
	\$ 172,176	\$ 167,103	\$ 9,248	\$ 14,575	\$ 143,280
Financial Liabilities:					
Deposits	\$ 143,349	\$ 143,482	\$ —	\$ —	\$ 143,482
Borrowed Funds	16,500	16,499	—	16,499	—
	\$ 159,849	\$ 159,981	\$ —	\$ 16,499	\$ 143,482

**Note R - Condensed Financial Information (Parent Company Only)-**

Presented below is condensed financial information as to the financial position, results of operations and cash flows of the Parent Company:

CONDENSED BALANCE SHEET

(in thousands)	As of December 31,	
	2025	2024
<b>Assets:</b>		
Cash	\$ 1,175	\$ 1,334
Due from Subsidiary Bank	—	—
Deferred Tax Asset	241	197
Investments in Bank Subsidiary	19,616	18,666
Total Assets	\$ 21,032	\$ 20,197
<b>Liabilities and Shareholders' Equity:</b>		
Liabilities	\$ 35	\$ 74
Total Shareholders Equity	20,997	20,123
Total Liabilities and Shareholders' Equity	\$ 21,032	\$ 20,197

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CONDENSED STATEMENT OF OPERATIONS

	<b>Years Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Income:</b>		
Equity in Net Income (Loss) of Bank Subsidiary	\$ 642	\$ (29)
Total Income	\$ 642	\$ (29)
<b>Expense:</b>		
Professional Fees	\$ 116	\$ 157
Other Noninterest Expense	92	82
Total Expense	\$ 208	\$ 239
Income (Loss) Before Income Tax Expense (Income)	\$ 434	\$ (268)
Provision (Benefit) for Income Tax	(45)	(50)
<b>Net Income (Loss)</b>	<b>\$ 479</b>	<b>\$ (218)</b>

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CONDENSED STATEMENT OF CASH FLOWS

	<b>Years Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash Flows From Operating Activities:</b>		
Net Income (Loss)	\$ 479	\$ (218)
(Increase) Decrease in Due from Bank Subsidiary	—	—
(Increase) Decrease in Equity in Net Income of Bank Subsidiary	(643)	1,330
(Increase) Decrease in Deferred Income Tax Benefit	(44)	(50)
Increase (Decrease) in other Liabilities	(39)	(198)
Net Cash provided by (used in) Operating Activities	<u>(247)</u>	<u>864</u>
<b>Cash Flows From Investing Activities:</b>		
Compensation Costs on Stock Benefit Plans	88	68
Net Cash provided by (used in) Investing Activities	<u>88</u>	<u>68</u>
<b>Cash Flows From Financing Activities:</b>		
Shares Repurchased	—	—
Net Cash provided by (used in) Financing Activities	<u>—</u>	<u>—</u>
Net Increase (Decrease) in Cash	(159)	932
Cash at Beginning of Period	<u>1,334</u>	<u>402</u>
Cash at End of Period	<u>\$ 1,175</u>	<u>\$ 1,334</u>