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HERITAGE NOLA BANCORP, INC ANNOUNCES JUNE 30, 2020 QUARTERLY EARNINGS

Covington, Louisiana - Heritage NOLA Bancorp, Inc. (the "Company") (OTC Pink Marketplace symbol: HRRGG), the holding company of Heritage Bank of St. Tammany (the "Bank"), announces a record net income of \$227,000, or \$0.21 per basic share, for the quarter ended June 30, 2020, compared to net income of \$42,000, or \$0.03 per basic share, for the quarter ended June 30, 2019. The increase in net income was primarily attributable to an increase of \$401,000 in noninterest income, partially offset by an increase of \$186,000 in noninterest expense. The increase in noninterest income was due to an increase in gain on sale of loans and loan servicing income. The increase in noninterest expense was largely driven by the addition of staff to accommodate the robust growth in loan operations and to staff our new branch to be opened soon at 13102 La. Highway 1085 in Covington, Louisiana.

As COVID-19 took center stage in the second quarter, so did record low interest rates. The Bank saw a dramatic increase in mortgage loan refinances originated to be sold to Freddie Mac. The Bank maintains servicing on these loans, so not only was income up from the origination and sale of the loans, but also loan servicing income increased. Gain on sale of loans increased to \$275,000 for the quarter ended June 30, 2020 from \$21,000 for the quarter ended June 30, 2019, and loan servicing income increased to \$197,000 for the quarter ended June 30, 2020 from \$51,000 for the quarter ended June 30, 2019.

Total assets were \$139.2 million at June 30, 2020, compared to \$131.4 million at December 31, 2019, an increase of \$7.8 million. Total loans, net increased \$3.6 million to \$106.1 million at June 30, 2020, from \$102.5 million at December 31, 2019.

Portfolio loans receivable decreased \$1.9 million to \$101.1 million at June 30, 2020 from \$103.0 million at December 31, 2019. Loans held for sale increased \$5.5 million, and commercial business loans increased \$3.1 million, year to date, offset by a decrease in one-to four-family residential loans of \$7.3 million. These were mostly loans that refinanced into loans sold, or to be sold, to Freddie Mac.

Total deposits increased \$8.1 million to \$97.1 million at June 30, 2020 from \$88.9 million at December 31, 2019. Borrowings decreased \$1.0 million to \$17.0 million at June 30, 2020 from \$18.0 million at December 31, 2019. Noninterest bearing checking accounts increased \$5.1 million, and savings accounts increased \$3.8 million.

Stockholders' equity was \$23.4 million at June 30, 2020, compared to \$23.2 million at December 31, 2019, an increase of \$193,000. The increase was primarily due to net income of \$293,000 for the six months and an increase of \$129,000 in additional other paid-in capital for the equity incentive plan offset by stock repurchases totaling \$274,000. The Bank remains well-capitalized with ratios well in excess of regulatory minimums.

Interest income increased to \$1.5 million for the quarter ended June 30, 2020 compared to \$1.4 million for the quarter ended June 30, 2019. The average balance of the loan portfolio increased \$6.7 million to \$105.1 million for the 2020 quarter compared to \$98.4 million for the 2019 quarter, while the average yield increased three basis points. The average balance and yield of the investment securities for the quarter ended June 30, 2020 were \$6.1 million and 1.51%, respectively, as compared to an average balance of \$4.4 million and a yield of 2.76% for the quarter ended June 30, 2019. Other interest earning assets, consisting primarily of deposits in correspondent banks and other banks, had an average balance of \$13.4 million and an average yield of 1.26% for the quarter ended June 30, 2020, compared to \$9.8 million and 2.66%, respectively, for the quarter ended June 30, 2019.

Interest expense decreased \$5,000 to \$394,000 for the quarter ended June 30, 2020, from \$399,000 for the quarter ended June 30, 2019. Average interest-bearing deposits increased \$12.5 million to \$84.8 million from \$72.3 million for the quarters ended June 30, 2020 and June 30, 2019, respectively. The average cost on these deposits decreased to 1.44% from 1.58% for the same periods. The average balance of borrowings decreased to \$18.1 million for the quarter ended June 30, 2020 from \$18.2 million for the quarter ended June 30, 2019. The average cost for these borrowings decreased to 1.92% from 2.50% for the same periods.

Net interest income increased \$72,000 to \$1.1 million for the quarter ended June 30, 2020, from \$988,000 for the quarter ended June 30, 2019. Our interest rate spread decreased to 3.14% from 3.16%, and our net interest margin decreased to 3.40% from 3.51%, for the quarter ended June 30, 2020 as compared to the quarter ended June 30, 2019.

The Bank recorded provision for loan losses of \$40,000 for the quarter ended June 30, 2020, compared to no provisions recorded for the quarter ended June 30, 2019. The provision recorded during the 2020 period was done in accordance with the Bank's allowance for loan loss methodology. The allowance for loan losses was \$818,000, or 0.77% of total loans at June 30, 2020.

Non-interest income increased \$401,000 to \$505,000 for the quarter ended June 30, 2020 from \$104,000 for the quarter ended June 30, 2019. The increase was due to an increase in gain on loans originated for sale of \$254,000, and an increase in loan servicing income of \$146,000.

Non-interest expense increased \$186,000 for the quarter ended June 30, 2020 compared to the same quarter in 2019, largely due to an increase in salaries and employee benefits expense of \$124,000 and an increase in occupancy expense of \$40,000. Both of these increases were driven largely by the expenses related to our expanding loan operations, production-based compensation for our lenders, and the preparation involved with our new branch office at 13102 La. Highway 1085 in Covington, Louisiana which is expected to open in mid-August.

Income tax expense increased to \$63,000 for the quarter ended June 30, 2020 due to the increase in the Company's income, and a correction to an under accrual of tax expense in the first quarter of 2020.

About Heritage NOLA Bancorp, Inc.

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

Forward-Looking Statement

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

Heritage NOLA Bancorp, Inc.
Consolidated Statements of Financial Condition
June 30, 2020 (unaudited) and December 31, 2019
(In Thousands, except share data)

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
<u>ASSETS</u>		
Cash and Due from Banks	\$ 1,605	\$ 806
Interest Earning Deposits in Banks	8,413	5,351
Total Cash and Cash Equivalents	<u>10,018</u>	<u>6,157</u>
Interest Earning Time Deposits in Banks	5,827	6,076
Securities Available for Sale, at Fair Value	5,515	6,210
Securities Held to Maturity	325	389
Mortgage Loans Held for Sale	5,817	284
Loans Receivable, Net of Unearned Income	101,066	102,954
Allowance for Loan Losses	(818)	(769)
Total Loans, Net	<u>106,065</u>	<u>102,469</u>
Premises and Equipment	7,017	5,857
Federal Home Loan Bank Stock	837	827
Bank Owned Life Insurance	2,179	2,153
Foreclosed Real Estate	0	0
Prepaid Expenses and Other Assets	1,451	1,294
Total Assets	<u><u>\$ 139,234</u></u>	<u><u>\$ 131,432</u></u>
<u>LIABILITIES AND EQUITY</u>		
Interest Bearing Deposits	\$ 86,802	\$ 83,734
Noninterest Bearing Deposits	10,275	5,205
Total Deposits	<u>97,077</u>	<u>88,939</u>
Borrowed Funds	17,001	18,041
Advances from Borrowers for Taxes and Insurance	553	302
Accrued Expenses and Other Liabilities	1,226	966
Total Liabilities	<u>115,857</u>	<u>108,248</u>
Shareholders' Equity		
Preferred Stock, \$0.01 Par Value, 1,000,000 Shares Authorized, None Issued	0	0
Common Stock, \$0.01 Par Value, 9,000,000 Shares Authorized, 1,530,209 and 1,543,309 Shares Issued and Outstanding on June 30, 2020 and December 31, 2019	15	15
Additional Paid-in Capital	13,416	13,561
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(1,164)	(1,164)
Retained Earnings	11,042	10,750
Accumulated Other Comprehensive Income (Loss)	68	22
Total Shareholders' Equity	<u>23,377</u>	<u>23,184</u>
Total Liabilities and Shareholders' Equity	<u><u>\$ 139,234</u></u>	<u><u>\$ 131,432</u></u>

Heritage NOLA Bancorp, Inc.
Consolidated Statements of Income
For the Three Months and Six Months Ended June 30, 2020 and 2019 (Unaudited)
(In Thousands, except share data)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest Income				
Loans, including Fees	\$ 1,389	\$ 1,292	\$ 2,762	\$ 2,525
Investment Securities	23	30	60	60
Other Interest Earning Assets	42	65	108	130
Total Interest Income	<u>1,454</u>	<u>1,387</u>	<u>2,930</u>	<u>2,715</u>
Interest Expense				
Deposits	307	285	653	565
Borrowed Funds	87	114	181	219
Total Interest Expense	<u>394</u>	<u>399</u>	<u>834</u>	<u>784</u>
Net Interest Income	1,060	988	2,096	1,931
Provision for Loan Losses				
Net Interest Income after Provision for Loan Losses	<u>40</u>	<u>0</u>	<u>50</u>	<u>0</u>
	1,020	988	2,046	1,931
Noninterest Income				
Gain on Sale of Loans Originated for Sale	275	21	306	40
Loan Servicing Income	197	51	248	102
Other Income	33	32	68	61
Total Noninterest Income	<u>505</u>	<u>104</u>	<u>622</u>	<u>203</u>
Noninterest Expense				
Salaries and Employee Benefits	727	603	1,384	1,180
Occupancy and Equipment	149	109	302	217
Data Processing	51	43	104	89
FDIC Insurance and Examination Fees	17	20	30	41
Director Compensation	19	17	36	36
Legal, Accounting and Professional Fees	65	81	115	146
Advertising	19	31	39	56
Telephone and Communications	18	17	32	34
Other	170	128	262	218
Total Noninterest Expense	<u>1,235</u>	<u>1,049</u>	<u>2,304</u>	<u>2,017</u>
Income Before Income Tax Expense	290	43	364	117
Income Tax Expense	63	1	71	18
Net Income	<u>\$ 227</u>	<u>\$ 42</u>	<u>\$ 293</u>	<u>\$ 99</u>
Earnings per share: Basic				
	\$ 0.21	\$ 0.03	\$ 0.21	\$ 0.06
Diluted	\$ 0.20	\$ 0.03	\$ 0.20	\$ 0.06

Other Financial Data

(Annualized)

Three Months Ended June 30,

	2020	2019
Return on average assets	0.67%	0.14%
Return on average equity	3.90%	0.70%
Net interest margin	3.40%	3.51%
Tier 1 Leverage ratio	17.14%	18.99%
Allowance for loan losses to total loans	0.75%	0.76%
Non-performing loans to total loans	0.88%	0.80%
Earnings per share, basic	\$ 0.21	\$ 0.03
Earnings per share, diluted	\$ 0.20	\$ 0.03
Book Value per share, common equity	\$ 15.35	\$ 15.02
Book Value per share, Tier 1 equity	\$ 15.33	\$ 15.01