

Release Date: November 2, 2020

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

Covington, Louisiana - Heritage NOLA Bancorp, Inc. (the "Company") (OTC Pink Marketplace symbol: HRCG), the holding company of Heritage Bank of St. Tammany (the "Bank"), announces net income of \$177,000, or \$0.13 per basic share, for the quarter ended September 30, 2020, compared to net income of \$83,000, or \$0.06 per basic share, for the quarter ended September 30, 2019. The increase in net income was primarily attributable to an increase of \$449,000 in noninterest income, partially offset by an increase of \$327,000 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 which opened in August, 2020 at 13102 La. Highway 1085 in Covington, Louisiana.

The Bank has continued to experience a large volume in mortgage loan refinancing originated to be sold to Freddie Mac. The Bank maintains servicing on these loans, so not only was income up from the origination and sale of the loans, but also loan servicing income increased. Gain on sale of loans increased to \$355,000 for the quarter ended September 30, 2020 from \$43,000 for the quarter ended September 30, 2019, and loan servicing income increased to \$195,000 for the quarter ended September 30, 2020 from \$65,000 for the quarter ended September 30, 2019.

Total assets were \$144.9 million at September 30, 2020, compared to \$131.4 million at December 31, 2019, an increase of \$13.5 million. Total loans, net increased \$4.5 million to \$107.0 million at September 30, 2020, from \$102.5 million at December 31, 2019. Total cash and cash equivalents increased \$4.6 million to \$10.8 million at September 30, 2020, from \$6.2 million at December 31, 2019.

Interest earning demand deposits in correspondent banks increased \$4.3 million to \$9.7 million at September 30, 2020, from \$5.4 million at December 31, 2019. This increase is due to the increase in customer deposits which is prevalent at financial institutions across the country at this time.

Portfolio loans receivable decreased \$2.9 million to \$100.1 million at September 30, 2020 from \$103.0 million at December 31, 2019, and loans held for sale increased \$7.5 million to \$7.8 million at September 30, 2020. Within portfolio loans, commercial business loans increased \$3.0 million and commercial real estate loans increased \$1.7 million, year to date, offset by a decrease in one-to four-family residential loans of \$10.2 million. This decline is due primarily to loans that refinanced into loans sold, or to be sold, to Freddie Mac.

Total deposits increased \$15.0 million to \$103.9 million at September 30, 2020 from \$88.9 million at December 31, 2019. Borrowings decreased \$2.2 million to \$15.8 million at September 30, 2020 from \$18.0 million at December 31, 2019. Savings accounts increased \$8.0 million, and noninterest bearing checking accounts increased \$7.3 million year to date.

Stockholders' equity was \$23.2 million at September 30, 2020, an increase of \$49,000 from December 31, 2019. Though net income was \$469,000 for the nine months, this income was offset by stock repurchases totaling \$374,000. The Bank remains well-capitalized with ratios well in excess of regulatory minimums.

Interest income for the quarter ended September 30, 2020 remained stable at \$1.5 million, the same figure as for the quarter ended September 30, 2019. The average balance of the loan portfolio increased \$3.5 million to \$105.4 million for the 2020 quarter compared to \$101.9 million for the 2019 quarter, while the average yield decreased ten basis points, to

5.26%. The average balance and yield of the investment securities for the quarter ended September 30, 2020 were \$7.5 million and 1.34%, respectively, as compared to an average balance of \$6.4 million and a yield of 2.63% for the quarter ended September 30, 2019. Other interest earning assets, consisting primarily of deposits in correspondent banks and other banks, had an average balance of \$17.7 million and an average yield of 0.93% for the quarter ended September 30, 2020, compared to \$14.8 million and 2.59%, respectively, for the quarter ended September 30, 2019.

Interest expense decreased \$130,000 to \$353,000 for the quarter ended September 30, 2020, from \$483,000 for the quarter ended September 30, 2019. Average interest-bearing deposits increased \$4.4 million to \$89.8 million from \$85.4 million for the quarters ended September 30, 2020 and September 30, 2019, respectively. The average cost on these deposits decreased to 1.24% from 1.77% for the same periods. The average balance of borrowings decreased to \$16.1 million for the quarter ended September 30, 2020 from \$17.1 million for the quarter ended September 30, 2019. The average cost for these borrowings decreased to 1.86% from 2.48% for the same periods.

Net interest income increased \$75,000 to \$1.1 million for the quarter ended September 30, 2020, from \$1.0 million for the quarter ended September 30, 2019. Our interest rate spread decreased to 3.14% from 3.16%, and our net interest margin increased to 3.36% from 3.32%, for the quarter ended September 30, 2020 as compared to the quarter ended September 30, 2019.

The Bank recorded provision for loan losses of \$95,000 for the quarter ended September 30, 2020, compared to no provisions recorded for the quarter ended September 30, 2019. The provision recorded during the 2020 period was done in accordance with the Bank's allowance for loan loss methodology. Qualitative factors have been adjusted for possible additional losses due to the economic shut down from the COVID-19 pandemic. The allowance for loan losses was \$912,000, or 0.83% of total loans at September 30, 2020.

Non-interest income increased \$449,000 to \$592,000 for the quarter ended September 30, 2020 from \$143,000 for the quarter ended September 30, 2019. The increase was due to an increase in gain on loans originated for sale of \$312,000, and an increase in loan servicing income of \$130,000.

Non-interest expense increased \$327,000 for the quarter ended September 30, 2020 compared to the same quarter in 2019, largely due to an increase in salaries and employee benefits expense of \$158,000 and an increase in occupancy expense of \$73,000. Both of these increases were driven largely by the expenses related to our expanding loan operations, production-based compensation for our lenders, and the personnel and occupancy expense of our new branch office at 13102 La. Highway 1085 in Covington, Louisiana which opened in mid-August.

Income tax expense increased to \$43,000 for the quarter ended September 30, 2020 due to the increase in the Company's income, resulting in an effective tax rate for the quarter of 19.5%.

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
September 30, 2020 (unaudited) and December 31, 2019
(In Thousands, except share data)

| | September 30, 2020 | December 31, 2019 |
|--|-----------------------|----------------------|
| <u>ASSETS</u> | | |
| Cash and Due from Banks | \$ 1,142 | \$ 806 |
| Interest Earning Deposits in Banks | 9,660 | 5,351 |
| Total Cash and Cash Equivalents | 10,802 | 6,157 |
| Interest Earning Time Deposits in Banks | 5,827 | 6,076 |
| Securities Available for Sale, at Fair Value | 9,092 | 6,210 |
| Securities Held to Maturity | 290 | 389 |
| Mortgage Loans Held for Sale | 7,815 | 284 |
| Loans Receivable, Net of Unearned Income | 100,071 | 102,954 |
| Allowance for Loan Losses | (912) | (769) |
| Total Loans, Net | 106,974 | 102,469 |
| Premises and Equipment | 7,331 | 5,857 |
| Federal Home Loan Bank Stock | 839 | 827 |
| Bank Owned Life Insurance | 2,193 | 2,153 |
| Foreclosed Real Estate | 0 | 0 |
| Prepaid Expenses and Other Assets | 1,602 | 1,294 |
| Total Assets | \$ 144,950 | \$ 131,432 |
| <u>LIABILITIES AND EQUITY</u> | | |
| Interest Bearing Deposits | \$ 91,379 | \$ 83,734 |
| Noninterest Bearing Deposits | 12,487 | 5,205 |
| Total Deposits | 103,866 | 88,939 |
| Borrowed Funds | 15,829 | 18,041 |
| Advances from Borrowers for Taxes and Insurance | 574 | 302 |
| Accrued Expenses and Other Liabilities | 1,448 | 966 |
| Total Liabilities | 121,717 | 108,248 |
| 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, 1,484,780 and 1,543,309 Shares Issued and Outstanding on September 30, 2020 and December 31, 2019 | 12 | 15 |
| Additional Paid-in Capital | 13,110 | 13,561 |
| Unallocated common stock held by: | | |
| Employee Stock Ownership Plan (ESOP) | (1,164) | (1,164) |
| Retained Earnings | 11,219 | 10,750 |
| Accumulated Other Comprehensive Income (Loss) | 56 | 22 |
| Total Shareholders' Equity | 23,233 | 23,184 |
| Total Liabilities and Shareholders' Equity | \$ 144,950 | \$ 131,432 |

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

| | <u>Three Months Ended September 30,</u> | | <u>Nine Months Ended September 30,</u> | |
|---|---|--------------|--|---------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Interest Income | | | | |
| Loans, including Fees | \$ 1,385 | \$ 1,367 | \$ 4,146 | \$ 3,892 |
| Investment Securities | 25 | 42 | 85 | 102 |
| Other Interest Earning Assets | 41 | 97 | 150 | 228 |
| Total Interest Income | <u>1,451</u> | <u>1,506</u> | <u>4,381</u> | <u>4,222</u> |
| Interest Expense | | | | |
| Deposits | 278 | 377 | 931 | 942 |
| Borrowed Funds | 75 | 106 | 256 | 326 |
| Total Interest Expense | <u>353</u> | <u>483</u> | <u>1,187</u> | <u>1,268</u> |
| Net Interest Income | 1,098 | 1,023 | 3,194 | 2,954 |
| Provision for Loan Losses | | | | |
| Net Interest Income after Provision for Loan Losses | <u>95</u> | <u>ô</u> | <u>145</u> | <u>ô</u> |
| | 1,003 | 1,023 | 3,049 | 2,954 |
| Noninterest Income | | | | |
| Gain on Sale of Loans Originated for Sale | 355 | 43 | 660 | 83 |
| Loan Servicing Income | 195 | 65 | 443 | 166 |
| Other Income | 42 | 35 | 111 | 95 |
| Total Noninterest Income | <u>592</u> | <u>143</u> | <u>1,214</u> | <u>344</u> |
| Noninterest Expense | | | | |
| Salaries and Employee Benefits | 782 | 624 | 2,166 | 1,804 |
| Occupancy and Equipment | 187 | 114 | 489 | 331 |
| Data Processing | 57 | 45 | 161 | 133 |
| FDIC Insurance and Examination Fees | 23 | 14 | 53 | 55 |
| Director Compensation | 18 | 18 | 54 | 54 |
| Legal, Accounting and Professional Fees | 68 | 65 | 182 | 211 |
| Advertising | 43 | 30 | 83 | 85 |
| Telephone and Communications | 20 | 17 | 52 | 51 |
| Other | 177 | 121 | 440 | 339 |
| Total Noninterest Expense | <u>1,375</u> | <u>1,048</u> | <u>3,680</u> | <u>3,063</u> |
| Income Before Income Tax Expense | 220 | 118 | 583 | 235 |
| Income Tax Expense | 43 | 35 | 114 | 53 |
| Net Income | <u>\$ 177</u> | <u>\$ 83</u> | <u>\$ 469</u> | <u>\$ 182</u> |
| Earnings per share: Basic | | | | |
| | \$ 0.13 | \$ 0.06 | \$ 0.33 | \$ 0.12 |
| Diluted | | | | |
| | \$ 0.13 | \$ 0.06 | \$ 0.33 | \$ 0.12 |

Other Financial Data

(Annualized)

Three Months Ended September 30,

| | 2020 | 2019 |
|--|----------|----------|
| Return on average assets | 0.50% | 0.29% |
| Return on average equity | 3.02% | 1.36% |
| Net interest margin | 3.36% | 3.69% |
| Tier 1 Leverage ratio | 16.34% | 20.27% |
| Allowance for loan losses to total loans | 0.83% | 0.77% |
| Non-performing loans to total loans | 0.67% | 0.10% |
| Earnings per share, basic | \$ 0.13 | \$ 0.06 |
| Earnings per share, diluted | \$ 0.13 | \$ 0.06 |
| Book Value per share, common equity | \$ 15.65 | \$ 14.80 |
| Book Value per share, Tier 1 equity | \$ 15.61 | \$ 14.81 |