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HERITAGE NOLA BANCORP, INC ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2022

Covington, Louisiana - Heritage NOLA Bancorp, Inc. (the "Company") (OTC Pink Marketplace: HRGG), the holding company of Heritage Bank of St. Tammany (the "Bank"), announces net income of \$151,000, or \$0.13 per basic share, for the quarter ended June 30, 2022, compared to net income of \$247,000, or \$0.20 per basic share, for the quarter ended June 30, 2021. The decrease in net income is due to a decrease in noninterest income of \$208,000 due to fewer loans being sold in the secondary market for the quarter ended June 30, 2022 compared to the same quarter in 2021.

The volume of residential mortgage loans refinanced and sold to Freddie Mac has decreased significantly in 2022 as residential loan rates have risen substantially. Gains on sales of loans decreased to \$17,000 for the quarter ended June 30, 2022 from \$187,000 for the quarter ended June 30, 2021, and loan servicing income decreased to \$85,000 for the 2022 quarter from \$127,000 for the 2021 quarter.

Total assets were \$163.0 million at June 30, 2022, compared to \$153.6 million at December 31, 2021, an increase of \$9.4 million. Total loans, net of allowance for loan and lease losses, increased \$8.2 million to \$111.0 million at June 30, 2022, from \$102.8 million at December 31, 2021. Total securities increased \$3.7 million to \$24.1 million at June 30, 2022, from \$20.4 million at December 31, 2021.

Cash and cash equivalents plus time deposits in banks decreased \$2.8 million to a total of \$15.4 million at June 30, 2022, from \$18.3 million at December 31, 2021. Excess liquidity was used to fund loans and to purchase mortgage-backed securities.

Portfolio loans receivable increased \$8.0 million to \$111.6 million at June 30, 2022 from \$103.6 million at December 31, 2021. Within portfolio loans, one-to four-family residential construction loans increased \$4.2 million, land loans and other construction increased \$2.8 million, and one- to four-family residential loans increased \$2.7 million, year to date. Offsetting those increases was an increase of \$3.3 million in the funds held for construction.

Total deposits increased \$14.4 million to \$133.6 million at June 30, 2022 from \$119.2 million at December 31, 2021. Within deposits, savings accounts grew by \$6.3 million, transaction accounts grew by \$4.1 million, and certificates of deposit grew by \$4.0 million, year to date. Borrowings decreased \$3.2 million to \$7.3 million at June 30, 2022 from \$10.5 million at December 31, 2021.

Stockholders' equity decreased to \$20.4 million at June 30, 2022, from \$22.3 million at December 31, 2021. Net income was \$307,000 year to date, offset by stock repurchases of 49,000 shares, year to date, for an aggregate purchase price of \$816,000. The biggest factor, Accumulated Other Comprehensive Income, decreased from (\$191,000) at December 31, 2021, to (\$1.6 million) at June 30, 2022, due to the unrealized loss on available for sale investments. The Bank has the ability and the intent to hold these investments until

maturity with minimal risk of loss. At June 30, 2022, the Bank's Tier 1 Leverage ratio was 13.17%, well in excess of the regulatory minimum.

Interest income for the quarter ended June 30, 2022 was \$1.4 million, with little change from the quarter ended June 30, 2021. The average balance of the loan portfolio increased to \$108.0 million for the second quarter of 2022, from \$106.0 million for the second quarter of 2021, while the average yield decreased 43 basis points, to 4.79%, from 5.22%. The average balance and yield of the investment securities for the quarter ended June 30, 2022 were \$23.8 million and 1.78%, respectively, as compared to an average balance of \$17.6 million and a yield of 1.14% for the quarter ended June 30, 2021. Other interest-earning assets, consisting primarily of deposits in correspondent banks and other banks, had an average balance of \$14.4 million and an average yield of 1.03% for the quarter ended June 30, 2022, compared to \$15.6 million and 0.72%, respectively, for the quarter ended June 30, 2021.

Interest expense decreased \$59,000 to \$167,000 for the quarter ended June 30, 2022, from \$226,000 for the quarter ended June 30, 2021. Average interest-bearing deposits increased \$10 million to \$111.9 million from \$101.9 million for the quarters ended June 30, 2022 and June 30, 2021, respectively. The average cost on these deposits decreased to 0.49% for the 2022 quarter from 0.69% for the 2021 quarter. The average balance of borrowings decreased to \$7.7 million for the quarter ended June 30, 2022 from \$12.8 million for the quarter ended June 30, 2021. The average cost for these borrowings decreased to 1.56% from 1.57%, period to period.

Net interest income increased \$36,000 to \$1.3 million for the quarter ended June 30, 2022. Our interest rate spread decreased to 3.37% from 3.40%, and our net interest margin decreased to 3.47% from 3.55%, for the quarter ended June 30, 2022 as compared to the quarter ended June 30, 2021.

The Bank did not record a provision for loan losses for the quarter ended June 30, 2022 or for the quarter ended June 30, 2021. For both periods, the provision recorded, or not recorded, 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 current economic slowdown. The allowance for loan losses was \$1.0 million, or 0.86% of total loans, at June 30, 2022.

Non-interest income decreased \$208,000 to \$164,000 for the quarter ended June 30, 2022 from \$372,000 for the quarter ended June 30, 2021. The decrease was due to decreases in the 2022 quarter in gain on loans originated for sale of \$170,000 and in loan servicing income of \$42,000.

Non-interest expense decreased \$47,000 for the quarter ended June 30, 2022 compared to the same quarter in 2021, largely due to a decrease in salaries and employee benefits expense of \$73,000. The decrease in salaries was due to a reduction in loan production incentives correlating with the decrease in loans originated for sale.

Income tax expense decreased to \$33,000 for the quarter ended June 30, 2022 compared to \$62,000 for the quarter ended June 30, 2021. This resulted in an effective tax rate for the quarter of 18%.

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, 2022 (unaudited) and December 31, 2021
 (In Thousands, except share data)

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>ASSETS</u>		
Cash and Due from Banks	\$ 2,103	\$ 1,162
Interest Earning Deposits in Banks	10,989	13,531
Total Cash and Cash Equivalents	<u>13,092</u>	<u>14,693</u>
Interest Earning Time Deposits in Banks	2,341	3,586
Securities Available for Sale, at Fair Value	14,844	17,681
Securities Held to Maturity	9,261	2,722
Mortgage Loans Held for Sale	366	199
Loans Receivable, Net of Unearned Income	111,652	103,615
Allowance for Loan Losses	(1,028)	(1,033)
Total Loans, Net	<u>110,990</u>	<u>102,781</u>
Premises and Equipment	7,049	7,191
Federal Home Loan Bank Stock	849	846
Bank Owned Life Insurance	2,285	2,259
Foreclosed Real Estate	◊	◊
Prepaid Expenses and Other Assets	2,242	1,810
Total Assets	<u>\$ 162,953</u>	<u>\$ 153,569</u>
<u>LIABILITIES AND EQUITY</u>		
Interest Bearing Deposits	\$ 115,827	\$ 104,633
Noninterest Bearing Deposits	17,737	14,527
Total Deposits	<u>133,564</u>	<u>119,160</u>
Borrowed Funds	7,253	10,468
Advances from Borrowers for Taxes and Insurance	402	547
Accrued Expenses and Other Liabilities	1,314	1,135
Total Liabilities	<u>142,533</u>	<u>131,310</u>
<u>Shareholders' Equity</u>		
Preferred Stock, \$0.01 Par Value, 1,000,000 Shares Authorized, None Issued	◊	◊
Common Stock, \$0.01 Par Value, 9,000,000 Shares Authorized, 1,243,880 and 1,292,880		
Shares Issued and Outstanding on June 30, 2022 and December 31, 2021	12	13
Additional Paid-in Capital	10,273	10,960
Unallocated common stock held by:		
Employee Stock Ownership Plan (ESOP)	(1,058)	(1,058)
Retained Earnings	12,842	12,535
Accumulated Other Comprehensive Income (Loss)	(1,649)	(191)
Total Shareholders' Equity	<u>20,420</u>	<u>22,259</u>
Total Liabilities and Shareholders' Equity	<u>\$ 162,953</u>	<u>\$ 153,569</u>

Heritage NOLA Bancorp, Inc.
Consolidated Statements of Income
For the Three Months and Six Months Ended June 30, 2022 and 2021 (Unaudited)
(In Thousands, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Interest Income				
Loans, including Fees	\$ 1,294	\$ 1,382	\$ 2,572	\$ 2,810
Investment Securities	106	50	179	83
Other Interest Earning Assets	37	28	62	61
Total Interest Income	<u>1,437</u>	<u>1,460</u>	<u>2,813</u>	<u>2,954</u>
Interest Expense				
Deposits	137	176	270	382
Borrowed Funds	30	50	62	105
Total Interest Expense	<u>167</u>	<u>226</u>	<u>332</u>	<u>487</u>
Net Interest Income	1,270	1,234	2,481	2,467
Provision for Loan Losses	<u>ô</u>	<u>ô</u>	<u>ô</u>	<u>25</u>
Net Interest Income after Provision for Loan Losses	1,270	1,234	2,481	2,442
Noninterest Income				
Gain on Sale of Loans Originated for Sale	17	187	72	390
Loan Servicing Income	85	127	182	270
Other Income	62	58	118	104
Total Noninterest Income	<u>164</u>	<u>372</u>	<u>372</u>	<u>764</u>
Noninterest Expense				
Salaries and Employee Benefits	730	803	1,475	1,549
Occupancy and Equipment	172	156	319	317
Data Processing	81	61	152	119
FDIC Insurance and Examination Fees	23	22	46	42
Director Compensation	25	18	52	36
Legal, Accounting and Professional Fees	40	43	73	106
Advertising	32	32	72	73
Telephone and Communications	22	21	42	42
Other	125	141	247	264
Total Noninterest Expense	<u>1,250</u>	<u>1,297</u>	<u>2,478</u>	<u>2,548</u>
Income Before Income Tax Expense	184	309	375	658
Income Tax Expense	33	62	68	133
Net Income	<u>\$ 151</u>	<u>\$ 247</u>	<u>\$ 307</u>	<u>\$ 525</u>

Other Financial Data

(Annualized)

	Three Months Ended June 30,	
	2022	2021
Return on average assets	0.38%	0.65%
Return on average equity	2.87%	4.44%
Net interest margin	3.47%	3.55%
Bank Tier 1 Leverage ratio	13.17%	13.84%
Allowance for loan losses to total loans	0.86%	0.92%
Non-performing loans to total loans	0.20%	0.75%
Earnings per share, basic	\$ 0.13	\$ 0.20
Earnings per share, diluted	\$ 0.12	\$ 0.20
Book Value per share	\$ 16.42	\$ 16.73