

WILLIAM PENN BANCORP, INC. ANNOUNCES THIRD QUARTER EARNINGS

April 27, 2020

FOR IMMEDIATE RELEASE

Bristol, Pennsylvania

FOR FURTHER INFORMATION

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William Penn Bancorp, Inc. (the "Company") (OTC Pink: WMPN), the holding company for William Penn Bank (the "Bank"), announced net income of \$837 thousand (\$0.21 per basic and diluted share) for the quarter ended March 31, 2020 as compared to \$929 thousand, or \$0.23 per share, for the quarter ended December 31, 2019. The Company recorded net income of \$2.6 million, or \$0.66 per share, for the first nine months of its fiscal year.

The decrease in earnings during the quarter ended March 31, 2020 when compared to the quarter ended December 31, 2019 was primarily attributed to a more normalized tax rate. During the quarter ended December 31, 2019, the Company reversed income tax expense associated with a change in tax code as part of the Tax Cuts and Jobs Act of 2017 as discussed in more detail below. Net income before taxes was \$1.0 million during the quarter ended March 31, 2020, a \$456 thousand increase from the quarter ended December 31, 2019, due primarily to an increase in net interest income and a decline in noninterest expense.

The \$228 thousand increase in net interest income during the quarter ended March 31, 2020 compared to the quarter ended December 31, 2019 was primarily due to an increase in the average balance of loans outstanding and a decrease in the Company's overall cost of funds. The Company's net interest margin increased to 3.46% during the quarter ended March 31, 2020 from 3.37% during the quarter ended December 31, 2019.

The Company recorded \$21 thousand in provision for loan and lease losses during the quarter ended March 31, 2020 primarily due to growth in the loan portfolio. Asset quality remained strong with the Company's ALLL/loan ratio as of March 31, 2020 at 0.89% compared to 0.92% at December 31, 2019. In addition, the Company's nonaccrual loans declined during the quarter from \$2.1 million, or 0.64% of total loans, at December 31, 2019 to \$1.9 million, or 0.55% of total loans, at March 31, 2020.

Noninterest income increased \$82 thousand to \$369 thousand for the quarter ended March 31, 2020 compared to \$287 thousand for the quarter ended December 31, 2019 primarily due to the gain on sale of investments. Noninterest income as a percentage of average assets was 0.25% for the quarter ended March 31, 2020, relatively in line with the previous quarter ended December 31, 2019 when excluding the gain on sale of investments.

Noninterest expense declined \$167 thousand to \$2.9 million during the quarter ended March 31, 2020 compared to \$3.0 million during the quarter ended December 31, 2019. The decrease in noninterest expense was primarily due to a reduction in occupancy expense and professional fees expense associated with the mergers of Washington Savings Bank and Fidelity Savings and Loan Association of Bucks County.

As referenced above, a provision in the Tax Cuts and Jobs Act of 2017 had an unintended consequence affecting the tax treatment of acquired Bank Owned Life Insurance ("BOLI") policies. As a result, the Company had previously recorded \$408 thousand tax expense in connection with its merger with Audubon Savings Bank in 2018 to account for the potential tax liability. However, a new regulation was issued and finalized in the 4th quarter of 2019 (second fiscal quarter) that removed the unintended consequence and

its associated tax impact, resulting in the tax expense reversal during the quarter ended December 31, 2019.

Total assets increased \$16.8 million during the quarter to \$461.7 million at March 31, 2020 compared to \$444.9 million at December 31, 2019. Net loans increased \$24.5 million to \$346.4 million, or 75.0% of total assets, at March 31, 2020 compared to \$321.9 million, or 72.4% of total assets, at December 31, 2019.

Total deposits increased \$9.8 million during the quarter to \$313.5 million at March 31, 2020 compared to \$303.7 million at December 31, 2019. The Company's borrowing with the Federal Home Loan Bank increased \$5.0 million to \$61.0 million at March 31, 2020 compared to \$56.0 million at December 31, 2019.

Total shareholders' equity increased \$1.2 million during the quarter to \$77.2 million at March 31, 2020 compared to 76.0 million at December 31, 2019 primarily due net income of \$837 thousand recorded during the quarter and an increase in the unrealized gain on available-for-sale securities.

As of March 31, 2020, the Company had 4,158,113 shares of common stock issued and 3,980,154 shares outstanding, of which 3,201,923 shares were held by William Penn, MHC, the Company's mutual holding company parent.

The Company also announced that it has received all required regulatory approvals or non-objections for its pending acquisitions of Bristol, PA-based Fidelity Savings and Loan Association of Bucks County and Philadelphia, PA-based Washington Savings Bank. Both deals are expected to close May 1, pending depositor approval.

William Penn Bancorp, Inc., headquartered in Bristol, Pennsylvania, is the holding company for William Penn Bank, which serves Bucks County, Pennsylvania through full-service branch offices in Levittown, Morrisville, and Richboro, Pennsylvania and serves Burlington and Camden Counties in New Jersey through full-service branch offices located in Audubon, Mount Laurel, and Pine Hill, New Jersey. The Company's executive offices are located at 10 Canal Street, Bristol, Pennsylvania 19007. William Penn Bank's deposits are insured up to the legal maximum (generally \$250,000 per depositor) by the Federal Deposit Insurance Corporation (FDIC). The primary federal regulator for William Penn Bank is the FDIC.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, expectations or predictions of future financial or business performance, or other conditions relating to the Company. These forward-looking statements include statements with respect to the Company's beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions, that are subject to significant risks and uncertainties, and are subject to change based on various factors (some of which are beyond the Company's control). The words "may," "could," "should," "would," "will," "believe," "anticipate," "estimate," "expect," "intend," "plan" and similar expressions are intended to identify forward-looking statements.

In addition, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: the strength of the United States economy in general and the strength of the local economies in which the Company conduct its operations; general economic conditions, legislative and regulatory changes, monetary and fiscal policies of the federal government, changes in tax policies, rates and regulations of federal, state and local tax authorities, changes in interest rates, deposit flows, the cost of funds, demand for loan products,

demand for financial services, competition, changes in the quality or composition of the Company's loan, investment and mortgage-backed securities portfolios, changes in accounting principles, policies or guidelines and other economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services and fees; and the success of the Company at managing the risks involved in the foregoing.

The Company does not undertake, and specifically disclaims, any obligation to publicly release the results of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances arising after the date hereof.

WILLIAM PENN BANCORP, INC
CONSOLIDATED FINANCIAL HIGHLIGHTS
(Unaudited)
(Dollars in thousands, except per share data)

Selected Financial Data:

	At	At
	March 31, 2020	December 31, 2019
Assets	\$ 461,716	\$ 444,880
Cash and cash equivalents	20,153	36,105
Interest-bearing time deposits	2,000	4,998
Other Investments	56,760	46,366
Loans receivable, net	346,408	321,916
Deposits	313,514	303,676
Advances from Federal Home Loan Bank	61,000	56,000
Stockholders' equity	77,170	76,005
Nonaccrual loans	1,914	2,071
Nonaccrual loans and REO	1,914	2,071

Selected Operations Data:

	Three months ended	
	March 31, 2020	December 31, 2019
Interest income	4,825	4,606
Interest expense	1,256	1,265
Net interest income	3,569	3,341
Provision for loan losses	21	-
Net interest income after provision for loan losses	3,548	3,341
Noninterest income	369	287
Noninterest expense	2,870	3,037
Income before income taxes	1,047	591
Provision for income taxes	210	(338)
Net income	837	929
Basic and diluted earnings per share	0.21	0.23