



WILLIAM PENN

— BANCORPORATION —



ANNUAL REPORT

2021

Financial Highlights

WILLIAM PENN BANCORPORATION

(dollars in thousands, except per share amounts)

For the Year Ended June 30,

	2021	2020	2019	2018
Net Interest Income.....	\$ 21,540	\$ 14,799	\$ 14,230	\$ 8,993
Provision (Benefit) for Loan Losses.....	133	626	88	(120)
Non-Interest Income.....	2,275	1,176	987	641
Net Securities Gains.....	36	238	140	---
Gain on Bargain Purchase.....	---	746	---	---
Non-Interest Expense.....	18,737	11,856	9,397	5,908
Merger Related Expenses.....	---	3,294	796	375
Amortization of Intangibles.....	255	242	260	---
Net Income.....	3,779	1,328	3,756	1,464
Earnings Per Share - Basic and Diluted.....	\$ 0.26	\$ 0.10	\$ 0.29	\$ 0.13
Tangible Book Value Per Share.....	13.92	6.17	5.44	5.48

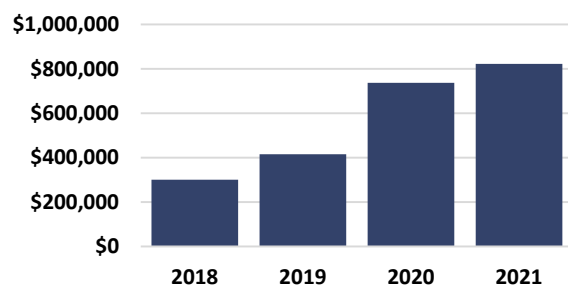
Actual Balance Sheet at June 30,

	2021	2020	2019	2018
Total Assets.....	\$ 822,408	\$ 736,452	\$ 415,829	\$ 301,109
Loans, net.....	461,196	508,605	326,017	233,389
Securities.....	123,335	89,998	22,566	4,963
Total Deposits.....	553,103	559,848	281,206	180,657
Borrowings.....	41,000	64,892	50,000	51,500
Stockholders' Equity.....	216,926	96,365	76,630	61,895

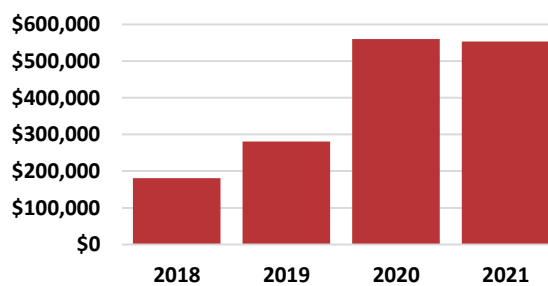
Financial Ratios (excluding merger charges and gain on bargain purchase):

Return on Average Assets.....	0.49%	0.79%	1.11%	0.60%
Return on Average Stockholders' Equity.....	2.93%	4.78%	6.08%	3.00%
Net Interest Margin.....	3.04%	3.30%	3.76%	3.08%
Efficiency Ratio.....	79.63%	74.62%	62.88%	61.32%
Tier 1 Leverage Capital Ratio (Bank-level).....	18.89%	13.67%	16.94%	20.00%

Total Assets



Total Deposits



Dear Fellow Shareholder,

William Penn Bancorporation, the newly chartered parent holding company of William Penn Bank, began trading on the Nasdaq Capital Market on March 25, 2021, following the completion of our second step conversion to a fully public company. In connection with the conversion, 12,640,035 shares of common stock were sold, at a price of \$10.00 per share, for gross proceeds of \$126.4 million.



The completion of the second step conversion was the culmination of a period of significant capital growth for the Company. We acquired \$12.3 million of equity in the Audubon Savings Bank merger in fiscal 2019, \$11.4 million of equity in the Fidelity Savings & Loan merger in fiscal 2020, and \$9.2 million of equity in the Washington Savings Bank merger, also in fiscal 2020. These three acquisitions, together with the capital raised in the second step conversion, have combined to expand the Company's stockholders' equity by \$159.2 million in the past three fiscal years, and we closed the 2021 fiscal year with \$211.1 million in tangible common equity.

With 15,170,566 shares outstanding at June 30, 2021, our tangible book value per share measured \$13.92 at the close of the fiscal year, an increase of \$7.75 per share, or 125.6%, over June 30, 2020. We consider tangible book value per share to be a good measure of shareholder value and an effective anchor for the value of our stock.

CAPITAL MANAGEMENT

We maintain a stockholder-focused approach to capital management, and we are committed to utilizing our strong capital position as judiciously and strategically as possible. We plan to take the following approach to deploying our excess capital:

Organic Growth. We believe that the highest and best use of our capital is to grow our business organically, and we have assembled strong and talented retail and lending teams to accomplish just that – to grow our loans and core deposits, and build strong and broad relationships with our expanding customer base. We believe that deep relationships with our clients are more valuable than purely the book value of the related assets and liabilities. We have also introduced our new private banking service, providing our clients with a single point of contact for all the Bank's products and services.

Share Repurchases. Federal Reserve rules restrict our ability to repurchase our stock for one year following the completion of the stock offering, and we plan to seek regulatory permission to buy back our stock upon reaching our one-year anniversary in March 2022. Be assured that we will continuously evaluate our capital position and, depending on market conditions, we will repurchase stock when we believe it will benefit our shareholders.

Cash Dividends. Following the completion of the conversion and offering, as we had indicated in our prospectus, we sought regulatory approval from the Federal Reserve Board to pay a one-time, special dividend to our shareholders. On July 21, 2021 we declared a \$0.30 per share dividend to shareholders of record as of August 2, 2021. We will continue to consider the payment of future dividends as an important use of capital based upon the Company's results of operations and other economic and regulatory considerations.

De Novo Branches. One aspect of our value-building strategy involves entering new markets and optimizing the efficiency of our branch network. We opened two new Pennsylvania branch offices - one in Yardley, Bucks County, in March 2021, and a second Bucks County location, in Doylestown, in September 2021, expanding the Bank's presence into two highly desirable markets.

As another step in our overall branch optimization plan, we consolidated three of the branch locations acquired from Washington Savings into one office on Comly Road in Northeast Philadelphia to improve the efficiency of our branch operations. We plan to continue to open additional new branches in desirable locations in attractive growth markets.

Sensible Acquisitions. Having completed three mutual to mutual mergers since 2018, we are frequently asked about our plans for making future acquisitions. At this time, as a fully public company, the universe of prospective partners has shifted since acquisition opportunities for public companies are confined to other stock institutions. We recognize that acquisitions of whole banks or existing branch offices can provide the Company with an accelerated increase in scale, and we do not rule out the possibility of buying companies that are aligned with our mission and add shareholder value. Although we will continue to seek ways to strategically build the Company, we see great prospects in organic growth and the natural extension of our footprint as means of enhancing shareholder value and core earnings.

EXECUTIVE MANAGEMENT TEAM

Building a great team and developing deep "bench strength" are requirements for any company's pursuit of enduring high performance. One of our biggest priorities of 2021 was to assemble an exceptionally capable group of leaders by adding talented and experienced executives from outside the

Bank and by promoting aspiring and deserving candidates from within. We were fortunate to capitalize on merger activity in the marketplace, enabling us to add strong lending and retail teams to help us fortify and expand our business on both sides of our balance sheet, and to help build long-lasting relationships for the Bank.

Alan Turner joined William Penn in March 2021 as EVP & Chief Lending Officer, bringing more than 30 years of experience in building a strong loan portfolio with favorable asset quality and leading a team of lending professionals. Alan's arrival was followed by the hiring of Jeannine Cimino in July 2021 as EVP & Chief Retail Officer. Jeannine has an extensive financial services background and brings a wealth of successful community banking experience. She is responsible for leading the Bank's retail banking, retail lending, private banking, and marketing functions.

In the administrative area, Amy Hannigan joined William Penn in May 2021, and serves as our EVP & Chief Operating Officer. Amy is responsible for several essential areas, including investment portfolio and interest rate risk management, capital management, enterprise risk management, mergers & acquisitions, and investor relations. We also increased our emphasis on human capital management with the addition of Nicole Nielsen in November 2020 as SVP & Chief Human Resources Officer. Nicole brings significant expertise in the areas of employee relations, benefits administration, career development, performance management, workforce planning, policy formulation & employment law.

We are extremely pleased to welcome this talented group of experienced executives to the William Penn family. With their respective knowledge, abilities, and belief in our value-added, relationship style of community banking, we believe we have an exceptional team to continue building a superior franchise.



IN CLOSING

William Penn Bancorporation will continue to evolve along with the rest of the community banking industry while remaining true to our principles of excellent service, conservative management, and a disciplined approach to growth.

I want to express my gratitude and appreciation to the many people who make William Penn the great company that it is: to our Directors, for your leadership and wise guidance; to our fantastic customers, for your trust and your business; to our devoted and capable employees, whom I am honored to have as colleagues; and to you, our shareholders, for the confidence you have placed in us.

We have achieved many key strategic objectives over the past few years – combining four independent community banks, converting to a fully public company, and building a strong, high-performance team. These factors combine to place William Penn in a position of great strength, from which we can continue to build shareholder value. Our abundant capital, strong credit quality, tremendous employees, and exceptional strategic position point us towards an amazing future. Thank you for your support and partnership on this journey.



Kenneth J. Stephon
*Chairman, President and
Chief Executive Officer*



Executive Management:

Top Row (L to R): Alan B. Turner - EVP, Chief Lending Officer; Jonathan Logan - EVP, Chief Financial Officer.
Bottom Row: Amy Hannigan - EVP, Chief Operating Officer; Kenneth J. Stephon - Chairman, President and CEO;
Jeannine Cimino - EVP, Chief Retail Officer.

Board of Directors

Kenneth J. Stephon
Chairman, President
and Chief Executive
Officer
William Penn
Bancorporation and
William Penn Bank

William J. Feeney
Lead Independent
Director
Retired Chief of Police,
Northampton Township,
Pennsylvania

Craig Burton
Principal
Bee, Bergvall & Co.
Certified Public
Accountants

D. Michael Carmody, Jr.
Certified Public
Accountant

Charles Corcoran
Retired Executive Vice
President & CFO
William Penn Bank

Glenn Davis
Owner
G Davis Properties LLC
Non-residential Real
Estate Operation

Christopher Molden
President, Molden
Development LLC
Real Estate
Development

William C. Niemczura
Retired President and
Chairman of the Board
Fidelity Savings & Loan
Association of Bucks
County

William B. K. Parry, Jr.
President
William B. Parry & Son,
Ltd.
Insurance Agency

Terry L. Sager
Retired President and
Chief Executive Officer
William Penn Bank

Vincent P. Sarubbi, Esq.
Partner
Archer & Greiner, P.C.

Executive Management

Kenneth J. Stephon
Chairman, President and
Chief Executive Officer

Jeannine Cimino
Executive Vice President
Chief Retail Officer

Amy Hannigan
Executive Vice President
Chief Operating Officer

Jonathan Logan
Executive Vice President
Chief Financial Officer

Alan B. Turner
Executive Vice President
Chief Lending Officer

William Penn Bank – Senior Management

Tina Bosco
Senior Vice President
Chief Risk Officer

Rob Colby
Senior Vice President
Chief Accounting Officer

Patricia Dykes
Senior Vice President
Deposit Operations Manager

Robin L. Fadio
Senior Vice President
Loan Servicing Manager

Steven Gillespie
Senior Vice President
Chief Compliance Officer

Karen Hunter
Senior Vice President
Corporate Controller

Nina D. Melker
Senior Vice President
Private Banker

Nicole Nielsen
Senior Vice President
Chief Human Resources Officer

James R. Read
Senior Vice President
Chief Technology Officer

Corporate and Shareholder Information

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2009 Mackenzie Way, Suite 340
Cranberry Township, PA 16066

Corporate Counsel
Kilpatrick Townsend & Stockton LLP
607 14th Street, N.W., Suite 900
Washington, D.C. 20005



William Penn Bank Branch Locations

Pennsylvania

Bristol Office

201 Pond Street
Bristol, PA 19007
215-785-6001

Doylestown Office

191 West State Street
Doylestown, PA 18901
267-629-5593

Levittown Office

1309 S. Woodbourne Road
Levittown, PA 19057
215-269-1200

Morrisville Office

400 West Trenton Avenue
Morrisville, PA 19067
215-295-5008

Richboro Office

911 Second Street Pike
Richboro, PA 18954
215-355-1105

Yardley Office

10 North Main Street
Yardley, PA 19067
267-907-8449

Northeast Philadelphia Office

2900 Comly Road
Philadelphia, PA 19154
215-698-9400

Port Richmond Office

2701 East Allegheny Avenue
Philadelphia, PA 19134
215-427-3500

New Jersey

Audubon Office

509 S. White Horse Pike
Audubon, NJ 08106
856-547-8100

Collingswood Office

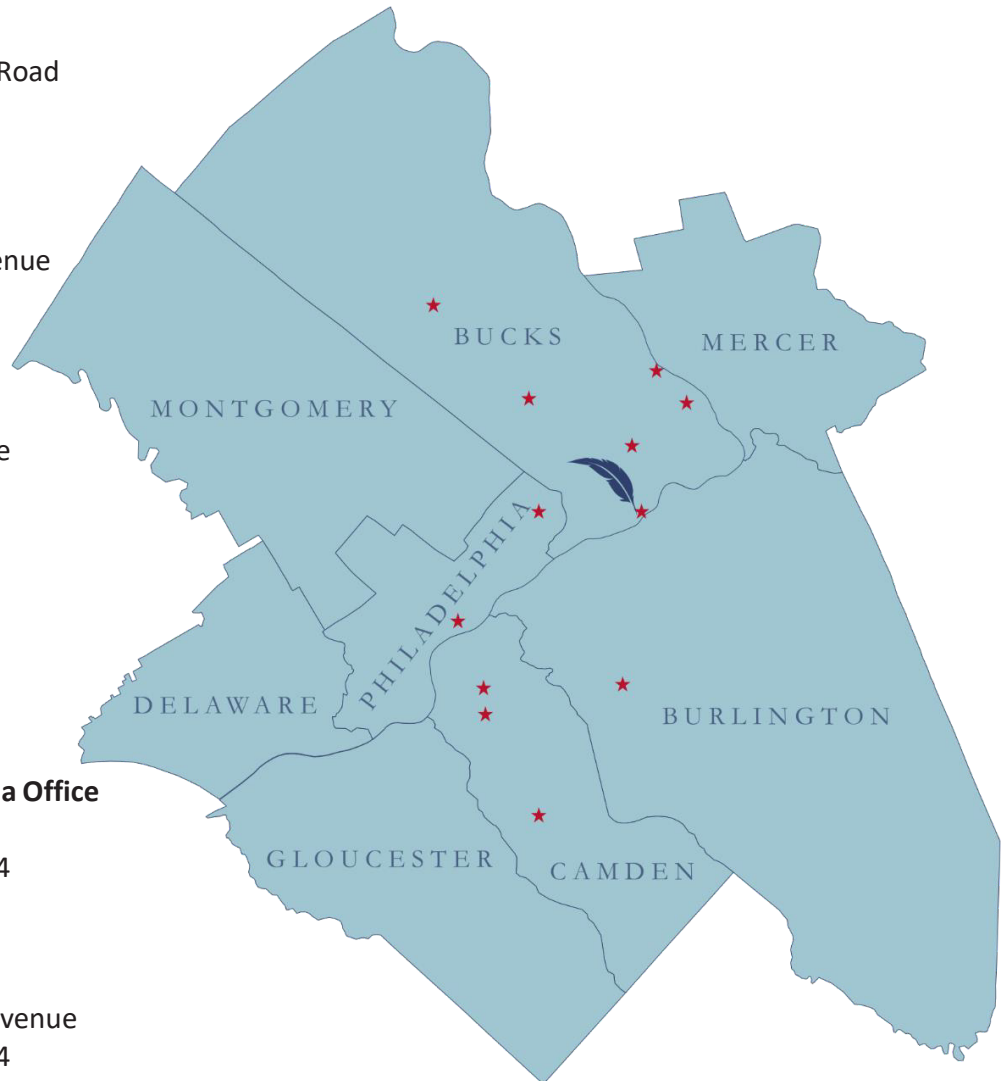
765 Haddon Avenue
Collingswood, NJ 08108
856-833-1333

Mt. Laurel Office

5039 Church Road
Mt. Laurel, NJ 08054
856-642-7880

Pine Hill Office

701 Erial Road
Pine Hill, NJ 08021
856-782-0500





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