



WILLIAM PENN BANK

WILLIAM PENN BANCORP, INC. ANNOUNCES FIRST QUARTER EARNINGS

FOR IMMEDIATE RELEASE
Bristol, Pennsylvania
November 4, 2019

FOR FURTHER INFORMATION
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215-269-1200

William Penn Bancorp, Inc. (the "Company") (OTC Pink: WMPN), the holding company for William Penn Bank (the "Bank"), announced quarterly net income of \$854 thousand (\$0.21 per basic and diluted share) for the three months ended September 30, 2019 as compared to \$1.3 million, or \$0.32 per share, for the three months ended June 30, 2019. The Company earned \$770 thousand (\$0.19 per share) for the same time period last year.

The decline in quarterly earnings was primarily attributable to an increase in noninterest expenses and a decline in noninterest income. Total noninterest expense increased \$267 thousand quarter over quarter for a total of \$2.7 million for the three months ended September 30, 2019 as compared to \$2.4 million for the three months ended June 30, 2019. The increase was the result of increased data processing costs associated with the implementation of new technological product and service offerings that will be rolled out over the next 12 months. However, compared to the same time period one-year prior, noninterest expenses declined \$244 thousand. As a result, noninterest expenses as a percentage of average assets declined from 2.68% for the three months ended September 30, 2018 to 2.55% for the three months ended September 30, 2019.

Net interest income declined \$14 thousand compared to the quarter ended June 30, 2019 as interest expense increased at a faster rate than interest income as a result of rising deposit costs. Due to rising interest expense costs over the past 12 months, the Company's net interest margin has declined from 3.67% to 3.48%.

The Bank did not post any provision for loan and lease losses in the quarter as asset quality remained strong and the balance of the loan portfolio was relatively unchanged from the June 30, 2019 quarter, resulting in an ALLL/loan ratio of 0.96%, relatively consistent with the September 30, 2018 quarter end.

Non-interest income decreased \$113 thousand to \$364 thousand for the three months ended September 30, 2019 compared to \$477 thousand for the quarter ended June 30, 2019. The decline was primarily due to the removal of one-time gains on sale of loans that had been previously captured in the June 30, 2019 quarter. Excluding the non-recurring gain of \$93 thousand for the sale of investments, non-interest income as a percentage of average assets was 0.26% for the three months ended September 30, 2019 as compared to 0.25% for the same period last year.

Total assets increased \$2.3 million quarter over quarter and \$11.6 million, or 2.85%, to \$418 million at September 30, 2019 compared to September 30, 2018. Total net loans modestly increased quarter over quarter and increased \$4.2 million, or 1.30%, year over year to settle at \$326.8 million as of September 30, 2019. Net loans as a percentage of assets declined from 79.30% to 78.20% year over year.



Administrative Offices - 10 Canal Street, Suite 104 · Bristol, PA 19007





Total deposits increased \$5.0 million quarter over quarter to settle at \$286 million and increased \$5.9 million, or 2.09%, year over year. The Company's borrowings level was unchanged quarter over quarter and increased \$3.5 million year over year. The Company has a modest level of borrowings to assets at 11.96%.

Total shareholders' equity declined \$1.3 million quarter over quarter due to the payment of cash dividends to shareholders within the quarter. Year over year, shareholder's equity increased \$1.7 million to \$75.3 million at September 30, 2019 due primarily to an increase in retained earnings. As of September 30, 2019, the Company had 4,158,113 shares of common stock issued and 3,980,154 shares outstanding, of which 3,194,999 shares were held by William Penn, MHC, the Company's mutual holding company parent (the "MHC").

William Penn Bancorp, Inc. is the holding company for William Penn Bank, which serves Bucks County, Pennsylvania through its main office in Levittown, and additional branch offices in 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 St, Bristol, Pennsylvania 19007. William Penn Bank's deposits are insured up to the legal maximum (generally \$250,000 per depositor) by the FDIC. The primary federal regulator for William Penn Bank is the Federal Deposit Insurance Corporation (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, conditions relating to the Company and ASB, or other effects of the proposed merger on the Company and ASB. 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,



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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
	September 30, 2019		June 30, 2019
Assets	\$ 418,106	\$	415,808
Cash and cash equivalents	15,002		25,291
Interest-bearing time deposits	6,487		8,486
Other Investments	36,739		23,348
Loans receivable, net	326,755		326,077
Deposits	285,610		280,645
Advances from Federal Home Loan Bank	50,000		50,000
Stockholders' equity	75,311		76,636
Nonaccrual loans	1,917		1,844
Nonaccrual loans and REO	1,917		1,844

Selected Operations Data:

	Three months ended	
	September 30, 2019	June 30, 2019
Interest income	4,576	4,495
Interest expense	1,202	1,108
Net interest income	3,373	3,387
Provision (recovery) for loan losses	-	-
Net interest income after provision for loan losses	3,373	3,387
Noninterest income	364	477
Noninterest expense	2,662	2,396
Income before income taxes	1,074	1,468
Provision for income taxes	221	205
Net income	<u>854</u>	<u>1,262</u>
Basic and diluted earnings per share	<u>0.21</u>	<u>0.32</u>