

**WILLIAM PENN BANCORP, INC.**  
**1309 S. Woodbourne Road**  
**Levittown, Pennsylvania 19057**  
**(215) 945-1200**

October 15, 2018

Dear Fellow Shareholder:

You are cordially invited to attend the 2018 Annual Meeting of Shareholders of William Penn Bancorp, Inc., the holding company for William Penn Bank. The Annual Meeting will be held at the Hampton Inn & Suites Newtown, 1000 Stony Hill Road, Yardley, Pennsylvania on Wednesday, November 14, 2018, at 10:00 a.m., Eastern Time.

The attached Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted at the meeting. During the meeting, we will also report on the operations of the Company. Directors and executive officers of the Company will be present to respond to questions from shareholders.

**WE URGE YOU TO SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS SOON AS POSSIBLE EVEN IF YOU CURRENTLY PLAN TO ATTEND THE ANNUAL MEETING.** Your vote is important, regardless of the number of shares you own. Voting by proxy will not prevent you from voting in person but will assure that your vote is counted if you are unable to attend the meeting. On behalf of your Board of Directors, we thank you for your interest and support.

Sincerely,



Kenneth J. Stephon  
*President*



**WILLIAM PENN BANCORP, INC.**  
**1309 S. Woodbourne Road**  
**Levittown, Pennsylvania 19057**  
**(215) 945-1200**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON NOVEMBER 14, 2018**

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of William Penn Bancorp, Inc. will be held at the Hampton Inn & Suites Newtown, 1000 Stony Hill Road, Yardley, Pennsylvania, on Wednesday, November 14, 2018, at 10:00 a.m., Eastern Time, for the following purposes:

1. To elect three directors for a three-year term, one director for a two-year term and one director for a one-year term and in each case until their successors are elected and qualified;
2. To ratify the appointment of S.R. Snodgrass, P.C. as the Company's independent auditors for the fiscal year ending June 30, 2019; and
3. To consider any other matters that may properly come before the Annual Meeting.

Any action may be taken on any one of the above proposals at the Annual Meeting on the date specified above or on any date or dates to which, by original or later adjournment, the Annual Meeting may be adjourned. Only shareholders of record at the close of business on September 26, 2018, are entitled to vote at the Annual Meeting and any adjournments thereof.

You are requested to complete and sign the accompanying proxy card which is solicited by the Board of Directors and to mail it promptly in the accompanying envelope. The proxy card will not be used if you attend the Annual Meeting and choose to vote in person.

BY ORDER OF THE BOARD OF DIRECTORS



STEVEN GILLESPIE  
*Corporate Secretary*

Levittown, Pennsylvania  
October 15, 2018

**IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE US THE EXPENSE OF FURTHER REQUESTS FOR PROXIES IN ORDER TO INSURE A QUORUM. THE ENCLOSED PROXY CARD IS ACCOMPANIED BY A SELF-ADDRESSED ENVELOPE FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.**



**PROXY STATEMENT**  
of  
**WILLIAM PENN BANCORP, INC.**  
1309 S. Woodbourne Road  
Levittown, Pennsylvania 19057  
(215) 945-1200

**ANNUAL MEETING OF SHAREHOLDERS**  
**November 14, 2018**

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**GENERAL**

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This proxy statement is being furnished to shareholders of William Penn Bancorp, Inc. (the “Company”) by the Company’s Board of Directors in connection with its solicitation of proxies for use at the 2018 Annual Meeting of Shareholders (the “Annual Meeting”) to be held at the Hampton Inn & Suites Newtown, 1000 Stony Hill Road, Yardley, Pennsylvania, on Wednesday, November 14, 2018, at 10:00 a.m., Eastern Time.

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**VOTING AND PROXY PROCEDURES**

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**Who Can Vote at the Annual Meeting**

Only shareholders of record of shares of our common stock, \$0.10 par value (the “Common Stock”), as of the close of business on September 26, 2018 (the “Record Date”) are entitled to vote at the Annual Meeting. If your shares are held by a broker or other intermediary, you can only vote your shares in person at the Annual Meeting if you have a properly executed proxy from the record holder of your shares (or its designee). As of the Record Date, a total of 3,980,154 shares of Common Stock were outstanding, including 3,189,840 shares owned by William Penn, MHC (the “MHC”). Each share of Common Stock has one vote on each of the matters presented at the Annual Meeting.

**Voting by Proxy**

The Board of Directors is sending you this Proxy Statement for the purpose of requesting that you allow your shares of Common Stock to be represented at the Annual Meeting by the persons named in the enclosed Proxy Card. All shares of Common Stock represented at the Annual Meeting by properly executed and dated proxies will be voted according to the instructions indicated on the Proxy Card. If you sign, date and return the Proxy Card without giving voting instructions, your shares will be voted as recommended by the Company’s Board of Directors. **The Board of Directors recommends a vote “FOR” the election of each of its nominees for director and “FOR” ratification of the appointment of S.R. Snodgrass, P.C. as the Company’s independent auditors for the fiscal year ending June 30, 2019.**

If any matters not described in this Proxy Statement are properly presented at the Annual Meeting, the persons named in the Proxy Card will vote your shares as determined by a majority of the Board of Directors. This includes a motion to adjourn the Annual Meeting to solicit additional proxies. If the Annual Meeting is postponed or adjourned, the shares of Common Stock covered by your proxy may be voted as well by the persons named in the Proxy Card on the date to which the Annual Meeting is adjourned, unless you have revoked your proxy in the intervening period. As of the date hereof, the Company does not know of any other matters to be presented at the Annual Meeting other than those described in the Notice.

You may revoke your proxy at any time before the vote is taken at the Annual Meeting. You may revoke your proxy or change your vote after you have sent in your proxy card by any one of the three following ways: (1) you advise the Company's Corporate Secretary in writing before your proxy has been voted at the Annual Meeting, (2) deliver a later-dated proxy, or (3) attend the Annual Meeting and vote your shares in person. Attendance at the Annual Meeting will not in itself revoke your proxy.

If you hold your shares of Common Stock in "street name," you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. Your broker, bank or other nominee may allow you to deliver your voting instructions via the telephone or the Internet. Please see the instruction form provided by your broker, bank or other nominee that accompanies this Proxy Statement. If you wish to change your voting instructions after you have returned a voting instruction form to your broker, bank or other nominee, you must contact your broker, bank or other nominee.

### **Participants in the William Penn Bank Employee Stock Ownership Plan and 401(k) Retirement Savings Plan**

If you are a participant in the William Penn Bank Employee Stock Ownership Plan (the "ESOP") or hold Common Stock through the William Penn Bank 401(k) Retirement Savings Plan (the "401(k) Plan"), you will receive a voting instruction form from each plan that reflects all shares you may vote under these plans. All shares held by the ESOP are voted by the ESOP trustees, but each participant in the ESOP may direct the trustees on how to vote the shares of Common Stock allocated to his or her account. Unallocated shares and allocated shares for which no timely voting instructions are received will be voted by the ESOP trustees as directed by the ESOP Committee consisting of all of the outside directors of the Board. Under the terms of the 401(k) Plan, you are entitled to direct the trustee how to vote the shares of Common Stock credited to your account in the 401(k) Plan. The 401(k) Plan trustee will vote all shares for which it does not receive timely instructions from participants in the same proportion on each of the proposals as the shares held by participants in the 401(k) Plan voted for and against (or withheld) on each proposal for which voting instructions were timely received. The deadline for returning your voting instruction forms to the trustees of the ESOP and 401(k) Plan is November 5, 2018.

### **Vote Required**

The Annual Meeting can only transact business if a majority of the outstanding shares of Common Stock entitled to vote is represented at the Annual Meeting. If you return a valid proxy or attend the Annual Meeting in person, your shares will be counted for purposes of determining whether there is a quorum even if you abstain or withhold your vote or do not vote your shares at the Annual Meeting. Broker non-votes will be counted as present for purposes of determining the existence of a quorum. A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not have discretionary voting power with respect to the matter being presented under rules applicable to broker-dealers and has not received voting instructions from the beneficial owner.

In voting on the election of directors, you may vote in favor of or withhold your vote from each nominee. There is no cumulative voting in the election of directors. Directors are elected by a plurality of the votes cast at the Annual Meeting. This means that the nominees receiving the greatest number of votes will be elected. Votes that are withheld and broker non-votes will have no effect on the outcome of the election.

In voting to ratify the appointment of S.R. Snodgrass, P.C. as independent auditors for the 2019 fiscal year, you may vote in favor of the proposal, against the proposal or abstain from voting. To be approved, this proposal requires the affirmative vote of a majority of the votes cast at the Annual Meeting.

Broker non-votes and abstentions will not be counted as votes cast on the proposal and therefore will have no effect on the outcome of the voting on this proposal.

As indicated below under “Principal Holders of Our Common Stock”, the MHC owns a majority of the Company’s issued and outstanding Common Stock. The MHC intends to vote all the shares of Common Stock it owns for the nominees for director and the ratification of the appointment of S.R. Snodgrass, P.C., thereby ensuring a quorum at the Annual Meeting and that each the proposals will be adopted.

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**PRINCIPAL HOLDERS OF OUR COMMON STOCK**

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The following table sets forth, as of the Record Date, certain information as to those persons who were known to be the beneficial owners of more than ten percent (10%) of the Company’s outstanding shares of Common Stock as well as the number of shares of Common Stock beneficially owned by all executive officers and directors of the Company as a group.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership <sup>(1)</sup></u>	<u>Percent of Shares of Common Stock Outstanding</u>
William Penn, MHC 1309 S. Woodbourne Road Levittown, Pennsylvania 19057	3,189,840	80.1%
All directors and executive officers as a group (11 persons)	81,592 <sup>(2)</sup>	2.1%

<sup>(1)</sup> For purposes of this table, a person is deemed to be the beneficial owner of shares of Common Stock if he or she has or shares voting or investment power with respect to such shares or has a right to acquire beneficial ownership at any time within 60 days of the Record Date. As used herein, “voting power” is the power to vote or direct the voting of shares and “investment power” is the power to dispose or direct the disposition of shares. Except as otherwise noted, ownership is direct, and the named persons or group exercise sole voting and investment power over the shares of the Common Stock.

<sup>(2)</sup> Includes shares held in executive officers’ accounts in the 401(k) Plan, shares allocated to executive officers’ accounts in the ESOP and shares held by spouses or in IRAs or profit-sharing plans of directors and executive officers. Excludes unallocated shares held by the ESOP. Directors Feeney, Burton, Carmody, Davis, Parry and Sarubbi serve as the ESOP trustees and vote such unallocated shares as directed by the ESOP Committee, subject to such trustees’ fiduciary duties.

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**PROPOSAL I – ELECTION OF DIRECTORS**

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The Company’s Board of Directors is composed of nine members. Under the Company’s Bylaws, directors are divided into three classes, as nearly equal in number as possible. Each class serves for a three-year term, with generally one class of directors standing for election at each annual meeting of shareholders. In accordance with the terms of the Agreement and Plan of Merger (the “Merger Agreement”) by and among the MHC, the Company, William Penn Bank (the “Bank” or “William Penn”) and Audubon Savings Bank (“ASB”) pursuant to which ASB merged with the Bank, three members of the ASB Board of Directors were appointed to the Company’s Board of Directors upon completion of the merger on July 1, 2018. Vincent Sarubbi was appointed to the class of directors whose terms end in 2018, D. Michael Carmody, Jr. was appointed to the class whose terms end in 2019 and Kenneth J. Stephon was appointed to the class of directors whose terms expire in 2020. Under the terms of the Company’s Bylaws, persons appointed to the Board must stand for election by shareholders at the next annual meeting of shareholders held immediately

subsequent to such appointment. As a result, at this Annual Meeting you will be asked to elect three directors for a three-year term ending 2021, one director for a two-year term ending 2020 and one director for a one-year term ending in 2019, and in each case until their successors are elected and qualified. The Board of Directors has nominated directors Charles Corcoran, William B.K. Parry, Jr. and Vincent Sarubbi to serve as directors for a three-year term expiring in 2021, Kenneth J. Stephon for a two-year term ending in 2020 and D. Michael Carmody, Jr. for a one-year term ending in 2019 (collectively, the “Nominees”).

Each of the Nominees has consented to be named in this proxy statement and to serve, if elected. If any Nominee is unable to serve, the shares represented by all valid proxies will be voted for the election of such substitute as the Board of Directors may recommend. At this time, the Board knows of no reason why any Nominee might be unavailable to serve.

Under our Bylaws, directors are elected by a plurality of the votes cast at an Annual Meeting at which a quorum is present. Shareholders are not permitted to use cumulative voting for the election of directors. Votes that are not cast at the Annual Meeting, either because of abstentions or broker non-votes, are not considered in determining the number of votes which have been cast for or withheld from a nominee. Unless otherwise specified on the proxy, it is intended that the persons named in the proxies solicited by the Board will vote for the election of the named Nominees.

The following table sets forth the names of the (i) Board's Nominees for election as directors of the Company, (ii) directors who will continue to serve as such after the Annual Meeting and (iii) each executive officer who is not a director. Also set forth is certain other information with respect to each person's age, their positions with the Company, the year he or she first became a director of the Bank, the Company's wholly owned subsidiary, the expiration of his or her current term as a director, and the number and percentage of shares of the Common Stock beneficially owned. All the directors of the Company also serve as directors of the MHC and the Bank.

<u>Name and Positions with Company</u>	<u>Age <sup>(1)</sup></u>	<u>Year First Elected as Director of the Bank</u>	<u>Current Term to Expire</u>	<u>Shares of Common Stock Beneficially Owned <sup>(1)(2)</sup></u>	<u>Percent of Class</u>
<b>BOARD NOMINEES FOR TERMS TO EXPIRE IN 2021</b>					
Charles Corcoran <i>Director</i>	66	1989	2018	14,883	*
William B.K. Parry, Jr. <i>Director</i>	70	1986	2018	13,500	*
Vincent P. Sarubbi <i>Director</i>	58	2018	2018	100	*
<b>BOARD NOMINEE FOR A TERM TO EXPIRE IN 2020</b>					
Kenneth J. Stephon <i>President and Chief Operating Officer; Director</i>	59	2018	2018	100	*
<b>BOARD NOMINEE FOR A TERM TO EXPIRE IN 2019</b>					
D. Michael Carmody, Jr. <i>Director</i>	62	2018	2018	100	*
<b>DIRECTORS CONTINUING IN OFFICE</b>					
Terry L. Sager <i>Chief Executive Officer; Director</i>	57	2010	2019	12,503	*
William J. Feeney <i>Chairman of the Board of Directors</i>	74	1985	2019	14,000	*
Craig Burton <i>Director</i>	69	1993	2020	4,800	*
Glenn Davis <i>Director</i>	66	1986	2020	5,000	*
<b>EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS</b>					
Janice Summers <i>Executive Vice President, Chief Financial Officer</i>	57	NA	NA	0	*
James D. Douglas <i>Senior Vice President, Chief Lending Officer</i>	66	NA	NA	16,606	*

\* Less than 1.0% of shares outstanding.

(1) As of the Record Date.

(2) Excludes unallocated shares of Common Stock held by the ESOP for which Directors Feeney, Burton, Carmody, Davis, Parry and Sarubbi serve as plan trustees.

The principal occupation of each director and executive officer of the Company for the last five years is set forth below.

**Charles Corcoran** retired as Executive Vice President and Chief Financial Officer of the Bank, the Company and the MHC in May 2018. Mr. Corcoran serves as a director of the William Penn Bank Community Foundation.

**William B.K. Parry, Jr.** is President of William B. Parry & Son, Ltd. (an insurance agency), Langhorne, Pennsylvania of which he is a partial owner. He is also President of Bucks County Contributionship, a mutual insurance company.

**Terry L. Sager** is Chief Executive Officer of the Company, the Bank and the MHC. She served as President and Chief Executive Officer of the Company, the Bank and the MHC from April 2010 until October 1, 2018. She is a certified public accountant. She also serves as a director of the William Penn Bank Community Foundation. Ms. Sager joined the Bank in 1986.

**William J. Feeney** is a retired Police Chief, Richboro, Pennsylvania. Mr. Feeney is the president of KevinBuilt, Inc., a Plumsteadville, Pennsylvania building contractor, and the owner of Occasions of Naples, Inc. (flowers and gifts) located in Naples, Florida.

**Craig Burton** is a Principal in Bee, Bergvall & Co., Certified Public Accountants, located in Warrington, Pennsylvania. He is a certified public accountant.

**Glenn Davis** retired as the president and owner of Davis Pontiac, Inc. (auto dealership) located in Richboro, Pennsylvania in December 2007.

**D. Michael Carmody, Jr.** is the owner of an accounting firm located in Haddon Heights, New Jersey. He is a certified public accountant and is also a member of the Board of Directors of the Automobile Association of America-South Jersey located in Voorhees, New Jersey. Prior to joining the Board of Directors of the Company as of July 1, 2018, Mr. Carmody served as the Vice-Chairman of the Board of Directors of ASB.

**Vincent P. Sarubbi, Esquire**, is a partner in the law firm of Archer & Greiner, P.C. at the firm's Haddonfield, New Jersey office. Before joining Archer & Greiner, P.C., he was appointed by the Governor of New Jersey and served as the Camden County Prosecutor from July 2002 to March 2006. Prior to joining the Board of Directors of the Company as of July 1, 2018, Mr. Sarubbi served as the Chairman of the Board of Directors of ASB.

**Kenneth J. Stephon** is President and Chief Operating Officer of the Company, the Bank, and the MHC; Mr. Stephon served as Senior Executive Vice President and Chief Operating Officer of the three entities from July 1, 2018 until October 1, 2018, when he assumed the Presidency. Mr. Stephon has over 35 years of banking industry experience and previously served as President, Chief Executive Officer, and Director of ASB from 2013 until its merger with the Bank on July 1, 2018.

#### **Executive Officers Who Are Not Directors**

**Janice Summers** joined the Company on July 1, 2018 as Executive Vice President and Chief Financial Officer of the Company, the Bank, and the MHC. Ms. Summers has over 35 years of banking industry experience and previously served as Executive Vice President, Chief Financial Officer, and Treasurer of ASB from 2014 until its merger with the Bank. Ms. Summers is a certified public accountant.

**James D. Douglas** is a Senior Vice President and serves as the Chief Lending Officer of the Bank. He also serves as a director of the William Penn Bank Community Foundation. Mr. Douglas joined the Bank in 1977.

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## CORPORATE GOVERNANCE

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### **Director Independence**

The Board of Directors has determined that Directors Feeney, Burton, Carmody, Davis, Parry and Sarubbi would be considered independent under the independence standards of The Nasdaq Stock Market if the Common Stock were listed thereon. In determining which directors are independent, the Board of Directors considered the deposit and other relationships which directors have with the Bank as well as the relationships described under “Related Party Transactions” but determined that these relationships did not affect their independence. Any loans made by and/or deposits accepted by the Bank with respect to such persons or their affiliates were on substantially the same terms that would be granted to other customers with similar credit or deposit balances. There are no members of the Audit Committee other than Messrs. Corcoran and Parry who would not meet the independence standards of The Nasdaq Stock Market for Audit Committee members and no members of the Audit Committee who could only serve under exceptions to these standards.

### **Board Leadership Structure and Role in Risk Oversight**

Under the Board of Directors’ current leadership structure, the offices of Chairman of the Board, and Chief Executive Officer are held by separate individuals. William J. Feeney serves as Chairman of the Board of Directors. Mr. Feeney is an independent director and does not serve in any executive capacity with the Company. The Company’s Chief Executive Officer is Terry L. Sager. The Board of Directors has determined that the separation of the offices of Chairman of the Board and Chief Executive Officer enhances Board independence and oversight. Further, the separation of the Chairman of the Board permits the Chief Executive Officer to better focus on her responsibilities of enhancing shareholder value and expanding and strengthening our franchise while allowing the Chairman to lead the Board of Directors in its fundamental role of providing independent oversight and advice to management. However, although the offices of Chairman of the Board and Chief Executive Officer are currently held by separate individuals, the Board of Directors has not made a determination that this is the appropriate leadership structure for the Board of Directors in all circumstances and reserves the right to combine these offices in the future if deemed appropriate under the circumstances.

The Board of Directors has general authority over the Company’s risk oversight function with authority delegated to various board committees to review risk management policies and practices in specific areas of the Company’s business. The Audit Committee is primarily responsible for overseeing the Company’s risk management. The Audit Committee works closely with officers involved in the risk management function including the internal audit staff who report directly to the Audit Committee.

### **Director Attendance**

Our Board of Directors holds regular and special meetings as needed. During the fiscal year ended June 30, 2018, the Company’s Board of Directors met six times and the Bank’s Board of Directors held 12 regular meetings. No director other than the three new directors (Messrs. Carmody, Sarubbi and Stephon who were not appointed to the Board until July 1, 2018 in connection with the completion of the merger of ASB with the Bank) attended fewer than 75% of the aggregate of the total number of meetings of the Board of Directors held during fiscal year 2018 and the total number of meetings held by all committees on which

the director served during the fiscal year. We encourage directors to attend annual meetings of shareholders. All six directors serving during fiscal year 2017 attended last year's annual meeting of shareholders.

### **Committees of the Board of Directors**

In addition to various other board committees, the Company has an Audit Committee, a Personnel Committee and a Nominating Committee as described below.

***Audit Committee.*** The Audit Committee consists of Directors Feeney, Burton, Carmody, Corcoran, Davis, Parry and Sarubbi. The Board of Directors has determined that Messrs. Burton and Carmody are audit committee financial experts within the meaning of the regulations of the Securities and Exchange Commission. The Board of Directors has determined that, except for Messrs. Corcoran and Parry, each of the members of the Audit Committee, including Messrs. Burton and Carmody, would be independent in accordance with the listing requirements for The Nasdaq Stock Market, including the requirements specifically applicable to audit committee members of listed companies. Representatives of the Committee meet quarterly with the internal auditors. This committee's main responsibilities include oversight of the external and internal auditors and review of audit reports. The Audit Committee met five times during fiscal year 2018.

***Personnel Committee.*** The Personnel Committee acts as a compensation committee and consists of Directors Feeney, Burton, Carmody, Corcoran, Davis, Parry and Sarubbi. This Committee meets at least annually and otherwise as needed. The responsibilities of this Committee include the review of salary and bonus recommendations made by management. The President makes salary recommendations to the Personnel Committee but does not participate in Committee decisions regarding his own compensation. The Personnel Committee relies on peer bank information regarding salary levels provided by the federal bank regulators, consultants, and salary surveys when reviewing recommendations. The Personnel Committee met twice during fiscal year 2018.

***Nominating Committee and Director Nominations Process.*** The Company does not have a standing nominating committee or committee performing similar functions. In accordance with the Bylaws, the full Board of Directors acts as a nominating committee for the selection of management's nominees for director and each director participates in the nomination process. All nominees are approved by a majority of the independent directors. The Board of Directors believes that its procedures provide adequate assurance that nominations are approved by independent directors. The Board of Directors will consider director candidates recommended by shareholders. Any such recommendations must be submitted to the Secretary at least five days prior to the date of the Annual Meeting and should include the nominee's name and qualifications for board membership. The Board believes that all nominees for director, including shareholder nominees, should have: the highest personal and professional ethics and integrity; substantial business or other professional experience in the primary market area served by the Bank; commitment to enhancing the business and prospects of the Bank; ability to work with existing board members and management; ability to make an appropriate level of commitment of time and resources to their duties as director; an understanding of banking and financial matters and the role of directors in the management of the Company; and substantial personal investment in the Common Stock. The Board of Directors may consider diversity in market knowledge, background, experience, qualifications, and other factors as part of its evaluation of each candidate. All Board nominees for election at this year's Annual Meeting are either incumbent directors standing for re-election (Messrs. Corcoran and Parry) or directors appointed as a result of the merger of ASB with the Bank (Messrs. Carmody, Sarubbi and Stephon). The Board of Directors met one time as a nominating committee during fiscal year 2018.

## Communications with Directors

The Board of Directors has not adopted a formal process for shareholders to send communications to the Board of Directors or individual directors in view of the infrequency of such communications. Shareholders who wish to communicate with the Board of Directors should send their communications to the Corporate Secretary at the Company's main office, 1309 S. Woodbourne Road, Levittown, Pennsylvania 19057.

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## DIRECTOR COMPENSATION

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**Board Fees.** At this time, no compensation is paid for service on the Boards of Directors of the Company or the MHC; non-employee directors are compensated only for service as directors of the Bank. During fiscal 2018, directors were paid a fee of \$2,735 per month as board fees. The Chairman received an additional \$375 per month (\$4,500 annually). Aggregate fees for board meetings during fiscal 2018 were \$32,820 for each director other than Mr. Corcoran who did not receive director compensation until his retirement as an officer of the Bank in May 2018, and Mr. Feeney, who currently serves as Chairman and received \$37,320. Directors receive \$600 per month for attendance at meetings of the Asset Liability Committee and/or the Asset Review Committee, both of which meet monthly. Directors receive \$600 for attendance at meetings of the Personnel Committee, which meets annually, and \$600 for attendance at meetings of the Audit Committee, which meets at least quarterly. Each director's fiscal 2018 compensation included \$10,200 of committee meeting fees with the exception of Mr. Corcoran who did not receive director compensation until his retirement as an officer of the Bank in May 2018.

Each director of the Bank also serves on the Boards of Directors of the Company and the MHC. Ms. Sager and Mr. Stephon, who are the only directors at this time who are also employees, are not compensated for their service as directors.

**Deferred Compensation Plan for Directors.** The Bank has established a deferred compensation plan for its directors. Under the deferred compensation plan, the director may defer all or part of his annual compensation as a director. The principal amount of compensation deferred together with the interest accrued on that amount will earn a return at a rate equal to the highest rate offered on William Penn certificates of deposit on December 31, adjusted annually. The earnings rate on deferrals for calendar 2018 is 2.13%. The participant, or, in the event of his/her death, his/her beneficiary, shall receive distributions beginning on the first day of the first month after the earlier of (1) the participant's death or (2) the later of (i) the participant's ceasing for any reason (other than death) to be a member of the Board of Directors of William Penn or (ii) the participant reaching age 70. The deferred compensation plan is payable either in (1) a lump sum payment, (2) 120 equal monthly payments or (3) equal installments at specified future dates agreed upon by the Board and the participant. In the event of death, the payments will be made to a designated beneficiary. The participant may request a withdrawal under the deferred compensation plan for a severe hardship prior to age 70. No fees were deferred by directors in fiscal 2018.

**Directors Consultation and Retirement Plan.** The Bank's Directors Consultation and Retirement Plan provides retirement benefits to the directors of the Bank. The retirement benefit is calculated as the greater of (1) average of the director's total monthly compensation during the 60 calendar months immediately prior to retirement, exclusive of committee fees, or (2) \$900, times a specified percentage based on years of service as a director (if less than 10 years of service - 0%, 10 but less than 15 years - 50%, and 15 or more years - 100%). In accordance with the terms of the Merger Agreement, the plan was amended to provide that in the event either Mr. Sarubbi or Mr. Carmody (each an "ASB Director") who were appointed to the Bank's Board of Directors in connection with the merger of ASB with the Bank, has not had 15 years of service on the Bank's Board as of the date of his retirement after having attained the age of 75 (the mandatory retirement age), then such ASB Director shall be deemed to have had 15 years of

service as a director for purposes of the plan and be entitled to receive a retirement benefit upon his termination of service as a director calculated as if his retirement benefit percentage reflected 15 years of service as of date of his retirement date.

The benefit is payable upon attainment of ten years of service as a director. Such benefit is payable for 120 months. Upon the death of a participant who is receiving benefit payments under the plan prior to his or her death, the remaining number of benefit payments to be made under the plan shall be paid to the beneficiary after the participant's death. Upon the death of a participant who is not receiving benefit payments under the plan prior to his or her death, the beneficiary shall receive 120 monthly payments. If a beneficiary dies after the participant but prior to receiving all payments under the plan, then the remaining payments will be paid to the beneficiary's estate in the form of a lump sum payment.

Upon a change in control, if the director experiences a termination of service, then the director shall be presumed to have 15 years of service as of the date of such change in control and shall receive a lump sum payment equal to the present value of the aggregate payments that would have been due the director. Upon a disability, the director shall be presumed to have 10 years of service and shall receive benefits on the first day of the calendar month after the disability.

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#### **RELATED PARTY TRANSACTIONS**

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The Bank originates loans and extends credit to its directors, executive officers and their family members in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with parties not related to the Bank. These loans do not involve more than the normal risk of collectability or present other unfavorable features.

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#### **PROPOSAL II – RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS**

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S.R. Snodgrass, P.C. served as the Company's independent auditors for the fiscal 2018 and the Board of Directors has appointed S.R. Snodgrass, P.C. to serve as the Company's independent auditors for the fiscal year ended June 30, 2019 subject to ratification of its appointment by shareholders. We have been advised by S.R. Snodgrass, P.C. that neither the firm nor any of its associates have any relationship between the Company and the Bank other than the usual relationship that exists between an independent auditor and its clients. A representative of S.R. Snodgrass, P.C. is expected to attend the Annual Meeting and will have an opportunity to make a statement and will be available to respond to appropriate questions from shareholders.

Ratification of the appointment of the independent auditors requires the affirmative vote of a majority of the votes cast in person or by proxy by the shareholders at the Annual Meeting. **The Board of Directors recommends that shareholders vote "FOR" the ratification of the appointment of S.R. Snodgrass, P.C. as the Company's independent auditors for the 2019 fiscal year.**

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#### **OTHER MATTERS**

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The Board of Directors is not aware of any business to come before the Annual Meeting other than those matters described above in this Proxy Statement. However, if any other matters should properly come before the Annual Meeting, it is intended that the persons named as proxies in the accompanying form will be voted in respect thereof in accordance with the determination of the Board of Directors.

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**MISCELLANEOUS**

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The Company will bear the cost of soliciting proxies. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of Common Stock. In addition to solicitations by mail, directors, officers and regular employees of the Company may solicit proxies personally or by telegraph or telephone without additional compensation.

BY ORDER OF THE BOARD OF DIRECTORS



STEVEN GILLESPIE  
*Corporate Secretary*

Levittown, Pennsylvania  
October 15, 2018

