

PENN BANCSHARES, INC.

**170 South Broadway
Pennsville, New Jersey 08070**

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors and management of Penn Bancshares, Inc., (the “Company”) of proxies for the use at the Annual Meeting of Stockholders of the Company (the “Annual Meeting”) to be held at The Pennsville National Bank, 170 South Broadway, Pennsville, New Jersey, on Tuesday, April 12, 2022, at 3:00 p.m., Eastern time, and at any and all postponements or adjournments thereof, for the purpose set forth in the accompanying Notice of Meeting.

This Proxy Statement, Notice of Meeting, and accompanying proxy card are first being mailed to stockholders on or about March 11, 2022.

GENERAL

Only stockholders of record at the close of business on March 1, 2022, are entitled to notice of and to vote the shares of common stock of the Company (the “Common Stock”) held by them on that date at the Annual Meeting or any postponements or adjournments thereof.

If the accompanying proxy card is properly signed and returned to the Company and not revoked, it will be voted in accordance with the instructions contained therein. Unless contrary instructions are given, the persons designated as proxy holders in the proxy card will vote for the slate of nominees proposed by the Board of Directors, and as recommended by the Board of Directors with regard to all other matters, or, if no such recommendation is given, in their own discretion. Each stockholder may revoke a previously granted proxy at any time before it is exercised by filing with the Secretary of the Company a revoking instrument or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if the person executing the proxy attends the Annual Meeting in person and so requests. Attendance at the Annual Meeting will not, in itself, constitute revocation of a previously granted proxy.

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding on March 1, 2022, will constitute a quorum.

ITEM 1 – ELECTION OF DIRECTORS

The Board of Directors of the Company is divided into three classes, as nearly equal in number as possible. Each class serves three years, with the terms of office of the respective classes expiring in successive years. The term of office of Directors in Class III expires at the April 12, 2022 Annual Meeting. The Board of Directors proposes that the nominees described below be elected to Class III for a new term of three years and until their successors are duly elected and qualified. David L. Bailey, Sr., James R. Hackett, and William L. Masten have heretofore been elected by the stockholders.

The term of office of Directors in Class I expires at the 2023 Annual Meeting. The term of office of Directors in Class II expires at the 2024 Annual Meeting.

The Board of Directors has no reason to believe that any of the nominees will not serve if elected, but if any of them should become available to serve as a Director, and if the Board designates a substitute nominee, the persons named as proxies will vote for the substitute nominee designated by the Board.

Directors will be elected by a plurality of the votes cast at the Annual Meeting. If elected, all nominees are expected to serve until their terms expire and until their successors are duly elected and qualified.

DIRECTORS STANDING FOR ELECTION

CLASS III

David L. Bailey, Sr., is 86 years of age and the retired Executive Director of Ranch Hope headquartered in Alloway, NJ, which was founded by him in 1963. He presently serves as Assistant Director of Development of Ranch Hope. A graduate of Western Maryland College, he is an ordained minister having received his Bachelors of Divinity and Masters of Theology degrees from Crozier Seminary. In addition to his Ranch Hope duties, he has served as President of the Salem County Chamber of Commerce and as Vice President of the Penns Grove-Carneys Point Historical Society. He was President of the Salem Rotary Club and a member of the Wisterburg Ruritan Club. Reverend Bailey is also a member of the National Religious Broadcasters Association, an active member of Aldine United Methodist Church and South Seaville Methodist Camp Meeting. For 60 years, he has hosted a daily radio broadcast and has been editor of the Salt and Light newspaper. He was first elected to the Penn Bancshares Board in 2001.

James R. Hackett is 73 years of age and received his Bachelors of Science and Accounting degree from Rider College in 1970. He is a retired licensed Public Accountant associated with the firm of Crouch and Company LLC. Mr. Hackett has previously served in the capacity of Chief Financial Officer and/or Treasurer of various

Salem County Municipalities since October 1981 as well as Treasurer of school monies for two Salem County school districts. He has been a 60-year member of First Baptist Church of Woodstown, holding several positions and currently is the Church Treasurer. Mr. Hackett is a past member of the Government Finance Officers Association of New Jersey, a past member of the New Jersey Tax Collectors and Treasurers Association of New Jersey and a past member of the New Jersey Association of Public Accountants. He has been a Director since 2007.

William L. Masten is 49 years of age and serves as President of Penn Bancshares and President and Trust Officer of the Pennsville National Bank. He is a Series 7 Securities license holder, a registered investment advisor, and financial consultant in charge of the Bank's financial services division (Oak Tree). Mr. Masten holds a Bachelor of Science degree in Business Administration, being a graduate of Susquehanna University, and has been awarded Masters in Business Administration from Wilmington University. He is a member of Trinity United Methodist Church. Bill is also serving as a Trustee of the Pennsville Historical Society and a Member of Pennsville Sewerage Authority. In the past, he has served as Chairman of the Pennsville Economic Development Committee, President of the Pennsville Historical Society, President of the Pennsville Rotary Club, and Alternate on the Pennsville Planning Board. Mr. Masten has been a Director since 1997.

DIRECTORS CONTINUING IN OFFICE

CLASS I

W. Edward Bouvier is 82 years of age and a graduate of Glassboro State College (now Rowan University). He is a retired airline captain and an investor residing in Pedricktown, NJ. He has served his community as a member of the Logan Fire Department of Pedricktown, attends the Sharptown United Methodist Church, and is a member of the Penns Grove/Carneys Point Historical Society. His involvement in the community extended to volunteer (8 years) coaching of the Oldmans Township Middle School girls basketball team. Mr. Bouvier has been a Director since 1999.

Donald L. Masten is Chairman of the Board of Penn Bancshares, Inc., Chairman of the Board of Pennsville National Bank (Penn Bancshares' principal subsidiary), and senior member of the law firm of Masten and Ray. He is 90 years of age. He was first elected to the Pennsville National Bank Board in 1970 and was an original member of the Penn Bancshares Board organized in 1985. Mr. Masten formerly served as a member of the Board of Trustees of Wesley College in Dover, DE, and is a member of the Pennsville Historical Society, Penns Grove-Carneys Point-Oldmans Historical Society, and Penns Grove Lodge 43 F&AM. He further served on the Community Bank Board of the Philadelphia Federal Reserve Bank, on various boards of the Trinity United Methodist Church, as President of the Salem County

YMCA, President of the Western Salem County Chamber of Commerce, President of the Penns Grove Rotary Club, President of the Salem County Bar Association and President of the Educational Foundation of the Pennsville Public School District.

Thomas A. Sloan is 76 years of age and a graduate of Ithaca College with a degree in Accounting. Mr. Sloan was President of the Hitchner Agency, Inc., an insurance agency in Elmer, NJ, until retiring in 2007. He is a member of the Board of Directors of AAA South Jersey. Mr. Sloan was elected to the Penn Bancshares Board in 2003.

CLASS II

John G. Ashcraft is 63 years of age and is the President and owner of Ashcraft Funeral Homes located in Penns Grove and Pennsville, NJ. He is a graduate of the College of Wooster. He is a life member of the Penns Grove Liberty Fire Company, a member of the Salem County Sportsman's Club, a member of Penns Grove Lodge 54 F&AM, a member of the National and New Jersey Funeral Directors Association, has served as president of the Y.M.C.A. of Salem County, is a member of the Board of Trustees Chairman of Salem Community College. Mr. Ashcraft has been a Director since 1994.

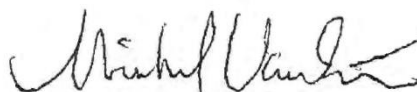
Robert J. Smick is 62 years of age, a lifelong resident of Salem County, received his undergraduate degree from Widener University and his medical degree from Philadelphia College of Osteopathic Medicine. He also obtained his MBA from Drexel University. In 2003 after engaging in private practice in Pennsville, NJ, he joined Inspira Health Network holding several positions of responsibility. Six years ago, he accepted a position with Concentra Inc. He is the volunteer Medical Director for the Salem County EMT Academy. Dr. Smick and his wife Linda have four children and live in Pilesgrove, NJ. He was appointed to the Penn Bancshares Board in 2003.

Robert J. Vanderslice is 68 years of age and was President and Chief Executive Officer of Pennsville National Bank and Vice President of Penn Bancshares, Inc. He served a three-year term on the Board of Directors of the Federal Reserve Bank of Philadelphia. Locally, Mr. Vanderslice has served as Chairman of the Salem County Board of Chosen Freeholders and represented Salem County as past President of the South Jersey Freeholders Association. He served on the boards of the Salem Community College Foundation, the Memorial Hospital of Salem County, and the Salem County Technical & Vocational School Advisory Board. Born and raised in Salem County, Mr. Vanderslice graduated from Pennsville Memorial High School and from Liberty University with a Bachelor of Science degree in finance. He was honored with the Old Colony District Good Scout Award in 2004 and was Salem County Citizen of the Year in 2009. Mr. Vanderslice has been a Director since 1990.

ITEM II – OTHER MATTERS

As of the date of this Proxy Statement, the Company knows of no business that will be presented for consideration at the Annual Meeting other than the items referred to above. Proxies in the enclosed form will be voted in respect of any other business that is properly brought before the Annual Meeting in accordance with the judgment of the person or persons voting the proxies.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "Michael VanEtten", written in a cursive style.

Michael VanEtten
Secretary

March 11, 2022