



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Mid Penn Bancorp, Inc., Mid Penn Bank

Person to be contacted regarding this report:	Edward P. Williams
UST Sequence Number:	138
CPP Funds Received:	10,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Dec 19, 2008
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	1944204
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	9889
City:	Millersburg
State:	Pennsylvania

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

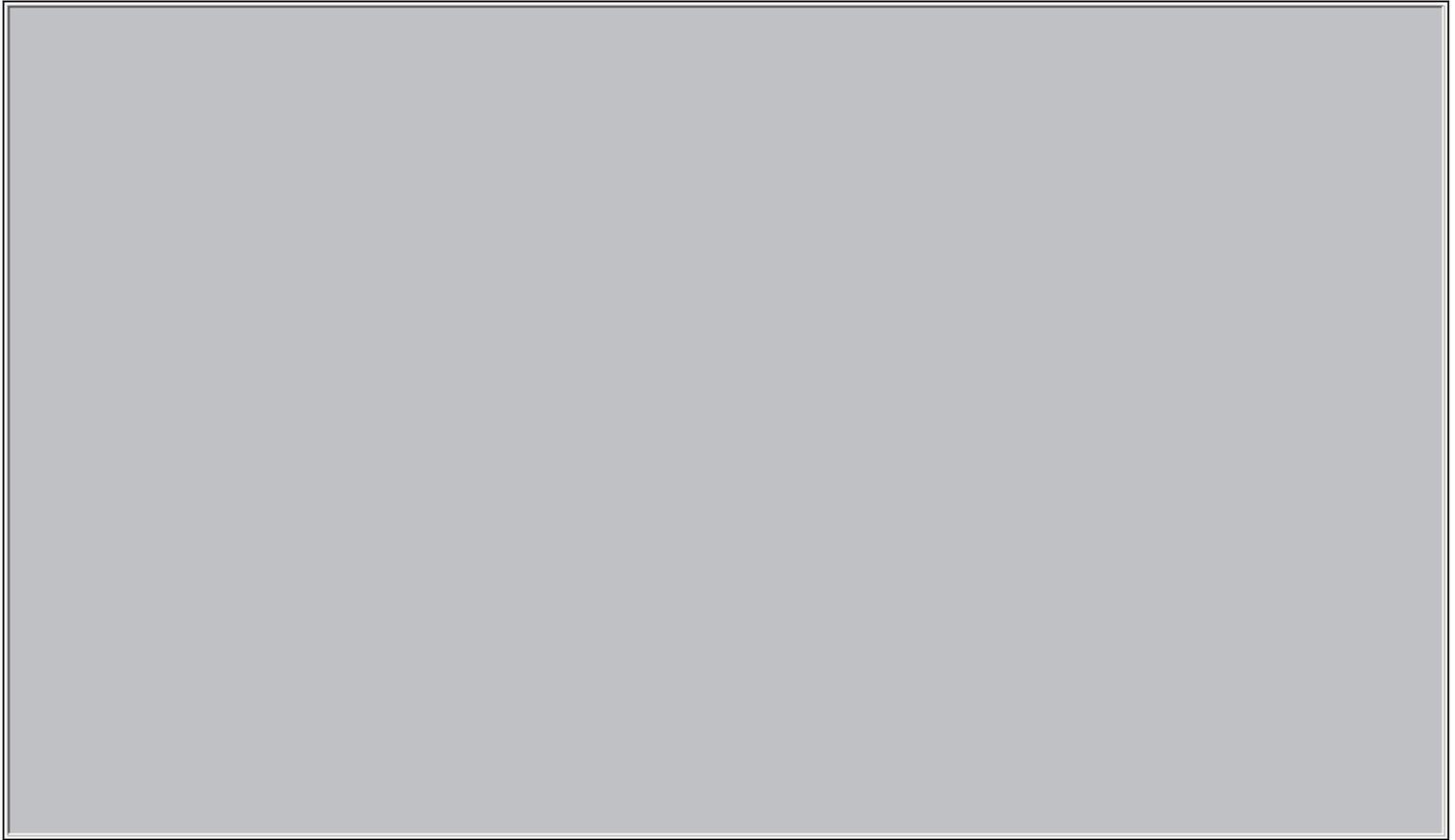
<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Our initial intent was to use the funds to sustain the robust loan growth our institution had been experiencing for the two years leading up to the end of 2008. This increase in lending had placed a strain on capital levels and some form of capital raise was anticipated to allow for sustained growth.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Mid Penn's lending strength has been in the areas of commercial mortgage and small business lending. The primary consumer lending products that we market and retain are traditional home equity term loans and lines of credit. Residential mortgages are primarily sold to investors.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	As 2009 progressed we continued to see increasing pressure on borrowers ability to maintain payments and collateral values were suffering. Late in 2009 we took aggressive action to downgrade questionable credits within the portfolio and increase reserves for these potential problem credits.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	By the end of 2009, our analysis had revealed significant deterioration in collateral values and the decision was made to charge off significant portions of many of the loans within the nonperforming pool. The presence of the CPP funds allowed us to take this aggressive action.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

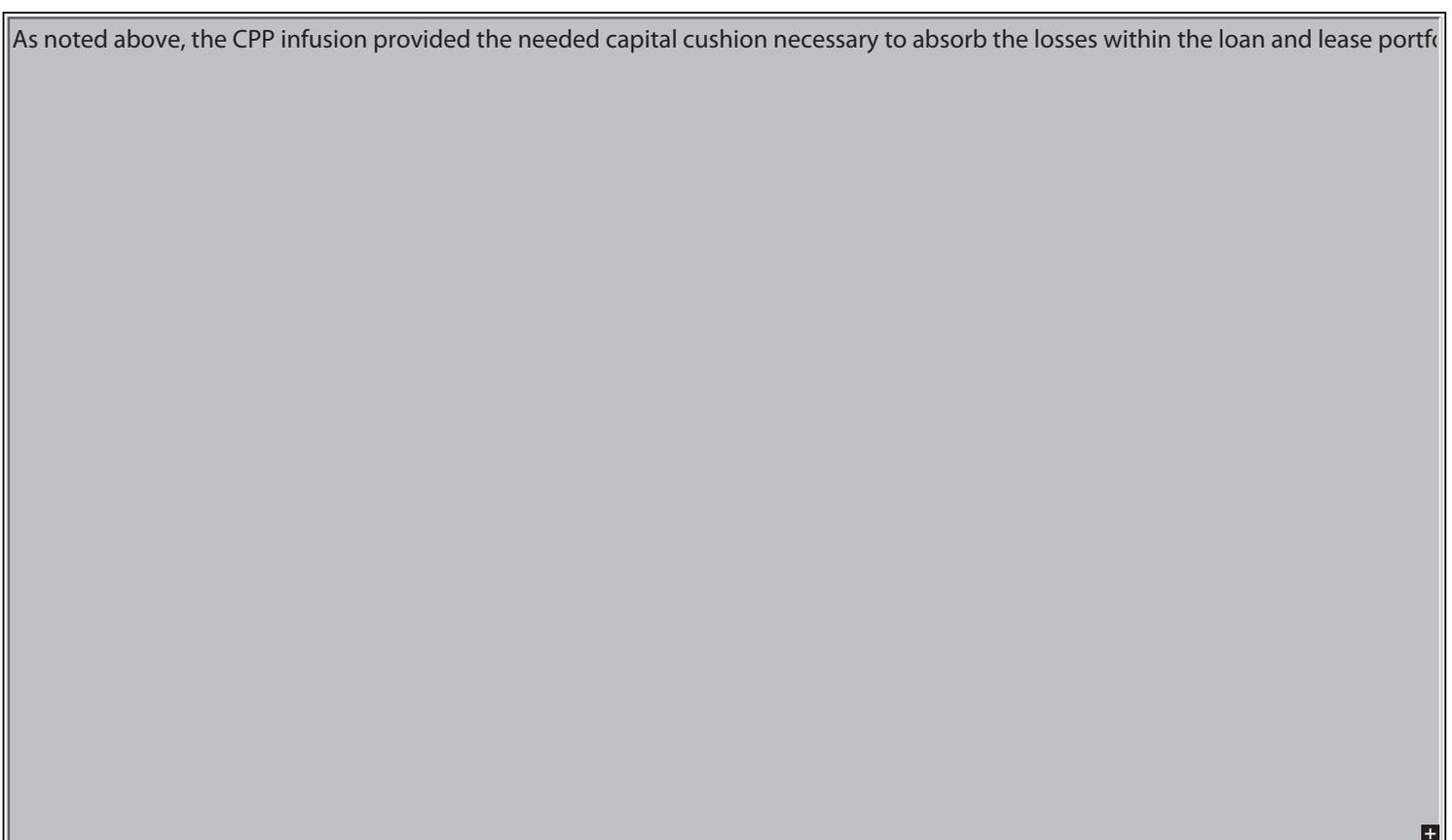
The presence of the CPP funds allowed Mid Penn to continue lending to creditworthy borrowers within our market area. Some form of capital infusion would have been necessary to continue meeting these borrowing needs and the capital markets had effectively stopped functioning. Even if capital alternatives had been available, the cost of such funding would have been prohibitive as to make the only alternative a pull-back in activity.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?



Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

As noted above, the CPP infusion provided the needed capital cushion necessary to absorb the losses within the loan and lease portfolio.



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