March 3, 2009

Special Inspector General – TARP 1500 Pennsylvania Avenue, NW; Suite 1064 Washington, D.C. 20220

Re: Mid Penn Bancorp, Inc and its wholly-owned subsidiary Mid Penn Bank \$10 Million in CPP funds

## Dear Sir or Madam:

I am writing in response to your letter of February 6, 2009, concerning our Bank's use of the \$10 million received under the Capital Purchase Program in December of 2008. Our plan is use the funds to bolster our capital so that the bank need not curtail lending in this environment where raising capital, even for strong, community banks such as ours, is difficult and expensive. Our plan for the \$10 million infusion was to increase our net loan portfolio by at least \$10 million by the end of the first quarter of 2009. We have not segregated these funds, but it will be a simple matter for us to track our net loan growth from the time we received the infusion of capital.

In fact, from the date of receipt of the capital on December 19, 2008, we have increased loans by nearly \$12 million to date. We plan on continuing to leverage the capital infusion to allow us to continue to keep credit flowing to qualified borrowers in our market, Harrisburg, PA, and the surrounding region. (Documentation from our Bank's daily ledger showing this increase is being forwarded to you via US Mail.)

Our Compensation Committee met in January to ascertain that we will not be violating any executive compensation requirements of the TARP as we plan for 2009. As a result, our Chief Lending Officer was excluded from participation in our lender incentive program. We continue to monitor the compensation requirements of the program, and to implement any necessary changes to abide by these rules.

I hereby certify the accuracy of all statements, representations, and supporting information provided, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

/s/ Kevin W. Laudenslager Vice President and Treasurer Mid Penn Bancorp, Inc. 349 Union St. Millersburg, PA 17061

INST : 000
REPORT: PMS/3211-001-19.02.7
SYSTEM: 12/19/2008 18:40

## MID PENN BANK FINANCIAL MANAGEMENT SYSTEM DAILY STATEMENT OF CONDITION - MID PENN BANK

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PROCESSED THRU: 12/21/2008

8,764,846.50 6,916,288.15 2,770,633.46 174,508.73 133,456.29	8,764,846.50 6,916,288.15 2,770,633.46 174,508.73 133,456.29	9,060,108.00 7,769,380.29 2,790,633.46 192,933.73 133,456.29	9,060,108.00 7,811,548.22 2,790,633.46 192,933.73 133,456.29	9,060,108.00 7,818,786.95 2,790,633.46 192,933.73 133,456.29	3450100100 BANK PREMISES OWNED 3450200100 FURNITURE & FIXTURES 3450300100 BANK PREMISES OWNED-LAND 3450400100 LAND IMPROVEMENTS 3450500100 LEASEHOLD IMPROVEMENTS
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4,925.91 630,347.66- 947,882.40- 947,882.40- 34,771.52- 4,789,840.9200 1,085.59- 67,662.79- 561,374.64- 1,559.03 28,073.36 669,010.50 980,795.00 1,008.14	4,925.91 630,347.66- 947,882.40- 34,771.52- 4,789,840.9200 .00 .1,085.59- 67,662.79- 561,374.64- 1,559.03 28,073.36 269,010.50 980,795.00 1,008.14	5,367.16 404,768.83- 745,331.07- 27,727.70- 4,959,297.4000 5,566.71- 59,428.79- 571,373.84- 1,872.55 24,718.76 311,608.00 462,264.00 726,200.00 540,380.00	5,260.55 394,138.48- 748,754.23- 27,727.62- 4,848,041.32- 00 5,557.43- 59,820.78- 574,496.15- 1,866.48 24,990.46 312,955.49 1,409,015.09 916,183.04 00 935,000.00	4,720.93 395,725.48- 748,725.41- 27,727.62- 5,548,091.32- .00 5,555.87- 59,572.61- 573,974.20- 1,865.48 24,921.23 312,994.66 1,166,764.09 566,200.00 825,000.00	3251650100 FRESH START LOANS 3251700100 UNEARNED INT-INSTALLMENT LOANS 3251700100 UNEARNED INT-LEASES-RESIDUAL 3251850100 UNEARNED INT-LEASES-RESIDUAL 3251950100 ALLOWANCE FOR LOAN LOSSES 3251950100 UNEARL DEPR-MTG HELD FOR SALE 3252000100 DISCOUNT ON PURCHASED MTGS 3252100100 DISCOUNT ON PURCHASED MTGS 3252200100 UNEARNED ORIG FEES-MTGS SOLD 32522501100 UNEARNED ORIG FEES-MTGS HELD 3252300100 UNEARNED ORIG FEES-MTGS HELD 3252300100 UNEARNED ORIG FEES-MTG HELD 3252400100 UNEARNED ORIG FEES-MTG HELD 3252400100 UNEARNED ORIG FEES-MTG HELD 3252450100 UNREALIZED SALARY EXP-MTG HELD 3252500100 UNREALIZED SALARY EXP-MTG HELD 3258100100 MORTGAGE LOANS IN TRANSIT 32581001100 MORTGAGE LOANS IN TRANSIT-FAMC 3258000100 MORTGAGE LOANS IN TRANSIT-FAMC 3259000100 LOANS (IN-PROCESS)
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192,933.73	174,508.73	192,933.73	192,933.73	192,933.73	LAND IMPRO
2,790,633.46	2,770,633.46	2,790,633.46	2,790,633.46	2,790,633.46	3450300100 BANK PREMISES OWNED-LAND
8,000,984.85	7,233,450.73	8,100,289.14	8,100,289.14	8,100,289.14	3450200100 FURNITURE & FIXTURES
9,060,108.00	8,764,846.50	9,060,108.00	9,060,108.00	9,060,108.00	3450100100 BANK PREMISES OWNED
.00	.00	836,000.00	715,000.00	5,795,000.00	* TOTAL FEDERAL FUNDS SOLD *
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97,432,581.23	117,004,335.04	89,546,508.07	89,651,932.44	88,341,766.33	* TOTAL INVESTMENTS *
.00	61,066.95-	.00	.00	.00	3355920100 UNREALIZED INV DEPRECIATION
838,483.27	1,073,663.73	838,514.07	840,021.61	832,056.61	3355900100 VALUATION ALLOWANCE
1,558.44-	1,947.12-	101,345.07-	8.63-	.00	3355750100 BONDS (IN-PROCESS)
12,000.00	.00	12,000.00	12,000.00	12,000.00	
. 00	.00	.00	.00	.00	
3,605,500.00	.00	3,721,200.00	3,721,200.00	3,721,200.00	INVESTMENTS - FHLB
25,150,897.83	30,186,234.10	25,150,720.52	25,150,714.49	25,150,711.53	
250,000.00	3,698,100.00	250,000.00	250.000.00	250.000.00	
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429,161,003.37	384,324,299.27	438,699,777.00	¥37,915,273.19	437,145,800.86	* TOTAL LOANS, NET *
92,159.66	120,620.75-	103,071.46	103,071.46	103,071.46	
.00	.00	.00	.00	.00	
23,033.65	12,943.58	30,941.70	31,488.71	18,193.41	
64,384.96-	32,955.59-	60,418.92-	11,225.47-	24,344.98-	LOANS
47,886.13	45,000.00	60,000.00	496,000.00	2,500.00	LOANS (NO-POST
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783,000.00		. 00	. 00		3259000100 MORIGAGE HORNS IN IRRIVETI-FAMC
705 000	298,000.00	. 00			
553,700.00	187,000.00	2,234,500.00	2,234,500.00	2,234,500.00	MORTGAGE LOANS
2,070,748.09	2,675,961.68	894,980.41	141,019.59-	155,380.41	3258000100 COMM LOANS IN TRANSIT
311,521.05	271,525.42	316,163.32	315,904.62	315,978.99	UNREALIZED
24,713.55	27,212.25	24,906.01	24,864.34	24,843.50	
1,862.10	1,551.12	1.842.25	1,841.57	1,841.24	
576,284.08-	556,861.27-	576,554.68-	576,744.37-	576,839.35-	UNEARNED ORIG
58.974.24-	72,382.98-	59,510.95-	59,394.01-	59,335.50-	
5.550.71-	212.30-	5.520.26-	5,519.24-	5.518.72-	
		. 00			3252000100 DISCOUNT ON FUNCASSED MIGS
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5,504,660.25-	4,867,346.43-	5,607,799.97-	5,607,799.97-	5,608,799.97-	
27,053.82-	32,879.38-	25,692.02-	25,692.02-	25,692.02-	
731,719.10-	879,976.87-	686,455.41-	686,455.41-	686,455.41-	
395,717.17-	553,237.09-	372,485.20-	371,438.18-	370,920.20-	3251700100 UNEARNED INT-INSTALLMENT LOANS
4,250.14	1,289.83	1,869.36	1,769.36	1,769.36	3251650100 FRESH START LOANS
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FINANCIAL MANAGEMENT SYSTEM
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