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# THE WALL STREET TRANSCRIPT

**Questioning Market Leaders For Long Term Investors****THE FOLLOWING REPORT IS EXCERPTED FROM  
THE WALL STREET TRANSCRIPT****COMPANY INTERVIEW****RORY G. RITRIEVI****Mid Penn Bancorp, Inc.****NOTICE**

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# Mid Penn Bancorp, Inc. (MPB)



**RORY G. RITRIEVI** accepted the position of President and Chief Executive Officer of Mid Penn Bancorp, Inc., and Mid Penn Bank in early 2009, following more than 23 years of experience in the banking industry. He also serves on the board of directors of both companies. Mr. Ritrievi began his banking career with Hamilton Bank/CoreStates as a Credit Analyst in their Commercial Loan Training Program. He later joined PA National Bank, part of Keystone Financial, Inc., in 1989 as a Commercial Loan Officer, ultimately moving up to Regional Commercial Loan Manager. When Keystone Financial bought Financial Trust Company, Mr. Ritrievi became the Market Manager for the former bank's largest market. Upon Keystone's consolidation under one charter, Keystone

Financial Bank, Mr. Ritrievi became an Executive Vice President and Regional Commercial Loan Manager for the region encompassing all of central and south central Pennsylvania, as well as portions of Maryland. Mr. Ritrievi left Keystone Financial in late 1999 to become Executive Vice President and Chief Lending Officer of Commerce Bank/Harrisburg N.A. In 2007, in addition to his duties as Chief Lending Officer, Mr. Ritrievi became the Market President for Commerce Bank. A graduate of Bishop McDevitt High School, Mr. Ritrievi holds a Juris Doctor from Widener University School of Law and a B.A. in economics from the University of Pittsburgh. His awards/recognitions include: the 1999 "Distinguished Young Alumni" honor from the Widener University School of Law, Central Penn Business Journal's "Forty under 40" in 1996, the "Man of the Year" award from the Central Pennsylvania Chapter of The Leukemia and Lymphoma Society. Mr. Ritrievi is a board member of the HACC Foundation, he has also served on the board of Children's Play Room and was Chairman of the Downtown Improvement District II in Harrisburg, Penn.

## SECTOR — BANKING

**(ANE605) TWST: Please give us a summary of Mid Penn. How would you describe your company and your business today?**

**Mr. Ritrievi:** Mid Penn Bank was founded as the Millersburg Bank in 1868, so it's been around for 141 years. In the 1970s, the name was changed to Mid Penn Bank. The Mid Penn Bancorp holding company was formed in 1991. Today Mid Penn Bank is a \$575 million plus true community bank, providing deposit, loan and trust solutions throughout Central Pennsylvania.

**TWST: What do you see as the key issues the banking industry faces today, and how are you adapting ?**

**Mr. Ritrievi:** The key issue for the banking industry today is asset quality and, by extension, strength of capital. It is not enough to just have good earnings. The balance sheet and, in particular, the main earning assets have to be well managed and well positioned. In that we, like most community banks, did not participate in any crazy loan schemes such as subprime lending, we really don't have to adapt much. We will always focus on sound principles of credit management. We will lend within our communities to people we know for projects that fundamentally make sense, with all risks assessed and managed.

**TWST: Give us a look at the region you serve. What economic and demographic estimates for that area will be important to your business?**

**Mr. Ritrievi:** Central Pennsylvania is a great community. The economy here traditionally is more stable than the national or even statewide economy. Our highs may not be as high, but our lows are never as low. A perfect example is the current unemployment rate. While ours is certainly up and unacceptable, it is still substantially below the national rate. There are several reasons for that stability. Two that come to mind are the impact of the state government and its numerous employees being centered here, and the fact that we are close to New York, Philadelphia, Baltimore and even Pittsburgh. That makes us attractive in matters of transportation.

**TWST: Last fall during the dark, bleak months following the Lehman collapse and the debut of federal bailouts, I believe Mid Penn took about \$11.7 million. Take us back to this time of turmoil in the economy and tell us how your bank has fared.**

**Mr. Ritrievi:** Late last year, Mid Penn Bank applied for, was approved for and accepted \$10 million in Capital Purchase Plan money from the federal government. It is important to note that this was not a free gift from the government. We, as all banks that received it then, had to qualify for the money. It was put into the bank in the form of preferred stock. We pay a 5% quarterly dividend on that money, and we are expected to pay the money back at some point in the future. In the meantime, it serves to strengthen our capital position, which allows us to stay active in the business of making loans — just what our country needs to stimulate growth in

these difficult economic times. In that we have grown our loans at a healthy rate over the past nine months and have paid the dividend, I think we have fared very well.

**TWST: What are the key factors that distinguish Mid Penn from its competition in central Pennsylvania? Is it your business focus, geography or the quality of your assets? What might some of those factors be?**

**Mr. Ritrievi:** There are four types of financial institutions operating in central Pennsylvania — there are large regional banks, such as PNC, Citizens, M&T, Sovereign, Susquehanna and Wachovia; there are established community banks, such as Fulton, Orrstown and Mid Penn Bank; then there are community banks that have started up in the last decade, such as Graystone and Integrity. Finally, there are credit unions. As it relates to the large regional banks, we are better positioned to serve the needs of owner-managed businesses throughout central Pennsylvania and consumers to whom we are convenient. Those owner-managed businesses and consumers generally prefer to do business with a banker — decision-maker — and a bank they know. As it relates to the other community banks, we will distinguish ourselves by having better delivery channels and better trained people who simply hustle more to get the business. As to the credit unions, which in my opinion compete unfairly, we are a better option because we are just more experienced in terms of commercial and consumer credit solutions.

**TWST: Who do you consider to be the typical Mid Penn customer today? Tell us what's changing as far as the customer base, the economics and the competitive landscape?**

**Mr. Ritrievi:** The typical customer is a local owner-managed business, a local real estate investor, a local non-profit, a local municipality or a central Pennsylvania consumer. To the extent that we are providing credit to any of these customers, they need to have established a responsible history of managing debt and demonstrate the resources necessary to pay back the loan. As a true community bank, none of that has changed for us. The competitive landscape has changed in that we have had a few startup banks in the last few years and the credit unions have been given increased powers. Balancing that currently — though there are many banks that because of capital or liquidity issues are functionally out of business.

**TWST: Are you seeing any trends up, down or sideways with regards to your reserves against bad debt, i.e., small business loans, commercial real estate, car loans, mortgages, that sort of thing?**

**Mr. Ritrievi:** We have added a lot more to our reserve over the last 12 months than we have in any previous 12-month period. That was done in consideration of our strong loan growth and the relatively weak economy. Our actual credit losses this year have been manageable, but the reserve is established for the future, not the present. When you make loans, establishing a strong reserve to handle potential losses is just a cost of doing business. As our delinquency and non-performing asset ratios have deteriorated from where they were 12 months ago, that stronger reserve has helped us all sleep better. The key for us is knowledge, knowledge of the whole credit portfolio and the inherent risks built into that portfolio. I am confident we have that knowledge.

**TWST: As we look toward the end of 2009 and into 2010, are there any challenges investors should be wary of? Any**

**hurdles you will have to overcome as far as capital, people, technology, relationships or anything else?**

**Mr. Ritrievi:** More than ever, bank stock investors have to understand the whole story about their bank investments. It is no longer a guaranty that a bank stock is a safe investment. The investor has to understand the bank's earnings and sustainability of those earnings, capital structure and strength of capital, asset quality and asset quality trends, growth capabilities, expense management and, of course, overall competitive strategy. Not evaluating all of those issues would be a big mistake. At Mid Penn Bank, we feel we have a good story today and the strategy to make it even better.

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**TWST: Give us your vision of what Mid Penn will look like in the year 2011 and how that picture may be different than the one today?**

**Mr. Ritrievi:** Our vision is for Mid Penn Bank to be the best bank in central Pennsylvania — the best bank for investors, the best bank for customers, the best bank for employees. Three lofty targets and we intend to hit them all. We will do so with a culture that will have at its focus the delivery of a world-class customer experience, and which culture will be rooted in the principle of solid shareholder return. We not only want to be the best bank today but long into the future. That is the exact game plan. Of course, the best formulated game plans are only as good as the team charged with executing the game plan. Believe me when I tell you that the board of directors, the senior management team and the employees at Mid Penn Bank are perfectly capable of executing with success our game plan.

**TWST: Give us a quick look at your top management team. What are the strengths you have? As you look ahead, are there any changes or additions on the horizon?**

**Mr. Ritrievi:** We have a great senior management team. Kevin Laudenslager, our Chief Operating Officer, has been with the bank for a quarter of a century and he is, in my opinion, one of the top executives in the area. Roberta Hoffman, our Director of Human Resources, has been here 30-plus years, and she is the best human resource person I have ever met. Our Chief Financial Officer, Ed Williams, is new to that position, but he has a ton of experience, and he is my kind of CFO — financially savvy but capable of thinking outside of the box when needed. And he has a tough demeanor. Our Chief Retail Officer is John Lydic — great personality and someone I have found to be both smart and dependable. Our Marketing Director, Amy Mountain, has a wealth of marketing experience in and out of banking, and is the real creative component of the team. The team is rounded out by Ernie Kemper in IT and Dennis Spotts in Operations — both people on whom we rely a great deal. You might notice that I

did not mention a Chief Lending Officer or Chief Credit Officer, those positions are currently vacant and both will be filled as soon as we identify the right candidates. In the meantime, Scott Micklewright is managing the commercial loan team and doing a great job.

**TWST: Looking at the board of directors, what are the special talent assets and resources that members bring to the table? Over the next year or two, are you looking to make any changes or additions, or refine or broaden the board's focus?**

**Mr. Ritrievi:** I am very proud of our board. The board has a great mix from an age standpoint; we have people in their 30s, 40s, 50s, 60s and 70s. It also has a great mix from an experience standpoint. Several of the board members have been associated with the bank for quite some time, yet there are a few relatively newer faces with fresh perspectives. The board also has a broad background of experience. On the board there is a school administrator, a lawyer, a semi-retired businessman, an insurance company owner, an engineering company owner, a former finance executive from banking, a food business owner, a safety equipment company owner and an executive with a construction-related company. Beyond all that, they are just a world class group of people. They all love Mid Penn Bank and are dedicated to its success.

**TWST: At this point, how could Wall Street improve its perception or its understanding of Mid Penn Bancorp? Are there any misperceptions out there, any recurring questions?**

**Mr. Ritrievi:** Our stock is not traded with the volume I would like to see. We need more buyers! I don't think that is due to any misperceptions, I just think we need to get our story out more. The story of our rich dividend history, of our historically strong performance, of the great market in which we operate, of our strategy for the future. Once people digest all of that, I think they will see us for what we are — a great investment.

**TWST: Give us a quick look at Mr. Ritrievi's personal management philosophy. As you set the goals and standards for this company, what are the simple ABCs of business that you've come to rely on?**

**Mr. Ritrievi:** I want to hire great people, put them in the right positions, give them the best training opportunities, give them a clear understanding of the board's vision for the company and their role in that vision, and then set them loose to perform. I am not a micro manager unless someone does not do their share. My fundamental principles are a commitment to quality, professionalism, integrity and communication. If all Mid Penn Bank employees make those same commitments and we are correct in our overall strategy, then we will consistently achieve our goals.

**TWST: What would be your summary message to investors today? What do you see and what should an investor see over the next two- to three- to five-year time frame as the four or five strengths, advantages and highlights that distinguish Mid Penn as an investment today?**

**Mr. Ritrievi:** I would suggest that potential investors look at Mid Penn Bank for what we are today. In my opinion that is a bank with a great opportunity to dominate a solid market, and with the people and plan to do just that. Over the next five years, watch as we continue to assemble the best talent, continue to expand our market share, continue to be responsible in the use of our shareholders' money and continue to provide great shareholder return. That has been our history and we will make sure it is our future.

**TWST: Anything you'd like to add? Have I missed anything here?**

**Mr. Ritrievi:** You have asked very good questions and I appreciate the opportunity you have afforded me to answer them.

**TWST: Thank you. (KL)**

**RORY G. RETRIEVI**  
**President & CEO**  
**Mid Penn Bancorp, Inc.**  
**349 Union Street**  
**Millersburg, PA 17061**  
**(717) 692-2133**  
**www.midpennbank.com**