Risk Factors Comparison 2024-03-28 to 2023-03-16 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

Before investing in Mid Penn common stock, an investor should carefully read and consider the risk factors described below, which are not intended to be all inclusive, and to review other information contained in this report and in our other filings with the SEC. **We are subject to a number of risks potentially impacting our business, financial condition, results of operations and cash flows. As a financial services company, certain elements of risk are inherent in what we do and the business decisions we make. Thus, we encounter risk as part of the normal course of our business, and we design risk management processes to help manage these risks.** The risks and uncertainties described below are not the only ones facing Mid Penn' s holding company, the Bank, and nonbank subsidiaries **. Some of these risks and uncertainties are interrelated and the occurrence of one or more of them may exacerbate the effect of others** . Additional risks and uncertainties that we are not aware of, or that we currently deem less significant, or that we are otherwise not specifically focused on, may also impact our business, results of operations, and our common stock. If any of these known or unknown risks or uncertainties actually occurs, our business, financial condition and results of operations could be materially and adversely affected. If this were to happen, the market price of our common stock could decline significantly, and an investor could lose all or part of his or her investment in Mid Penn. Unless the context otherwise requires, references to" we,"" us **"," our** ,"" ~~our,~~ **Mid Penn** " ~~" Mid Penn~~ , ~~"~~ or" Mid Penn Bancorp, Inc.," collectively refer to Mid Penn Bancorp, Inc. and its subsidiaries, and specific references to the" Bank" refer to Mid Penn Bank, the wholly owned banking subsidiary of Mid Penn Bancorp, Inc. Risks Related to Our Primary Business and Industry Mid Penn is subject to interest rate risk. Mid Penn' s earnings and cash flows are largely dependent upon the Bank' s net interest income. Net interest income is the difference between interest income earned on interest- earning assets such as loans and securities, and interest expense paid on interest- bearing liabilities such as deposits and borrowed funds. Interest rates are highly sensitive to many factors that are beyond Mid Penn' s control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Board of Governors of the Federal Reserve System (the" Federal Reserve"). Changes in monetary policy, including changes in interest rates, could influence not only the interest income the Bank receives on loans and securities and the amount of interest expense it pays on deposits and borrowings, but such changes could also affect (i) the Bank' s ability to originate loans and obtain deposits, (ii) the fair value of financial assets and liabilities, and (iii) the average duration of mortgage- backed securities in the Bank' s investment portfolio. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, Mid Penn' s net interest income, and therefore earnings, could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans and investments fall more quickly than the interest rates paid on deposits and borrowings. Mid Penn may be subject to a greater risk of rising interest rates due to the current period of rising interest rates and high inflation. The Federal Reserve ~~aggressively~~ raised interest rates in 2022 **and 2023** to curb inflation, which is likely to drive down the prices of income or dividend- paying securities. The risk that interest rates may **remain volatile** ~~continue to rise~~ is pronounced. Management believes it has implemented effective asset and liability management strategies and interest rate risk management activities to reduce the potential effects of changes in interest rates on Mid Penn' s results of operations. Any substantial, unexpected, prolonged, or rapid change in market interest rates could have a material adverse effect on the Bank' s net interest income and Mid Penn' s financial condition and results of operations. Mid Penn is subject to credit risk. As of December 31, ~~2022~~ **2023** , approximately ~~88~~ **81** % of the Bank' s loan portfolio consisted of commercial real estate, commercial and industrial, and ~~agricultural~~ **construction** loans. These types of loans are generally viewed as having more risk of default than residential real estate loans or secured consumer loans. Commercial loans are also typically larger than residential real estate loans and consumer loans. Because the loan portfolio contains a significant number of commercial and industrial loans, and construction and commercial real estate loans with relatively large balances, the deterioration of one or a few of ~~MID PENN BANCORP, INC.~~ these loans could cause a significant increase in non- performing loans. In addition, Mid Penn' s credit risk may be exacerbated when the collateral held by Mid Penn cannot be readily realized or liquidated at prices sufficient to recover the full amount of the credit or derivative exposure due to Mid Penn. An increase in non- performing loans or collateral value deficiencies could result in a net loss of earnings from these loans, an increase in the provision for **credit** ~~possible loan~~ losses **on loans** and an increase in loan charge- offs, all of which could have a material adverse effect on Mid Penn' s financial condition and results of operations. **MID PENN BANCORP, INC.** The allowance for ~~loan~~ **credit** losses may ~~be~~ not be sufficient to cover actual loan losses. ~~As~~ **Following the issuance by the Financial Accounting Standards Board (" FASB ")** of ~~December 31~~ **Accounting Standards Update (" ASU ") 2016- 13** , **" Measurement of Credit Losses on Financial Instruments, " effective January 1,** ~~2022~~ **2023** , Mid Penn ~~maintains an~~ **adjusted its loan** allowance **methodology to reflect the new standard, which requires periodic estimates of lifetime expected credit losses on financial assets and categorizes expected credit losses as allowances** for **credit losses under the current expected credit loss (" CECL ") methodology. Under the new CECL model, financial institutions are required to use historical information, current conditions and reasonable forecasts to estimate the expected loss over the life of the** loan **. The ACL on loans and leases** ~~losses, which is a reserve established that~~ represents management' s ~~best~~ estimate of ~~probable~~ **all expected credit** losses **over** ~~that have been incurred within~~ the **expected contractual life of our** existing portfolio ~~of~~ loans ~~. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio~~ . The level of the allowance reflects management' s continuing evaluation of industry concentrations; specific credit risks; loan loss experience; current loan portfolio quality; changes in present economic, political and regulatory conditions;

other external factors such as the ongoing pandemic; and unidentified losses inherent in the current loan portfolio. The determination of the appropriate level of the allowance for **credit** ~~possible loan~~ losses inherently involves a high degree of subjectivity and requires Mid Penn to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic **and market** conditions affecting borrowers ~~, the impact of the ongoing pandemic~~ , new information regarding existing loans, identification of additional problem credits and other factors, both within and outside of Mid Penn' s control, impact the determination of the allowance. In addition, bank regulatory agencies periodically review Mid Penn' s allowance for **credit** ~~possible loan~~ losses and may require an increase in the provision for **credit** ~~possible loan~~ losses or the recognition of further loan charge- offs, based on judgments different than those of management. ~~In the aftermath of the 2008 financial crisis, the Financial Accounting Standards Board determined to review how banks estimate losses in the allowance calculation, and it issued the final current expected credit loss standard (" CECL ") in June 2016. For Mid Penn, the current allowance model will be replaced by the new CECL model effective for the first interim and annual reporting periods beginning after December 15, 2022. Under the new CECL model, financial institutions will be required to use historical information, current conditions and reasonable forecasts to estimate the expected loss over the life of the loan. The transition to the CECL model will bring with it significantly greater data requirements and changes to methodologies to accurately account for expected losses under the new parameters, based on current estimates, management estimates that this increase will be no greater than 200 % of the total credit loss reserve as of December 31, 2022. This estimate is subject to change based on continuing refinement and validation of the model and methodologies. at adoption date.~~ Any increase in the allowance ~~resulting from future charge- offs or the transition from the current allowance for loan loss model to the CECL model~~ will result in a decrease in net income and, possibly, capital, and may have a material adverse effect on Mid Penn' s financial condition and results of operations. Competition from other financial institutions may adversely affect Mid Penn' s and the Bank' s profitability. Mid Penn' s banking subsidiary **is subject to rapid changes in technology, regulation and product innovation, and** faces substantial competition in originating both commercial and consumer loans. This competition comes principally from other banks, credit unions, savings institutions, mortgage banking companies and other lenders. Many of its larger competitors who offer loans enjoy advantages over the Bank, including greater financial resources and higher lending limits, a wider geographic presence, more accessible branch office locations, the ability to offer a wider array of services or more favorable pricing alternatives, as well as lower origination and operating costs. This competition could reduce Mid Penn' s net income by decreasing the number and size of loans that its banking subsidiary originates **,** and the interest rates it may charge on these loans. In attracting business and consumer deposits, the Bank faces substantial competition from other insured depository institutions such as other commercial banks, savings institutions and credit unions, as well as institutions offering uninsured investment alternatives, including money market funds. Many of Mid Penn' s larger competitors who accept deposits also enjoy advantages over the Bank, including greater financial resources, more aggressive marketing campaigns, better brand recognition, and more convenient branch locations. These competitors may offer higher interest rates than Mid Penn, which could decrease the deposits that the Bank attracts or require an increase in rates and interest expense to retain existing deposits or attract new deposits. Increased deposit competition could adversely affect Mid Penn' s ability to generate the funds necessary for lending operations. As a result, Mid Penn may need to seek other sources of funds that may be more expensive to obtain and could increase its cost of funds. Mid Penn' s banking subsidiary and nonbank subsidiaries also compete with non- banking providers of financial services, such as brokerage firms, consumer finance companies, credit unions, insurance agencies and governmental organizations, which may offer more favorable terms. Some of its non- banking competitors are not subject to the same extensive and costly regulations that govern Mid Penn' s operations. As a result, such non- banking competitors may have advantages over Mid Penn' s banking subsidiary and nonbank subsidiaries in providing certain products and services. This competition may reduce or limit Mid Penn' s margins on banking services, revenues from nonbanking subsidiaries' activities, reduce its market share and adversely affect its earnings and financial condition. **Mid Penn depends on the accuracy and completeness of information about customers and counterparties. In deciding whether to extend credit or enter into other transactions, Mid Penn may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports and other financial information. Mid Penn may also rely on representations of those customers, counterparties or other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate or misleading financial statements, credit reports or other financial information could have a material adverse impact on Mid Penn' s business and, in turn, Mid Penn' s financial condition and results of operations.** The discontinuance of LIBOR presents risks to the financial instruments originated, held or serviced by Mid Penn that use LIBOR as a reference rate. The London Interbank Offered Rate (" LIBOR") and certain other" benchmarks" are the subject of recent national, international, and other regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past or have other consequences, which cannot be predicted. On July 27, 2017, the United Kingdom' s Financial Conduct Authority (" FCA"), which regulates LIBOR, publicly announced that it ~~intends~~ **intended** to stop persuading or compelling banks to submit LIBOR rates after 2021. Since then, regulators, industry groups and certain committees (e. g., the Alternative Reference Rates Committee) have, among other things, published recommended fall- back language for LIBOR- linked financial instruments, identified recommended alternatives for certain LIBOR rates (e. g., the Secured Overnight Financing Rate (" SOFR") as the recommended alternative to U. S. Dollar LIBOR), and proposed implementations of the recommended alternatives in floating rate instruments. **The** ~~As announced on March 5, 2021, the~~ administrator of LIBOR ceased publishing most non- USD LIBOR settings beginning on January 1, 2022 **,** and **as of July 1, 2023,** ~~Mid Penn currently anticipates that it will cease to publish~~ the overnight ~~,~~ one- month, three- month, six- month and 12- month USD LIBOR settings ~~on July 1, 2023~~ **will no longer be published** . Currently, SOFR is the alternative reference rate replacing LIBOR for most types of transactions. SOFR is viewed as a" riskless rate" as it is derived from rates on overnight U. S. Treasury repurchase transactions, which are essentially overnight loans secured by U. S.

Treasury securities ~~,~~ and are largely viewed as not presenting credit risk. The BSBY is another alternative reference rate that is in use primarily in the loan market. BSBY is intended to reflect large banks' marginal wholesale cost of funds and is a credit-sensitive rate with a forward- looking term structure. ~~In October 2021, the federal bank regulatory agencies issued a Joint Statement on Managing the LIBOR Transition. In that guidance, the agencies offered their regulatory expectations and outlined potential supervisory and enforcement consequences for banks that fail to adequately plan for and implement the transition away from LIBOR.~~ The failure to properly transition away from LIBOR may result in increased supervisory scrutiny. In addition, the implementation of LIBOR reform proposals may result in increased compliance costs and operational costs, including costs related to continued participation in LIBOR and the transition to a replacement reference rate or rates, which cannot currently be reasonably estimated. The discontinuance of LIBOR may result in uncertainty or differences in the calculation of the applicable interest rate or payment amount depending on the terms of the governing documents, may adversely affect the value of Mid Penn' s floating rate obligations, loans, deposits, derivatives, and other financial instruments tied to LIBOR rates and may also increase operational and other risks to Mid Penn and the industry, including reputational and litigation risk. The Basel III capital requirements require Mid Penn to maintain higher levels of capital, which could reduce profitability **. We are subject to comprehensive capital adequacy requirements intended to protect against losses that Mid Penn may incur** . Basel III established higher levels of base capital, certain capital buffers, and a migration toward common equity as the key source of regulatory capital. Although these capital requirements have been phased in and met by Mid Penn, the Basel III requirements signal a growing effort by domestic and international bank regulatory agencies to require financial institutions, including depository institutions, to maintain higher levels of capital. The Basel III implementation activities and related regulatory capital targets required additional capital to support our business risk profile. Maintaining higher levels of capital potentially reduces opportunities to leverage interest- earning assets, which could limit the net interest income and profitability of Mid Penn, and adversely impact our financial condition and results of operations. As a participating lender in the SBA Paycheck Protection Program (" PPP"), we are subject to additional risks of litigation from our clients or other parties regarding our processing of loans for the PPP and risks that the SBA may not fund some or all PPP loan guaranties. **Under** ~~On March 27, 2020, President Trump signed~~ the **Paycheck Protection** ~~CARES Act, which included a loan program~~ **Program (** ~~administered through the SBA referred to as the~~ PPP **)** ~~. Under the PPP~~ , small businesses and other entities and individuals were permitted to apply for loans from existing SBA lenders and other approved regulated lenders that enrolled in the program, subject to numerous limitations and eligibility criteria. We participated as a lender in the PPP, which commenced on April 3, 2020. ~~Because of the short timeframe between the passing of the CARES Act and the commencement of the PPP, there was some ambiguity in the laws, rules and guidance regarding the operation of the PPP, which exposes the Corporation to risks relating to noncompliance with the PPP. Since its commencement, several other larger banks have been subject to litigation regarding the process and procedures that such banks used in processing applications for the PPP.~~ We ~~may be exposed to the risk of litigation, from both clients and non- clients that approached us regarding PPP loans, regarding our process and procedures used in processing applications for the PPP. If any such litigation is filed against us and is not resolved in a manner favorable to us, it may result in significant financial liability or adversely affect our reputation. In addition, litigation can be costly, regardless of outcome. Any financial liability, litigation costs or reputational damage caused by PPP-related litigation could have a material adverse impact on our business, financial condition and results of operations. We also~~ have credit risk on PPP loans if a determination is made by the SBA that there is a deficiency in the manner in which the loan was originated, funded, or serviced by us, such as an issue with the eligibility of a borrower to receive a PPP loan, which may or may not be related to the ambiguity in the laws, rules and guidance regarding the operation of the PPP. In the event of a loss resulting from a default on a PPP loan and a determination by the SBA that there was a deficiency in the manner in which the PPP loan was originated, funded, or serviced by us, the SBA may deny its liability under the guaranty, reduce the amount of the guaranty, or, if it has already paid under the guaranty, seek recovery of any loss related to the deficiency from us **. As of December 31, 2023, Mid Penn had $ 1. 4 million of PPP loans yet to be forgiven** . Our SBA lending program is dependent upon the federal government **,** and we face specific risks associated with originating SBA loans. Our SBA lending program is dependent upon the federal government. As an SBA Preferred Lender, we enable our clients to obtain SBA loans without being subject to the potentially lengthy SBA approval process necessary for lenders that are not SBA Preferred Lenders. **Our SBA lending program depends on interaction with the SBA, which is an independent agency of the federal government. During a lapse of funding, such as a government shutdown, the SBA may not be able to engage in such interaction which may have a material adverse effect on our financial condition and the demand for our services could decline.** The SBA periodically reviews the lending operations of participating lenders to assess, among other things, whether the lender exhibits prudent risk management. When weaknesses are identified, the SBA may request corrective actions or impose enforcement actions, including revocation of the lender' s Preferred Lender status. If we lose our status as a Preferred Lender, we may lose some or all of our customers to lenders who are SBA Preferred Lenders. Also, any changes to the SBA program, including changes to the level of guarantee provided by the federal government on SBA loans, could adversely affect our business and earnings. We generally sell the guaranteed portion of our SBA 7 (a) program loans in the secondary market. These sales have resulted in premium income for us at the time of sale and created a stream of future servicing income. We may not be able to continue originating these loans or selling them in the secondary market. Furthermore, even if we are able to continue originating and selling SBA 7 (a) program loans in the secondary market, we might not continue to realize premiums upon the sale of the guaranteed portion of these loans. When we sell the guaranteed portion of our SBA 7 (a) program loans, we incur credit risk on the non- guaranteed portion of the loans, and if a customer defaults on the non-guaranteed portion of a loan, we share any loss and recovery related to the loan pro- rata with the SBA. If the SBA establishes that a loss on an SBA guaranteed loan is attributable to significant technical deficiencies in the manner in which the loan was originated, funded or serviced by us, the SBA may **deny its liability under the guaranty for the affected loan or loans, reduce the amount of the guaranty, or, if it has already paid under the guaranty,** seek recovery of the principal loss related

to the deficiency from us, which could adversely affect our business and earnings. The laws, regulations and standard operating procedures that are applicable to SBA loan products may change in the future. We cannot predict the effects of these changes on our business and profitability. Because government regulation greatly affects the business and financial results of all commercial banks and bank holding companies, changes in the laws, regulations and procedures applicable to SBA loans could adversely affect our business and earnings. Acts of terrorism, natural disasters, global climate change, pandemics and global conflicts may have a negative impact on our business and operations. Acts of terrorism, natural disasters, global climate change, pandemics, global conflicts **and geopolitical tensions (including as a result of the Russia- Ukraine and Israel- Hamas conflicts)** or other similar events could have a negative impact on our business and operations. While we have business continuity plans in place, such events occurring or persisting, such as the ~~current~~ COVID- 19 or any future pandemic, could disrupt or delay the normal operations of our business and our facilities (including communications and technology), result in harm to or cause travel limitations on our employees, and have a similar impact on our clients, suppliers, third- party vendors and counterparties. These events also could impact us negatively to the extent that they result in reduced capital markets activity, lower asset price levels, or disruptions in general economic activity in the United States or abroad, or in financial market settlement functions. In addition, these or similar events may impact economic growth negatively, which could have an adverse effect on our business and operations and may have other adverse effects on us in ways that we are unable to predict. The ~~ongoing~~ **impact of and response to the** COVID- 19 pandemic ~~and measures taken to limit its spread~~ could adversely affect Mid Penn' s business, financial condition, and results of operations. The **impact and response to the** COVID- 19 pandemic has negatively impacted economic and commercial activity and financial markets. Measures to contain the virus, such as stay- at- home orders, travel restrictions, closure of non- essential businesses, occupancy limitations and social distancing requirements, resulted in significant business and operational disruptions, including business closures, and mass layoffs and furloughs. Though most restrictions have been lifted or eased and consumer and business spending and unemployment levels have improved significantly, the economic recovery has been uneven, with industries such as travel, entertainment, hospitality and food service lagging. Supply chain disruptions precipitated by the abrupt economic slowdown have contributed to increased costs, lost revenue, and inflationary pressures for many segments of the economy. Further, a significant number of workers left their jobs during the COVID- 19 pandemic, leading to wage inflation in many industries as businesses attempt to fill vacant positions. **In addition, an increase in the remote work force resulting from the COVID- 19 pandemic and the potential for a long-term change in remote work practices may also increase risks related to cybersecurity and information security. The operation of a hybrid workplace may negatively impact Mid Penn' s ability to attract and retain qualified personnel. Differences in the demands, expectations and priorities of the workforce may require Mid Penn to rethink and amend its recruiting and retention strategies in order to attract and keep new employees.** The extent to which **the effects of** the COVID- 19 pandemic will ~~ultimately~~ **continue to** affect our business is unknown ~~and will depend, among other things, on the duration of the pandemic, the actions undertaken by national, state and local governments and health officials to contain the virus or mitigate its effects, the safety and effectiveness of the vaccines that have been developed and the extent to which they are accepted by the public, the development of effective therapies, and how quickly and to what extent economic conditions improve and normal business and operating conditions resume~~ . The ~~continuation~~ **lasting impact** of the COVID- 19 pandemic ~~and the efforts to contain the virus, including effects of economic stimulus, and the exhaustion or expiration of stimulus benefits,~~ could: • reduce the demand for loans and other financial services; • result in increases in loan delinquencies, problem assets, and foreclosures; • cause the value of collateral for loans, especially real estate, to decline in value; • reduce the availability and productivity of our employees; • cause our vendors and counterparties to be unable to meet existing obligations to us; • negatively impact the business and operations of third- party service providers that perform critical services for our business; • cause the value of our securities portfolio to decline; and • cause the net worth and liquidity of loan guarantors to decline, impairing their ability to honor commitments to us. Any one or a combination of the above events could have a material, adverse effect on Mid Penn' s business, financial condition, and results of operations. Interest rate volatility stemming from COVID- 19 could negatively affect our net interest income, lending activities, deposits and profitability. Our net interest income, lending activities, deposits and profitability could be negatively affected by volatility in interest rates caused by uncertainties stemming from COVID- 19. In March 2020, the Federal Reserve lowered the target range for the federal funds rate to a range from 0 to 0. 25 %, citing concerns about the impact of COVID- 19 on markets and stress in the energy sector. In a series of moves beginning March 17, 2022 through ~~February 1~~ **July 25** , 2023 intended to curb increasing inflation, the Federal Reserve increased the federal funds rate to a target range of ~~4.~~ 5 **. 25** % to ~~4~~ **5** . ~~75~~ **5** %. A prolonged period of extremely volatile and unstable market conditions would likely increase our funding costs and negatively affect market risk mitigation strategies. Higher income volatility from changes in interest rates and spreads to benchmark indices could cause a loss of future net interest income and a decrease in current fair market values of our assets. Fluctuations in interest rates will impact both the level of income and expense recorded on most of our assets and liabilities and the market value of all interest- earning assets and interest- bearing liabilities, which in turn could have a material adverse effect on our net income, operating results, or financial condition. If Mid Penn' s information systems are interrupted or sustain a breach in security, those events may negatively affect Mid Penn' s financial performance and reputation. In conducting its business, Mid Penn relies heavily on its information systems. Maintaining and protecting those systems and data is difficult and expensive, as is dealing with any failure, interruption, or breach in security of these systems, whether due to acts or omissions by Mid Penn or by a third party, and whether intentional or not. Any such failure, interruption, or breach could result in failures or disruptions in Mid Penn' s customer relationship management, general ledger, deposit, loan, and other systems. A breach of Mid Penn' s information security may result from fraudulent activity committed against Mid Penn or its clients, resulting in financial loss to Mid Penn or its clients, or privacy breaches against Mid Penn' s clients. Such fraudulent activity may consist of check fraud, electronic fraud, wire fraud," phishing", social engineering, identity theft, or other deceptive acts. The policies, procedures, and technical safeguards put in

place by Mid Penn to prevent or limit the effect of any failure, interruption, or security breach of its information systems and data may be insufficient to prevent or remedy the effects of any such occurrences. The occurrence of any failures, interruptions, or security breaches of Mid Penn’ s information systems and data could damage Mid Penn’ s reputation, cause Mid Penn to incur additional expenses, result in online services or other businesses becoming inoperable, subject Mid Penn to regulatory sanctions or additional regulatory scrutiny, or expose Mid Penn to civil litigation and possible financial liability, any of which could have a material adverse effect on Mid Penn’ s financial condition and results of operations. Mid Penn’ s business operations and interaction with customers are increasingly done via technology and electronic delivery channels, and this has increased risks related to cyber- attacks and cyber incidents. **In the normal course of business, we collect, process and retain sensitive and confidential information regarding our customers. Although we devote significant resources and management focus to ensuring the integrity of our systems,** Mid Penn is exposed to the risk of cyber- attacks in the normal course of business. In general, cyber incidents can result from deliberate attacks or unintentional events. An increased level of attention in the industry is focused on cyber- attacks that include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. To combat against these attacks, Mid Penn has certain security systems and policies and procedures in place to prevent or limit the effect of the possible security breach of its information systems and it has insurance against some cyber- risks and attacks. While Mid Penn has not incurred any material losses related to cyber- attacks, nor is it aware of any specific or threatened cyber- incidents as of the date of this report, it may incur substantial costs and suffer other negative consequences if it falls victim to successful cyber- attacks. Such negative consequences could include remediation costs that may include liability for stolen assets or information and repairing system damage that cyber- attacks may have caused; deploying additional personnel and protection technologies, training employees, and engaging third party experts and consultants; lost revenues resulting from unauthorized use of proprietary information or the failure to retain or attract customers following an attack; litigation; and reputational damage adversely affecting customer or investor confidence **, any of which could have a material adverse effect on our business, financial condition or results of operations** . We are required to make a number of judgments in applying generally accepted accounting standards, and different estimates and assumptions in the application of these accounting standards could result in a decrease in capital and / or other material changes to our reports of financial condition and results of operations. Generally accepted accounting principles involve certain estimates and processes that are particularly susceptible to significant change, including those related to the determination of the allowance for ~~loan~~ **credit** losses and reserve for unfunded lending commitments, the fair value of and potential impairment of certain financial instruments including investment securities, income tax assets or liabilities (including deferred tax assets and any related valuation allowance), and share- based compensation. While we have identified critical accounting policies and have procedures and processes in place to support making the related judgments and estimates, changes to the processes, assumptions, or models in the application of these generally accepted accounting principles, and the impact to the related judgments and estimates could result in a decrease to net income and, possibly, capital and may have a material adverse effect on our financial condition and results of operations. From time to time, the Financial Accounting Standards Board and the SEC issues changes to or updated interpretations of the financial accounting and reporting guidance that governs the preparation of Mid Penn’ s financial statements. These changes are beyond our control, can be difficult to predict, and could materially impact how we report our financial condition and results of operations. We could be required to apply new or revised guidance retrospectively, which may result in the revision of prior financial statements by material amounts. The implementation of new or revised guidance could also result in material adverse effects to our reported capital. Mid Penn’ s mortgage banking income may experience significant volatility. Mortgage banking income is highly influenced by the level and direction of market forces including mortgage interest rates, and real estate and refinancing activity. ~~In~~ **Mid Penn sells a significant amount of residential mortgage loans into the secondary market. The sale of these loans generates noninterest income and can be a source of liquidity for the Bank. Disruption in the secondary market for residential mortgage loans as well as declines in real estate values could result in an inability to sell mortgage loans on the secondary market, which could negatively impact Mid Penn’ s liquidity position. A decline in real estate values could decrease the potential of mortgage originations for Mid Penn, which could negatively impact our earnings. Additionally, in** lower interest rate environments, the demand for mortgage loans and refinancing activity will tend to increase. This has the effect of increasing fee income but could adversely impact the estimated fair value of Mid Penn’ s mortgage servicing rights as the rate of loan prepayments increase. In higher interest rate environments, the demand for mortgage loans and refinancing activity will generally be lower. This has the effect of decreasing mortgage loan originations and refinance activities, and related fee income opportunities. Mid Penn could be required to repurchase mortgage loans or indemnify mortgage loan purchasers due to breaches of representations and warranties, borrower fraud, or certain borrower defaults, which could have a material adverse impact on our liquidity, results of operations and financial condition. Mid Penn originates and sells a significant amount of residential mortgage loans into the secondary market. When Mid Penn sells mortgage loans, Mid Penn is required to make customary representations and warranties to purchasers about the mortgage loans and the manner in which they were originated. The agreements pursuant to which the loans are sold require Mid Penn to repurchase or substitute mortgage loans in the event there was a breach of any of these representations or warranties. In addition, Mid Penn may be required to repurchase mortgage loans as a result of borrower fraud or in the event of early payment default of the borrower on a mortgage loan. If repurchase and indemnity demands increase significantly, Mid Penn’ s liquidity, results of operations and financial condition may be adversely affected. Mid Penn’ s profitability depends significantly on economic conditions in Pennsylvania. Unlike larger or regional financial institutions that are more geographically diversified, Mid Penn’ s success is dependent to a significant degree on economic conditions in Pennsylvania, especially in the ~~twelve~~ **nineteen** counties and the specific markets primarily served by Mid Penn. The banking industry is affected by general economic conditions, including the effects of inflation, recession, unemployment, real estate values, trends in national and global economics, and other

factors beyond our control. An economic recession or a delayed recovery over a prolonged period of time in Pennsylvania, or more specific to the counties or communities in Pennsylvania served by Mid Penn, could cause an increase in the level of the Bank' s non- performing assets and loan losses, thereby causing operating losses, impairing liquidity, and eroding capital. Mid Penn cannot assure that adverse changes in the local and state economy supporting its market area would not have a material adverse effect on Mid Penn' s consolidated financial condition, results of operations, and cash flows. Mid Penn is subject to claims and litigation pertaining to fiduciary responsibility. From time to time, customers **and shareholders** may make claims and take legal action pertaining to Mid Penn' s performance of its fiduciary responsibilities. Whether ~~customer~~ **such** claims and legal action related to Mid Penn' s performance of its fiduciary responsibilities are founded or unfounded, if such claims and legal actions are not resolved in a manner favorable to Mid Penn, the claims or related litigation processes may result in significant financial expense and liability, and / or adversely affect the market perception of Mid Penn and its products and services, as well as impact customer demand for those products and services. Any financial liability or reputation damage could have a material adverse effect on Mid Penn' s business, which, in turn, could have a material adverse effect on Mid Penn' s financial condition and results of operations. Mid Penn operates in a highly regulated environment and may be adversely affected by changes in federal, state and local laws and regulations. The Corporation, the Bank, and its nonbank subsidiaries are collectively subject to extensive regulation, supervision and examination by federal and state banking authorities. The potential exists for additional or amended federal or state laws and regulations, or changes in supervisory policies or activities, to materially affect many aspects of Mid Penn' s operations, including capital levels, lending and funding practices, and liquidity standards. New laws and regulations may increase costs of regulatory compliance and of doing business and otherwise affect operations and may significantly affect the markets in which Mid Penn does business, the markets for and value of Mid Penn' s loans and investments, the ability to attract deposits at a reasonable cost, the fees charged, and ongoing operations, costs and profitability. Further, additional legislation and regulations that could significantly affect Mid Penn' s powers, authority and operations may be enacted or adopted in the future, which could have a material adverse effect on its financial condition and results of operations. Also, regulators have significant discretion and authority to prevent or remedy unsafe or unsound practices or violations of laws by banks and bank holding companies in the performance of their supervisory and enforcement duties. Any changes in applicable regulations or federal, state or local legislation, or the exercise of bank regulatory authority, may have a negative impact on Mid Penn' s results of operations, financial condition, and its ability to pay dividends on common stock. The **burden imposed by federal and state regulators puts Mid Penn at a competitive disadvantage compared to less regulated competitors such as finance companies, mortgage banking companies and leasing companies. In addition, changes in laws or regulations that affect Mid Penn' s customers and business partners could negatively affect Mid Penn' s revenues and expenses. Certain changes in laws such as tax law reforms that impose limitations on the deductibility of interest may decrease the demand for Mid Penn' s products or services and could negatively affect its revenues and results of operations. Other changes in laws or regulations could cause Mid Penn' s third- party service providers and other vendors to increase the prices they charge to Mid Penn and negatively affect Mid Penn' s expenses and financial results. The** soundness of other financial institutions may adversely affect Mid Penn. Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. Mid Penn has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, and other institutional clients. Many of these transactions expose Mid Penn to credit risk and losses in the event of a default by a counterparty or client. Any such losses could have a material adverse effect on Mid Penn' s financial condition and results of operations. **During** ~~On March 10,~~ 2023, ~~the~~ **five banks either failed or were sold in an** FDIC ~~took control and was appointed~~ **- assisted transaction. Mid Penn did not have any direct exposure to any of the affected banks. However, if other banks or financial institutions enter** ~~receiver~~ **receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments may be threatened and could have a material adverse effect on our business and financial condition. Volatility in financial markets and the economy may have materially adverse effects on our liquidity and financial condition. The capital and credit markets have recently experienced extreme volatility and economic disruption, most recently due to the takeover by the FDIC** of **both** Silicon Valley Bank (" SVB") ~~, and on March 12, 2023, the FDIC took control and was appointed receiver of Signature Bank, in each case due primarily to liquidity concerns. As of March 13, 2023, Mid Penn did not have any direct exposure to SVB or Signature Bank. However, if other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments may be threatened and could have a material adverse effect on our business and financial condition. Volatility in financial markets and the economy may have materially adverse effects on our liquidity and financial condition. The capital and credit markets have recently experienced extreme volatility and economic disruption, most recently due to the takeover by the FDIC of both SVB~~ and Signature Bank in March 2023, and, prior to that, due to the COVID- 19 pandemic. Adverse financial market and economic conditions can exert downward pressure on stock prices, security prices, and credit availability for certain issuers without regard to their underlying financial strength. The volatility resulting from the failures of SVB and Signature Bank has particularly impacted the price of securities issued by financial institutions, including Mid Penn' s. If such levels of financial market and economic disruption and volatility continue, there can be no assurance that Mid Penn will not experience adverse effects, which may materially affect its liquidity, financial condition, and profitability. Mid Penn' s banking subsidiary may be required to pay higher FDIC insurance premiums or special assessments which may adversely affect its earnings. Poor economic conditions and the resulting bank failures from the most recent recession stressed the DIF and increased the costs of the Bank' s FDIC insurance assessments. Promptly following the recent failures of SVB and Signature Bank in March 2023, the federal banking regulators announced that the FDIC will use funds from the DIF to ensure that all depositors in SVB and Signature Bank are

made whole, at no cost to taxpayers. Mid Penn anticipates that the FDIC will impose **additional** special assessments on all banks in order to replenish the DIF. Mid Penn generally is unable to control the amount of premiums or special assessments that its banking subsidiary is required to pay for FDIC insurance. Any special assessments or future changes in the calculation or assessment of FDIC insurance premiums may have a material adverse effect on the results of Mid Penn' s operations and financial condition. If we conclude that ~~the~~ **there is a** decline in the value of any of our investment securities ~~is other than temporary~~, we are required to **record an allowance for credit losses where periodic** ~~write down the value of that security through a charge~~ **changes** ~~to~~ **are recognized in** earnings. Mid Penn reviews its **available- for- sale** investment securities portfolio at each quarter- end reporting period to determine ~~whether the~~ **if any security has a** fair value **less than** ~~of individual securities or the portfolio as a whole is~~ **its amortized cost** ~~below the current carrying value~~. ~~When the~~ **To determine whether a decline in** fair value ~~of any of~~ **resulted from a credit loss or other factors, Mid Penn performs further analysis as outlined below: • Review the extent to which the fair value** ~~its~~ **is** ~~investment~~ **less than the amortized cost and observe the security' s lowest credit rating as reported by third- party credit ratings companies. • The** securities ~~has declined below its carrying value~~ **that violate the credit loss triggers above would be subjected to additional analysis that may include** , **but** ~~Mid Penn~~ is ~~required~~ **not limited** to ~~assess whether the decline is~~ **: changes in market interest rates, changes in securities credit ratings, security type, service area economic factors, financial performance of** ~~other~~ -- **the** ~~than temporary~~ **issuer / or obligor of the underlying issue and third- party guarantee** . **•** If Mid Penn ~~concludes~~ **determines** that ~~the decline is~~ **a credit loss exists,** ~~other~~ -- **the credit portion** ~~than temporary, it is required to write down the value~~ of ~~that~~ **the allowance will be measured using a DCF analysis using the effective interest rate as of the** security **' s purchase date** ~~through a charge to earnings~~. **The amount** ~~Changes in the expected cash flows~~ of **credit loss Mid Penn records will be limited to** ~~these~~ -- **the amount by** ~~securities and / or prolonged price declines may result in Mid Penn concluding that impairment of these securities is other than temporary,~~ which ~~would require a charge to earnings to write down these~~ -- **the** ~~securities to~~ **amortized cost exceeds** ~~their~~ -- **the** fair value. Due to the complexity of the process, inputs, calculations and assumptions used in determining whether an investment is ~~impaired~~ **in an unrealized loss position** , Mid Penn' s assessment of or disclosure of the ~~impairment status of~~ **credit loss on** investments may not accurately reflect the actual ~~impairment~~ **credit loss** in the future. Mid Penn is subject to environmental, social and governance (" ESG") risks that could adversely affect our results of operations, reputation, and the market price of our securities. Mid Penn is subject to a variety of risks arising from ESG matters. ESG matters include environmental and climate change activism, diversity activism, and racial and social justice issues. Such matters may involve our personnel, customers, or third parties with whom we do business. Risks arising from ESG matters may adversely affect, among other things, our reputation and the market price of our securities. Further, Mid Penn may be exposed to negative publicity based on the identity and activities of our shareholders, those to whom we lend and with which we otherwise do business, and the public' s view of the approach and requirements of our state or federal regulators, customers, and business partners with respect to ESG matters. Any such negative publicity could arise through traditional media or electronic social media platforms. Mid Penn' s relationships and reputation with our existing and prospective customers and third parties with which we do business could be damaged if we were to become the subject of any such negative publicity. This, in turn, could have an adverse effect on Mid Penn' s ability to attract and retain customers and employees and could have a negative impact on the market price for our securities. ~~Certain~~ **Investor advocacy groups, investment funds and influential** investors have begun to consider the steps taken and resources allocated by financial institutions and other commercial organizations with respect to ESG matters when making investment decisions. Certain investors are beginning to incorporate the business risks of ESG regulation and activism and the adequacy of companies' responses to these into their investment decisions. These shifts in investing priorities may result in adverse effects on the market price of Mid Penn' s securities. The U. S. Congress, state legislatures and federal and state regulatory agencies, as well as certain stock exchanges, continue to propose numerous initiatives related to ESG matters. Similar and even more expansive initiatives are expected under the current administration, including potentially increasing supervisory expectations with respect to banks' risk management practices, accounting practices, and credit portfolio concentrations management practices. The lack of empirical data surrounding the credit and other financial risks posed by ESG regulation and activism render it impossible to predict how specifically ESG matters may impact Mid Penn' s financial condition and results of operations. Federal and state banking regulators and supervisory authorities, investors and other stakeholders have increasingly viewed financial institutions as a tool to effect ESG activism, both directly and with respect to their customers, which may result in financial institutions coming under increased pressure regarding the disclosure and management of ESG matters. Given that ESG matters could impose systemic risks upon the financial sector, ~~either~~ via disruptions in economic activity resulting from activism, Mid Penn faces increasing focus on our resilience to ESG risks. Ongoing legislative or regulatory uncertainties and changes regarding ESG risk management and practices may result in higher regulatory, compliance, credit and reputational risks and costs **. Actual or perceived shortcomings with respect to these ESG initiatives and reporting can impact Mid Penn' s ability to hire and retain employees, increase its customer base or attract and retain certain types of investors. In addition, certain organizations that provide corporate governance and other corporate risk information to investors and shareholders have developed scores and ratings to evaluate companies based upon ESG metrics. Collecting, measuring and reporting ESG information and metrics can be costly, difficult and time consuming, is subject to evolving reporting standards, and can present numerous operational, reputational, financial, legal and other risks, any of which could have a material impact, including on Mid Penn' s reputation and stock price** . Mid Penn is subject to environmental liability risk associated with lending activities. A significant portion of Mid Penn' s loan portfolio is secured by real property. During the ordinary course of business, Mid Penn may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, Mid Penn may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require Mid Penn to incur substantial expenses and

may materially reduce the affected property' s value or limit Mid Penn' s ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase Mid Penn' s exposure to environmental liability. Although Mid Penn has policies and procedures to perform an environmental review before initiating any foreclosure action on real property, these reviews may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on Mid Penn' s financial condition and results of operations. Mid Penn' s financial performance may suffer if its information technology is unable to keep pace with its growth or industry developments. Effective and competitive delivery of Mid Penn' s products and services is increasingly dependent upon **the successful and uninterrupted functioning of our** information technology resources and processes provided both internally and through third party vendors. In addition to better serving customers, the effective use of technology increases efficiency and enables Mid Penn to reduce costs. Mid Penn' s future success will depend, in part, upon its ability to address the needs of its customers by effectively and safely using technology to provide products and services to enhance customer convenience, attract customers who prefer technological delivery channels, and to create additional efficiencies in its operations. Many of Mid Penn' s competitors have greater resources to invest in technological improvements and infrastructure. Additionally, as technology and information security requirements in the financial services industry change and evolve, keeping pace becomes increasingly complex and expensive for Mid Penn. There can be no assurance that Mid Penn will be able to effectively keep pace with these technological advancements or the related substantial costs and investments required, which could adversely affect its financial condition and results of operations. Growing by acquisition entails certain risks, and difficulties in integrating past or future acquisitions could adversely affect our business. On ~~December 20~~ **May 19** , ~~2022~~ **2023** , Mid Penn ~~announced the signing~~ **' s acquisition** of ~~a definitive merger agreement to acquire~~ Brunswick Bancorp and its wholly- owned subsidiary, Brunswick Bank & Trust Company, ~~and~~ **was completed.** Mid Penn has **also** completed ~~three~~ **four** other merger acquisitions in recent years (The Scottdale Bank & Trust Company and First Priority Financial Corp. in 2018 ~~and~~ **,** Riverview Financial Corporation on November 30, 2021 **, and Managing Partners, Inc on December 30, 2022**) **. Generally, Mid Penn must receive federal and state regulatory approval before it can acquire a bank or bank holding company. In determining whether to approve a proposed bank acquisition, bank regulators will consider, among other factors, the effect of the acquisition on competition and future prospects. Regulators also review current and projected capital ratios and levels, the competence, experience and integrity of management and its record of compliance with laws and regulations. We cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted** . Growth by acquisition involves substantial risks, as the ultimate success of such acquisitions may depend on, among other things, the ability to realize anticipated cost savings and to integrate the acquired companies and operation in a manner that does not result in decreased revenues. Excessive acquisition costs, conversion costs and the disruption of existing customer relationships in both the acquired companies and legacy markets may occur. If we are not able to successfully achieve the financial efficiencies or integration and growth objectives of acquisitions, the anticipated benefits of an acquisition may not be realized fully, or at all, or may take longer to realize than planned. Further, the asset quality or other financial characteristics of an acquired company may deteriorate from the date a merger or other acquisition agreement is entered into and when the transaction is completed or the post- merger period. Mid Penn has spent and may continue to spend significant resources identifying companies and businesses to acquire. The efficient and effective integration of any companies and businesses we acquire and integrate into our organization is critical to our growth. The recent Scottdale, First Priority, and Riverview mergers, the ~~pending~~ Brunswick Bancorp acquisition, and any future mergers or acquisitions, involve numerous risks including difficulties in integrating the culture, operations, technologies and personnel of the acquired companies, the diversion of management' s attention from other business concerns and the potential loss of customers. Failure to fully integrate the operations of any acquired business successfully, or to integrate the operations of future acquisition targets, could harm Mid Penn' s business, financial condition, results of operations and cash flows. We plan to pursue a growth strategy and there are risks associated with rapid growth. We intend to pursue a growth plan consistent with our prior business strategy, including growth by acquisition, as well as leveraging our existing branch network or adding new branch locations or offices and personnel in current and adjacent markets we choose to serve. The Scottdale, First Priority, and Riverview mergers and ~~pending~~ Brunswick Bancorp acquisition are reflective of our growth strategy. Our ability to manage growth successfully will depend on our ability to attract or retain qualified personnel, maintain cost controls and efficiencies, and ensure our areas of growth continue to meet our high asset quality standards, while attracting additional loans and deposits on favorable terms, as well as on factors beyond our control, such as economic conditions and competition in existing and new markets. If we grow too quickly and are not able to attract qualified personnel, control costs and maintain asset quality, this continued rapid growth could materially adversely affect our financial performance. The value of our goodwill and other intangible assets may decline in the future. As of December 31, ~~2022~~ **2023** , we had $ ~~114~~ **127** . ~~2~~ **0** million of goodwill and $ ~~7~~ **6** . ~~2~~ **5** million of other intangible assets. A significant decline in our expected future cash flows, a significant adverse change in the business climate, slower economic growth or a significant and sustained decline in the price of our common stock, any or all of which could be materially impacted by many of the risk factors discussed herein, may necessitate our taking charges in the future related to the impairment of our goodwill. Future regulatory actions could also have a material impact on assessments of goodwill for impairment. If we were to conclude that a future write- down of our goodwill is necessary, we would record the appropriate charge, which could have a material adverse effect on our results of operations **. We cannot provide assurance that we will not be required to take an impairment charge in the future. Any such charge would have an adverse effect on our shareholders' equity and financial results and could cause a decline in our stock price** . Identifiable intangible assets other than goodwill consist of core deposit intangibles, books of business, and other intangible assets. Adverse events or circumstances could impact the recoverability of these intangible assets including loss of core deposits, significant losses of customer accounts and / or balances, increased competition or adverse changes in the economy. To

the extent these intangible assets are deemed unrecoverable, a non- cash impairment charge would be recorded, which could have a material adverse effect on our results of operations. Risks Related to Mid Penn Common Stock The trading volume in Mid Penn' s common stock is less than that of other larger financial services companies. Mid Penn' s common stock is listed for trading on NASDAQ (symbol: MPB); however, the trading volume in its common stock is less than that of other larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of Mid Penn' s common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which Mid Penn has no control. Given the generally lower trading volume of Mid Penn' s common stock, significant sales of Mid Penn' s common stock, or the expectation of these sales, could cause Mid Penn' s stock price to fall. The market price of Mid Penn common stock may fluctuate significantly, and this may make it difficult for investors to resell shares of common stock owned by them at times or at prices they find attractive. The market price of our common stock as reported on NASDAQ is subject to constant change during business trading hours. We expect that the market price of Mid Penn common stock will continue to fluctuate and there can be no assurance about the stability or trend of market prices for Mid Penn common stock. Stock price volatility, particularly with a stock like ours with lower trading volumes than larger financial services companies, may make it difficult for investors to resell their Mid Penn common stock when they want and at times or prices that they find attractive. Mid Penn' s stock price may fluctuate significantly as a result of a variety of factors, many of which are beyond our control. These factors include those described elsewhere in this entire" Risk Factors" section, in this document, and our other filings with the SEC. Mid Penn' s ability to pay dividends on its common stock, and principal and interest on its subordinated notes, depends primarily on dividends from its banking subsidiary, which is subject to regulatory limits. Mid Penn is a bank holding company and its operations are conducted primarily by its banking subsidiary. Mid Penn' s ability to pay dividends on its common stock, and principal and interest on its subordinated notes, depends on its receipt of dividends from the Bank. Dividend payments from its banking subsidiary are subject to legal and regulatory limitations, generally based on net profits and retained earnings, imposed by the respective regulatory agencies that supervise the Bank. The ability of the Bank to pay dividends is also subject to profitability, financial condition, liquidity, and capital management limits. There is no assurance that Mid Penn' s banking subsidiary or other subsidiaries established in the future will be able to pay dividends, or that Mid Penn itself will generate adequate cash flow to pay dividends in the future. Federal Reserve policy, which applies to Mid Penn as a registered bank holding company, also provides that dividends by bank holding companies should generally be paid out of earnings from both the current period and a designated look- back period. Mid Penn' s ability to pay dividends on its common stock, or the amount of any dividends paid, could have a material adverse effect on the market price of its common stock. Mid Penn may need to, or be required to, raise additional capital in the future, and capital may not be available when needed and on terms favorable to current stockholders. Federal banking regulators require the Corporation and the Bank to maintain adequate levels of capital to support their operations. These capital levels are determined and dictated by law, regulation, and banking regulatory agencies. **Regulators may, from time to time, implement changes to regulatory capital adequacy guidelines. Furthermore, regulators may require that the Corporation and / or the Bank to maintain higher levels of capital based on their condition, risk profile, growth plans, or conditions in the banking industry or economy. Failure to maintain capital to meet current or future regulatory requirements could have a significant material adverse effect on Mid Penn' s business, financial condition, and results of operations.** In addition, capital levels are also determined by Mid Penn' s management and board of directors, based on capital levels that they believe are necessary to support Mid Penn' s business operations. If Mid Penn raises capital through merger and acquisition activities, or through the issuance of additional shares of its common stock or other securities, it would likely dilute the ownership interests of current investors and could dilute the per share book value and earnings per share of its common stock. Furthermore, a capital raise through issuance of additional shares may have an adverse impact on Mid Penn' s stock price. New investors also may have rights, preferences and privileges senior to Mid Penn' s current common stockholders, which may adversely impact its current common stockholders. Mid Penn' s ability to raise additional capital will depend on conditions in the capital markets at that time, which are outside of its control, and on its financial performance. Accordingly, Mid Penn cannot be certain of its ability to raise additional capital on acceptable terms and acceptable time frames or to raise additional capital at all. **The inability to** ~~If Mid Penn cannot~~ raise ~~additional~~ capital in sufficient amounts ~~when needed, its ability to comply with regulatory capital requirements could be materially impaired. Additionally, the inability to raise capital in sufficient amounts~~ may adversely affect Mid Penn' s **business,** financial condition and results of operations. Offerings of debt, which would be senior to Mid Penn' s common stock upon liquidation, and / or preferred equity securities which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of our common stock. Mid Penn may attempt to increase its capital resources if the Corporation' s or the Bank' s capital ratios fall below the required minimums. The Corporation or the Bank could be required to raise additional capital by making additional offerings of debt or preferred equity securities, including medium- term notes, senior or subordinated notes and preferred stock **. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings** . If a future liquidation of Mid Penn occurs, holders of debt securities and shares of preferred stock and lenders with respect to other borrowings are likely to receive distributions of available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of existing shareholders or reduce the market price of our common stock, or both. Holders of Mid Penn common stock are not entitled to preemptive rights or other protections against dilution. Also, Mid Penn' s board of directors is authorized to issue one or more classes or series of preferred stock from time to time without any action on the part of the shareholders. The board of directors also has the power, without shareholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including voting rights, dividend rights, and preferences over common stock with respect to dividends or upon our dissolution, winding up and liquidation and other terms. If

Mid Penn issues preferred stock in the future that has a preference over its common stock with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if preferred stock is issued with voting rights that dilute the voting power of common stock, the rights of holders of Mid Penn' s common stock or the market price of the common stock could be adversely affected. Pennsylvania Business Corporation Law and various anti- takeover provisions under our articles of incorporation and bylaws could impede the takeover of Mid Penn. Various Pennsylvania laws affecting business corporations may have the effect of discouraging offers to acquire Mid Penn, even if the acquisition would be advantageous to shareholders. In addition, Mid Penn has various anti- takeover measures in place under its articles of incorporation and bylaws, including a supermajority vote requirement for mergers, the staggered election of Mid Penn' s board of directors, and the absence of cumulative voting. Any one or more of these laws or measures may impede the takeover of Mid Penn and may prevent its shareholders from taking part in a transaction in which they could realize a premium over the current market price of its common stock. Mid Penn' s common stock is not insured by any governmental entity. Although Mid Penn and the Bank are regulated by governmental agencies, Mid Penn common stock is not a deposit account or other obligation of the Bank or any other bank and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund, any other governmental entity or by any other public or private entity. Investment in Mid Penn common stock is inherently risky for the reasons described elsewhere in this" Risk Factors" section, in this document, and our other filings with the SEC. Mid Penn common stock is also subject to the same market forces that affect the price of common stock in any other publicly traded company. As a result, investors who acquire Mid Penn common stock may lose some or all of their investment. General Risk Factors Mid Penn' s controls and procedures may fail or be circumvented. Management maintains Mid Penn' s internal controls, disclosure controls and procedures, and corporate governance policies and procedures, and periodically reviews and updates them. Any system of controls, however well designed and operated, is based in part on performance by personnel or certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of Mid Penn' s controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on Mid Penn' s business, results of operations, and financial condition. Mid Penn may not be able to attract and retain skilled personnel. Mid Penn' s success depends, in large part, on its ability to attract and retain qualified, key personnel. Competition for the best personnel in most activities engaged in by Mid Penn can be intense, and Mid Penn may not be able to hire or retain them. **In addition, changes to the labor market as a result of the COVID- 19 pandemic (including elevated employee attrition, labor availability and wage inflation) have exacerbated and may continue to exacerbate the challenges of attracting and retaining talented and diverse employees. Limitations in the way regulated financial institutions can compensate their officers and employees, including those requirements contained in Dodd- Frank, may make it more difficult for regulated financial institutions, including Mid Penn, to compete with unregulated companies for talent.** The unexpected loss of services of one or more of Mid Penn' s key personnel could have a material adverse impact on Mid Penn' s business because of their skills, knowledge of Mid Penn' s market, years of industry experience, and the difficulty of promptly finding qualified replacement personnel.