

Mid Penn Bancorp, Inc. (NASDAQ: MPB; Millersburg, PA) has agreed to acquire First Priority Financial Corp. (OTCQX: FPBK; Malvern, PA)

**Deal Value: Approximately \$82 Million**

This transaction marks MPB's second bank acquisition announced within the last year and third bank acquisition announced since August 2014. MPB has grown total assets through organic growth and acquisitions from \$736 million in June 2014 to approximately \$2.2 billion, pro forma for FPBK.

Sandler O'Neill served as financial advisor and provided a fairness opinion to Mid Penn Bancorp, Inc. in this transaction. This transaction represents Sandler O'Neill's 154<sup>th</sup> bank or thrift transaction nationwide since January 1, 2015, representing \$47.4 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.<sup>1</sup>

**MILLERSBURG, Pa. (Jan. 16, 2018)** – Mid Penn Bancorp, Inc. ("Mid Penn") (NASDAQ: MPB), headquartered in Millersburg, Pennsylvania, and First Priority Financial Corp. ("First Priority") (OTCQX: FPBK), headquartered in Malvern, Pennsylvania, today jointly announced the signing of a definitive merger agreement pursuant to which Mid Penn will acquire First Priority in an all-stock transaction valued at approximately \$82 million based upon Mid Penn's 20-day volume weighted average price of \$33.71 as of January 12, 2018. The merger, unanimously approved by both boards of directors, will expand Mid Penn's footprint into the attractive demographic markets of southeastern Pennsylvania, including Chester, Berks, Montgomery and Bucks counties, creating a community banking franchise with approximately \$2.2 billion in assets, \$1.8 billion in deposits and \$1.6 billion in loans.

Under the terms of the merger agreement, shareholders of First Priority common stock will receive 0.3481 shares of Mid Penn common stock for each share of First Priority common stock they own. All options to purchase First Priority common stock will be cashed out upon completion of the merger.

"We are pleased to be partnering with First Priority which, much like Mid Penn, has developed a reputation for providing excellent service and customized solutions to its customers," said Mid Penn President and CEO Rory G. Ritrievi. "This merger provides us with the opportunity to expand into several new and dynamic markets while also bringing on board a number of well-respected, talented employees from all areas of the bank. It also provides an attractive financial return to both sets of shareholders. We look forward to continuing our development of a statewide presence, and inviting customers throughout southeastern Pennsylvania to experience the Mid Penn brand of community banking."

"At First Priority Bank, we are very focused on providing our customers with exceptional service and our shareholders with a meaningful return on their investment," said First Priority Chairman and CEO David E. Sparks. "Mid Penn is an ideal partner for First Priority, one with a strategic focus on their customers, employees, shareholders and community. This partnership will enable us to provide even more value to these constituencies. We are very pleased to announce this merger and look forward to being a part of Mid Penn's growing footprint."

The transaction is expected to be accretive to earnings per share with a tangible book value dilution earn back in under 3 years. Subject to customary closing conditions, including the receipt of regulatory and shareholder approvals, the merger is expected to close in the third quarter of 2018. Following completion of the merger, First Priority Bank will be merged with and into Mid Penn Bank and will operate as "First Priority Bank, a division of Mid Penn Bank." Four First Priority Directors will join the boards of Mid Penn and Mid Penn Bank, including David E. Sparks, who will lead the First Priority division and have an active leadership role in the combined company as Chief Strategic Advisor.

## Financial Highlights

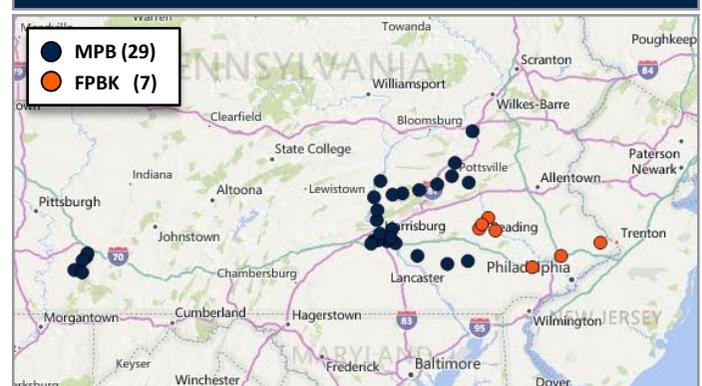
(Dollars in thousands)

	MPB	FPBK
Total Assets	\$1,153,373	\$612,033
Total Net Loans	\$871,662	\$494,601
Total Deposits	\$1,026,675	\$500,533
Total Equity	\$77,391	\$50,476
TCE / TA	6.37%	7.25%

1) Source: S&P Global Market Intelligence; excludes terminated transactions and self-advisory roles

Note: Financial data as of September 30, 2017 (MPB data not shown pro forma for recently closed acquisition of Scottsdale Bank & Trust Company)

## Pro Forma Branch Map



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