EMBASSY BANK™
For the Lehigh Valley
Banking Without Borders

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Dear FDIC:

As the Chairman, CEO, President and Vice Chairman of Embassy Bank, a community bank in Pennsylvania, we add our voices in support of the March 3, 2009 article written by Camden R. Fine, President and CEO of the Independent Community Bankers of America. The article titled *Main Street America – Awakening a Sleeping Giant* fiercely protests the recent decision by the FDIC to impose a 20-cent special assessment on the nation's 8,000 community banks.

Our government is compounding the bad decisions of mega banks with bad decisions in addressing the crisis, penalizing what is working to support what has failed.

This 20-cent special assessment is nothing more than a hidden tax on Embassy Bank and all of the other community banks in our nation. Assuming that we don't experience any growth this year, our earnings remain identical to 2008, and our premiums increase only as currently expected, the special assessment and the 2009 increased premiums would reduce our bank's after tax earnings by more than 27% in 2009. <u>This single act reduces our capital, slows our growth, inhibits our ability to lend to credit worthy borrowers, and perpetuates the economic spiral downwards.</u>

This increasing burden is in direct conflict with what we really need. The government is draining lifeblood-capital away from community banks when we are fighting to preserve the capital in the banking system and bring about economic stimulation. Ultimately, it is the customer, the hard-working taxpayer, who will foot this unnecessary bill.

We are proud of the fact that Embassy Bank did not participate in subprime lending or investments. We built our bank on honesty, integrity and accountability. Our decisions were made based on what was right for the customer, not greed. Our balance sheet is strong; We are not alone. There are many community banks that are safe and strong. Weakening community banks, as the FDIC intends, can not strengthen the nation's banking system.

Our part of the solution is to stimulate the economy, not pay for others' mistakes. We have money to lend to consumers and commercial clients alike. We can help people purchase homes or expand their businesses. This new policy from the FDIC will only continue to burden the effort and impede economic recovery on Main Street.

We urge you to consider the alternative actions suggested by Mr. Fine. Specifically his recommendation to create a more equitable way of charging the larger "systemic risk" firms, and allow Main Street community banks to help our struggling economy recover.

The financial crisis will not repair itself overnight. Our new president has said that small business will be the engine of new prosperity. If that is so, the FDIC must stop draining the engine's fuel. The continued strain the government is placing on community banks will only guarantee the delay of returning to economic prosperity.

Respectfully –

Elmer D. Gates
Chairman

David M.Lobach, Jr.
CEO & Vice Chairman