



August 19, 2025

Ms. Jennifer M. Jones
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Support for Proposed Change to FDICIA Asset Threshold (RIN 3064-AG15)

Dear Ms. Jones,

We are writing to you today in support of the proposed rule to raise the asset threshold for internal control over financial reporting ("ICFR") under Section 36 of the Federal Deposit Insurance Corporation Improvement Act ("FDICIA") from \$1 billion to \$5 billion.

History of American Bank

American Bank was founded in 1997 as a one-branch community bank in Allentown, PA and currently employs 66 full-time equivalent team members. Over the years, we have structured our balance sheet through consistent, conservative growth, and as a result, we have built a strong loan portfolio focusing on commercial and residential relationships in the Lehigh Valley and surrounding counties. Our Board of Directors and the American Bank team are focused on our geographic footprint by volunteering in the neighborhoods we serve and assisting our borrowers in working in and improving these local communities. In late 2024, American Bank achieved one of its strongest quarters in our 28-year history in terms of commercial loan growth; thus, propelling us faster toward that \$1 billion threshold. As a result, American Bank proudly crossed this threshold on March 18, 2025 and has continued with its growth momentum to date.

American Bank immediately began a search for a partner to assist us with the "pre-FDICIA readiness" component of the regulation in early 2025. To date, the Board of Directors, senior management, staff and internal auditors (in-house and outsourced) have spent countless hours preparing for FDICIA compliance. We expect to incur approximately \$100,000 in 2025 in additional accounting fees to assist management with the "pre-FDICIA readiness" process, which is 50% more than what we spend in professional services in any given year. Should the current threshold remain at \$1 billion in total assets, American Bank will be ready to fully

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comply with this regulation at January 1, 2026; however, we expect to incur an additional \$150,000 or more in additional accounting fees in 2026 and each year thereafter. Not included in this amount is the time and cost of our staff to execute the FDICIA requirements, which we estimate to be 750 staff hours at a cost of \$65,000 annually and the addition of 2.5 full-time equivalents to our team at an estimated annual cost of \$185,000, for a total cost of \$400,000 annually. American Bank would prefer to invest \$400,000 annually in serving its customers, including new account innovation, technology to improve the customer experience, and/or improved cyber security to protect the assets of American Bank and the deposits of our customers.

Support for the Proposed Threshold Adjustment

The ICFR asset threshold of \$1 billion was established by the FDIC in 1991, more than 30 years ago. Adjusting the \$1 billion threshold for inflation alone would raise the threshold to approximately \$2.4 billion today. Therefore, it would appear to us that the proposed \$5 billion threshold is not as large of an increase as it would seem. Since 1991, the landscape for community banks has significantly changed, primarily through organic growth but also through industry consolidation and inflation. However, the threshold did not adjust to keep pace with the ever-changing banking environment to say nothing of inflation. We, along with other community banks of our size, would have to absorb the cost of this increased regulatory burden in order to successfully comply.

At just over \$1 billion in total assets, American Bank is still considered a smaller-sized community bank, and our primary focus of the Lehigh Valley and surrounding counties has not changed. As a one-branch bank, we operate very efficiently and effectively without the typical personnel and overhead costs of a bank with multiple branches. American Bank is continually focused on a risk-based approach for auditing its internal controls, and we have established a robust risk assessment and audit program encompassing its annual financial statement audit, an extensive internal and outsourced internal audit program, loan review, quality control reviews, and information technology outsourced internal audit program. Management values each interaction with its regulators, accountants, internal auditors, and outsourced auditors, and proactively and promptly addresses recommendations by these partners. By raising the threshold to \$5 billion, American Bank can continue with its current risk-based approach to safeguarding its assets and the assets of our depositors. The FDIC along with our Federal and State regulators can be assured that American Bank will continue to maintain a strong system of internal controls regardless the requirement of compliance with FDICIA.

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With a team of 66 full-time equivalent employees, we work harder and smarter serving our customers while continuing to comply with various rules, regulations and accounting standards. As the regulation stands today with compliance at the \$1 billion threshold, we will seriously have to consider adding additional headcount to our staff and we would be forced to assign more compliance-related work to existing staff that comes with FDICIA compliance, which will detract from our primary purpose of serving our depositors and borrowers. Additionally, American Bank would like to remain focused on new and upcoming regulatory changes and challenges, such as stablecoin, cryptocurrency, and fraud, while continuing to stay ahead of new cyber security concerns and threats. Compliance with FDICIA at the \$1 billion threshold would negatively impact American Bank's resources, specifically with staffing and increased professional service expense.

It is American Bank's position that by raising the threshold to \$5 billion, the FDIC will be able to focus its resources and efforts on the larger banks without compromising the safety and soundness of the entire banking system. Banks under the \$5 billion threshold would still be held to a high standard of corporate governance and strong risk management practices expected of all financial institutions, and the safety and soundness of banks under \$5 billion would continue to be monitored through supervisory examinations, periodic submissions to regulators, annual risk assessments and ongoing internal audits.

Conclusion

On behalf of American Bank's Board of Directors and team, we want to commend the FDIC for issuing this proposal in an effort to bring this regulation to a more current standard. We believe that raising the FDICIA asset threshold to \$5 billion is proper given the current banking environment and will still provide the FDIC with the appropriate amount of oversight needed for the larger banks.

We would welcome the opportunity to speak with you about our position on this proposal. Please feel free to contact me at [REDACTED] or via telephone at [REDACTED] or [REDACTED].

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Thank you for your continued support of the banking industry and your thoughtful consideration of our response in support of this important proposal.

Sincerely,



Mark W. Jaindl
Chairman and Chief Executive Officer



Chris J. Persichetti
President and Chief Lending Officer



John W. Galuchie, Jr.
Audit Committee Chairman



Toney C. Horst
Chief Financial Officer