# Embassy Bancorp (EMYB)

*Published May 26th, 2026 by Aristofanis Papadatos*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $21 | **5 Year CAGR Estimate:** | 5.1% | **Market Cap:** | $153 M |
| **Fair Value Price:** | $21 | **5 Year Growth Estimate:** | 3.0% | **Ex-Dividend Date[1]:** | 6/26/26 |
| **% Fair Value:** | 101% | **5 Year Valuation Multiple Estimate:** | -0.2% | **Dividend Payment Date:** | 7/14/26 |
| **Dividend Yield:** | 2.3% | **5 Year Price Target** | $24 | **Years Of Dividend Growth:** | 13 |
| **Dividend Risk Score:** | C | **Sector:** Financials | | **Rating:** | Hold |

## Overview & Current Events

Embassy Bancorp (EMYB) is the holding company for Embassy Bank for the Lehigh Valley, which provides banking and financial products and services in Pennsylvania. The company offers checking, savings, money market, and time deposits, as well as individual retirement accounts; secured fixed and variable rate loans; commercial lending; consumer lending, including fixed and variable-rate home equity, auto, and unsecured personal loans. Embassy Bancorp has total assets of $1.8 billion and a market capitalization of $153 million.

In late May, Embassy Bancorp reported (5/21/26) financial results for the first quarter of fiscal 2026. Net interest margin expanded from 2.34% in the prior year's quarter to 2.59% thanks to lower deposit costs. Net interest income grew 11%, partly assisted by 2% growth of loans. Earnings-per-share grew 32%, from $0.38 to $0.50. The bank grew its book value per share 11%. Non-performing loans were only 0.04% of total loans, much better than the average rate of 0.78% of Pennsylvania peer group. Overall, the bank is off to a strong start this year. On the other hand, despite the expansion of net interest margin, Embassy Bancorp still has one of the narrowest net interest margins in the entire financial sector. This signals the presence of intense competition in the operating area of the bank.

## Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $0.96 | $0.97 | $1.34 | $1.44 | $1.70 | $2.22 | $2.34 | $1.67 | $1.37 | $1.79 | ***$2.00*** | ***$2.32*** |
| **DPS** | $0.13 | $0.14 | $0.17 | $0.20 | $0.22 | $0.30 | $0.35 | $0.40 | $0.42 | $0.48 | ***$0.48*** | ***$0.64*** |
| **Shares[2]** | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.6 | 7.6 | 7.6 | 7.6 | 7.6 | ***7.6*** | ***7.6*** |

Embassy Bancorp is a small-cap bank and hence it has an inherent risk related to its size. However, the bank has a decent performance record. It has essentially doubled its total loans and total deposits over the last nine years and has grown its earnings-per-share by 7.2% per year on average throughout this period. The company has pursued growth via organic expansion of its business, without acquisitions. Unfortunately, the bank was severely hurt by the surge of interest rates to 23-year highs in 2022. It incurred a -29% decrease in its earnings-per-share in 2023 and has not recovered fully since then. If it meets our forecast for earnings-per-share of $2.00 this year, it will still fail to exhibit any growth over the last five years. This fact is a testament to the risk of this small-cap bank. If inflation rebounds strongly, the Fed may raise interest rates aggressively once again. In such a case, Embassy Bancorp may come under pressure. Overall, given the ongoing recovery of Embassy Bancorp but also its somewhat volatile performance record, we have assumed 3.0% average annual growth of earnings-per-share over the next five years.

## Valuation Analysis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Now | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | 11.4 | 15.1 | 12.4 | 11.2 | 7.8 | 8.4 | 8.6 | 9.3 | 10.7 | 9.1 | ***10.5*** | ***10.4*** |
| **Avg. Yld.** | 1.2% | 1.0% | 1.0% | 1.2% | 1.7% | 1.6% | 1.7% | 2.6% | 2.9% | 2.9% | ***2.3%*** | ***2.7%*** |

[1] Estimated date for annual dividend.

[2] In millions.

*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*

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Embassy Bancorp has traded at an average price-to-earnings ratio of 10.4 over the last decade. We consider this valuation level fair, as it is in line with the typical valuation of financial stocks. The stock is currently trading at a price-to-earnings ratio of 10.5, which is slightly higher than our assumed fair valuation level. If the stock trades at its fair valuation level in five years, it will incur a -0.2% annualized valuation drag.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Payout** | 14% | 14% | 13% | 14% | 13% | 14% | 15% | 24% | 31% | 27% | ***24%*** | ***28%*** |

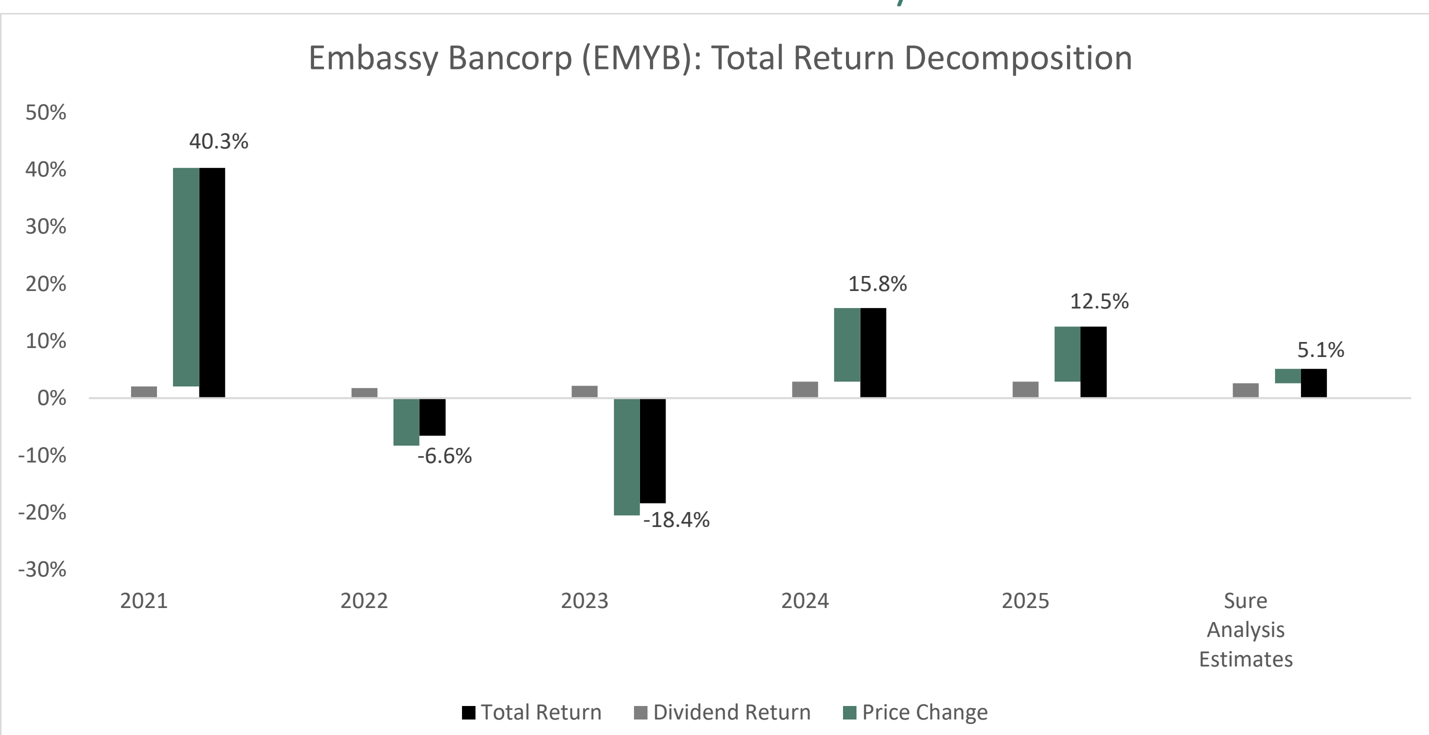
Embassy Bancorp operates in a competitive business environment, with competition from regional and community banks, such as American Riviera Bancorp, Citizens Financial Services, Capital Bancorp and Chesapeake Financial Shares. The exceptionally narrow net interest margin of Embassy Bancorp, which is much lower than the typical net interest margin of 3.0%-4.0% of most banks, reflects the presence of intense competition in the operating area of the company.

Embassy Bancorp has raised its dividend for 13 consecutive years but it is offering a lackluster dividend yield of 2.3%, which is lower than the median dividend yield of 2.9% of the financial sector. In addition, Embassy Bancorp has dramatically underperformed the S&P 500 over the last five years (+3% vs. +78%) due to its stagnation in an unfavorable environment of high interest rates. The vast underperformance of the stock is indicative of its vulnerability and its risk during downturns. Overall, the stock does not appear suitable for income-oriented investors or risk-averse investors.

## Final Thoughts & Recommendation

Embassy Bancorp has stalled over the last four years but it has begun to recover from the downturn caused by the surge of interest rates in previous years. The stock could offer a 5.1% average annual return over the next five years thanks to 3.0% growth of earnings-per-share and its 2.3% dividend, partly offset by a -0.2% valuation headwind. The stock receives a hold rating while investors should be aware of the risks related to the small market cap of the bank and its sensitivity to economic downturns.

## Total Return Breakdown by Year

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## Income Statement Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 34 | 37 | 41 | 45 | 47 | 50 | 53 | 60 | 68 | 75 |
| D&A Exp. | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Net Profit | 7 | 7 | 10 | 11 | 13 | 17 | 18 | 13 | 10 | 14 |
| Net Margin | 21.3% | 19.7% | 24.9% | 24.1% | 27.4% | 33.6% | 33.6% | 21.2% | 15.3% | 18.3% |
| Free Cash Flow | 9 | 10 | 6 | 14 | 8 | 14 | 19 | 19 | 0 | 12 |
| Income Tax | 3 | 5 | 2 | 2 | 3 | 4 | 4 | 3 | 2 | 3 |

## Balance Sheet Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 924 | 997 | 1,099 | 1,176 | 1,446 | 1,636 | 1,643 | 1,659 | 1,707 | 1,802 |
| Cash & Equivalents | 15 | 14 | 14 | 6 | 15 | 15 | 22 | 16 | 16 | 13 |
| Total Liabilities | 851 | 917 | 1,012 | 1,077 | 1,333 | 1,514 | 1,554 | 1,553 | 1,600 | 1,675 |
| Long-Term Debt | - | - | - | 8 | 73 | 7 | 5 | 5 | 5 | 3 |
| Shareholder's Equity | 73 | 80 | 87 | 100 | 112 | 123 | 88 | 106 | 106 | 128 |
| LTD/E Ratio | 0.16 | 0.13 | 0.84 | 0.35 | 0.79 | 0.28 | 0.23 | 0.54 | 0.25 | 0.11 |

## Profitability & Per Share Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 0.8% | 0.8% | 1.0% | 1.0% | 1.0% | 1.1% | 1.1% | 0.8% | 0.6% | 0.8% |
| Return on Equity | 10.1% | 9.5% | 12.1% | 11.6% | 12.1% | 14.3% | 16.8% | 13.1% | 9.8% | 11.7% |
| ROIC | 6.4% | 8.3% | 8.1% | 7.4% | 7.6% | 9.4% | 13.3% | 9.3% | 7.1% | 9.9% |
| Shares Out. | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.6 | 7.6 | 7.6 | 7.6 | 7.6 |
| Revenue/Share | 4.50 | 4.94 | 5.38 | 5.97 | 6.22 | 6.61 | 6.96 | 7.87 | 8.95 | 9.79 |
| FCF/Share | 1.15 | 1.32 | 0.77 | 1.79 | 1.01 | 1.82 | 2.53 | 2.46 | 0.02 | 1.60 |

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*