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Lower Macungie getting new bank

AFC First Financial officials are organizing Great Bear.

By Kurt Blumenau Of The Morning Call

Peter Krajsa and John Hayes think the crowded Lehigh Valley banking market will make room for a Great Bear.

The Lower Macungie businessmen are organizing a startup community bank, Great Bear Bank, they hope will open in May or June. The bankers have filed a charter application with the state and hope to receive approval within the next two months.

Krajsa and Hayes see their target market as western Lehigh County, as well as parts of western Berks County and northern Montgomery County.

Unlike other startup banks, Great Bear has its roots in an existing company, lender AFC First Financial Corp. of Lower Macungie. The new bank will acquire AFC First, giving it an established loan operation and revenue stream from the start, its leaders say.

Krajsa and Hayes — who are AFC First's president and chief executive officer, respectively — also believe strong service will help Great Bear claw out a market niche. For instance, the bank's tellers will be trained to handle all lines of business, so customers do not get bounced from employee to employee for different services.

"Nothing drives me crazier than, 'It's not my job,'" Hayes said.

AFC First, founded in 1947, offers loans for energy-efficient building improvements to customers in 11 states.

Krajsa and Hayes began looking into a bank charter near the end of 2005, because it would make it easier for them to loan money in other states. As they looked at market studies, they saw an opportunity for a full-fledged, full-service local bank, they said.

AFC First loan customers will make up an early pool of potential bank clients, they said. Other target customers include new arrivals to the area and big-bank customers looking to switch to a community bank.

At first glance, Great Bear's chosen market appears fiercely competitive. Some 20 banks did business in Lehigh County as of last June 30, the most recent data available from the Federal Deposit Insurance Corp.

The list of players ranged from regional giant Wachovia, the Valley's largest overall bank, to smaller community banks such as Quakertown National Bank and East Penn Bank. Wachovia had assets of about \$707 billion, Quakertown National Bank had \$614.5 million and East Penn had \$439.5 million as of Dec. 31.

Krajsa and Hayes say their chosen turf in the western part of the county is not as branch-saturated as other parts of the Valley.

"That area is not overbanked," Hayes said.

The partners expect to open their first branch in the same office park as their headquarters, on Brookside Road in Lower Macungie. A second branch, to be placed in Lower Macungie or Macungie, is planned in the bank's second year

of operations.

"Our intent is not to be a large, retail branch-driven bank," Hayes added.

Krajsa and Hayes anticipate raising about \$12 million in startup capital. That's more than other community banks, but far from a local record: Team Capital Bank of Bethlehem Township raised \$30 million before its 2005 launch.

As for the Great Bear name, it's a reference to the bank's hometown. The name Macungie is derived from a Lenni Lenape phrase often translated as "feeding place of the bears."

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