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East Bay bank expands services after new CEO takes helm

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Things are heating up in Bay Area community banking after several banks in the region were snapped up by acquirers eager to expand their presence here.

With the loss of so many community banks, it will not be surprising to see a group of business leaders come together to create a new Bay Area community bank. Community banks that have been swallowed, or about to be, include South San Francisco-based First National Bank of Northern California, San Mateo-based United American Bank and San Ramon-based Tri-Valley Bank.

One community bank that remains independent and on a growth tear is Lafayette-based California Bank of Commerce, which said Friday that it debuted a new professional services division to serve clients in the legal, accounting, insurance brokerages and nonprofit sectors.

The new division will be led by Colleen Atkinson, who's coming back to the \$909 million bank from HSBC Bank USA (NYSE: HSBC), which she had joined last year as a senior corporate banking manager focused on mid-sized corporate customers. From 2012 to 2017, Atkinson was a senior vice president at California Bank of Commerce.

California BanCorp (OTCQX: CALB), the holding company for California Bank of Commerce, also promoted on May 7 Steven Shelton to president and CEO, replacing Terry Peterson.

Peterson, the bank's long-time president and CEO, left to "pursue personal endeavors."

Peterson, who had previously started a bank in the Seattle area, had several memorable lines in a 2013 Executive Profile in the San Francisco Business Times. He said his biggest missed opportunity was not buying Starbucks (NASDAQ: SBUX) stock in the coffee retailer's 1992 IPO, when the stock was priced at \$17 a share, or about 27 cents on a split-adjusted basis.

"Coffee in a cup. Really? I missed the idea that this was a drug company," Peterson said.

Asked why people don't like working for him, Peterson said, "I'd rather have a paintball fight than singing around the campfire holding hands. Paintball is like business, you need passion and a team."

California Bank of Commerce now may have a less colorful leader, but the bank is eager to quell any concerns about its growth and stability. The bank gets a top five-star rating from Bauer Financial for safety and soundness.

"California Bank of Commerce continues to prosper," Chairman Steve Cortese said in a statement last month. "Steven Shelton, who has been with the California Bank of Commerce since its inception, has been integral to this success, with assets having more than doubled and profits having more than tripled in the past five years."

As for Peterson, it will not be surprising to see him pop up again in banking circles. In a statement tied to his departure, Peterson said, "I look forward to new adventures in banking and finance."

Prior to his promotion, Shelton had been executive vice president of California Bank of Commerce since its founding in 2007. The bank's opening was very timely, occurring just as the nation experienced the worst banking crisis since the Great Depression. New banks like California Bank of Commerce had money to lend as their more established rivals were getting hammered or failing altogether.

Shelton, a resident of Lafayette, has deep roots in Bay Area banking. He began his banking career in 1983. At one point, he was president of Oakland-based CivicBank of Commerce, which was acquired in 2002 by City National Bank, now part of the Royal Bank of Canada (NYSE: RY). It's that type of ongoing industry consolidation that creates an opportunity for new community banks to emerge since business owners and real estate investors often prefer doing business with banks where top decision makers are accessible to them.



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Terry Peterson left his post last month as president and CEO of California Bank of Commerce, saying that he looked forward to "new adventures in banking and finance."

California BanCorp kicked off 2018 with a record first quarter even after taking an expense of \$416,000 on a “strategic initiative that did not materialize.”

Shelton did not immediately respond Friday to a request for comment on the bank’s leadership changes.

In taking the helm, Shelton said his priority is to continue the growth at California Bank of Commerce, which has built a franchise on serving closely held small- and mid-sized companies in the Bay Area.

“I will continue to work diligently to maintain our strong financial performance and build on our growing momentum,” Shelton said.

Mark Calvey
Senior Reporter
San Francisco Business Times

