

UNITED SECURITY BANCSHARES
Form DEF 14A
April 13, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

United Security Bancshares

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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UNITED SECURITY BANCSHARES
2126 Inyo Street
Fresno, California 93721

NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD WEDNESDAY, May 20, 2015 - 7:00 p.m.

NOTICE IS HEREBY GIVEN that, pursuant to the Bylaws of United Security Bancshares and the call of its Board of Directors, the 2015 Annual Meeting of Shareholders (the "Meeting") of United Security Bancshares (the "Company") will be held at the Company's corporate offices at 2126 Inyo Street, Fresno, California 93721 at 7:00 p.m. (local time), for the purpose of considering and voting upon the following matters:

(1) Electing the following ten (10) persons to the Board of Directors to serve until the 2016 Annual Meeting of Shareholders and until their successors are elected and have qualified:

| | | |
|---------------------------|---------------------------|--------------------------|
| Roger G. Bitter, Pharm D. | Robert M. Mochizuki, M.D. | Dennis R. Woods |
| Stanley J. Cavalla | Kenneth D. Newby | Michael T. Woolf, D.D.S. |
| Tom Ellithorpe | Walter Reinhard | |
| Ronnie D. Miller | John Terzian | |

(2) Approving the United Security Bancshares 2015 Equity Incentive Award Plan.

(3) Ratifying the selection of Moss Adams LLP to serve as the independent registered public accounting firm for the Company for 2015.

(4) Transacting such other business as may properly come before the Meeting and any adjournment or adjournment thereof.

If you were a shareholder of record at the close of business on March 25, 2015, you may vote at the Meeting.

Article III, Section 3.3 of our Bylaws provides for the nomination of directors in the following manner:

Section 3.3. Nominations of Directors. Nominations for election of members of the board may be made by the board or by any holder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations (other than for persons named in the notice of the meeting called for the election of directors) shall be made in writing and shall be delivered or mailed to the president of the corporation by the later of: (i) the close of business twenty-one (21) days prior to any meeting of shareholders called for the election of directors; or (ii) ten (10) days after the date of mailing of notice of the meeting to shareholders. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of capital stock of the corporation owned by each proposed nominee; (d) the name and residence address of the notifying shareholder; (e) the number of shares of capital stock of the corporation owned by the notifying shareholder; (f) the number of shares of capital stock of any bank, bank holding company, savings and loan association or other depository institution owned beneficially by the nominee or by the notifying shareholder and the identities and locations of any such institutions; and (g) whether the proposed nominee has ever been convicted of or pleaded nolo contendere to any criminal offense involving dishonesty or breach of trust, filed a petition in bankruptcy or been adjudged bankrupt. The notification shall be signed by the nominating shareholder and by each nominee, and shall be accompanied by a written consent to be named as a nominee for election as a director from each proposed nominee. Nominations not made in accordance with these procedures shall be disregarded by the chairperson of the

meeting, and upon his or her instructions, the inspectors of election shall disregard all votes cast for each such nominee. The foregoing requirements do not apply to the nomination of a person to replace a proposed nominee who has become unable to serve as a director between the last day for giving notice in accordance with this paragraph and the date of election of directors if the procedure called for in this paragraph was followed with respect to the nomination of the proposed nominee.

We urge you to sign and return the enclosed proxy as promptly as possible whether or not you plan to attend the Meeting in person. If you do attend the Meeting, you may withdraw your proxy. The proxy may be revoked at any time prior to its exercise.

Dated: April 13, 2015

By Order of the Board of Directors

Roger G. Bitter, Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON May 20, 2015

The Company's 2014 Annual Report to Shareholders on Form 10-K (The "Annual Report") was previously mailed to all shareholders. If you wish to receive additional copies of the Proxy Materials describe herein or the Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, including the exhibits thereto, please call (888) 683-6030 (toll free), or write to us at United Security Bancshares, 2126 Inyo Street, Fresno, California 93721, Attn: Mr. Kenneth L. Donahue or by email at kdonahue@unitedsecuritybank.com. This Proxy Statement, the proxy card and the Annual Report are also available on the Company's website at www.unitedsecuritybank.com/sec-filings.

United Security Bancshares
2126 Inyo Street
Fresno, California 93721
Phone: (888) 683-6030

Proxy Statement
2015 Annual Meeting of Shareholders
To be held Wednesday, May 20, 2015
7:00 p.m.

Introduction

This Proxy Statement is furnished in connection with the solicitation of Proxies for use at the 2015 Annual Meeting of Shareholders (the "Meeting") of United Security Bancshares (the "Company") to be held at the Company's corporate offices at 2126 Inyo Street, Fresno, California 93721, on Wednesday, May 20, 2015, at 7:00 p.m. (local time), and at any and all postponements or adjournments thereof.

It is anticipated that this proxy statement (the "Proxy Statement") and the accompanying Notice of Annual Meeting and form of proxy card will be mailed on or about April 13, 2015, to shareholders eligible to receive notice of, and to vote at, the Meeting.

The matters to be considered and voted upon at the Meeting will be:

- (1) Election of Directors. Electing the following ten (10) persons to the Board of Directors to serve until the 2015 Annual Meeting of Shareholders and until their successors are elected and have qualified:

| | | |
|---------------------------|---------------------------|--------------------------|
| Roger G. Bitter, Pharm D. | Robert M. Mochizuki, M.D. | Dennis R. Woods |
| Stanley J. Cavalla | Kenneth D. Newby | Michael T. Woolf, D.D.S. |
| Tom Ellithorpe | Walter Reinhard | |
| Ronnie D. Miller | John Terzian | |
- (2) United Security Bancshares 2015 Equity Incentive Award Plan. Approving the United Security Bancshares 2015 Equity Incentive Award Plan covering 700,000 shares of the Company's common stock.
- (3) Ratification of Selection of Accountants. Ratification of the selection of Moss Adams LLP to serve as the independent registered public accounting firm for the Company for 2015.
- (4) Other Business. Such other business as may properly come before the Meeting and any adjournment or adjournment thereof.

If you were a shareholder of record at the close of business on March 25, 2015, you may vote at the Meeting.

Other than the matters set forth on the attached Notice of Annual Meeting of Shareholders and as of the date of this Proxy Statement, the Board of Directors knows of no additional matters that will be presented for consideration at the Meeting. Execution of a proxy, however, confers to each of Tom Ellithorpe, Ronnie D. Miller and John Terzian, as the designated Proxy holders discretionary authority to vote the shares in accordance with the recommendations of the Board on such other business, if any, which may properly come before the Meeting and at any adjournments or postponements thereof, including whether or not to adjourn the Meeting.

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Why did you send me this Proxy Statement?

We sent you this Proxy Statement and the enclosed proxy card because our Board of Directors is soliciting your proxy to vote at the Meeting. This Proxy Statement summarizes the information you need to know to cast an informed vote at the Meeting. However, you do not need to attend the Meeting to vote your shares. Instead, you may simply complete, sign and return the

enclosed proxy card. You may also vote electronically by telephone or the Internet by following the instructions on the proxy card.

We have previously sent you the Company's 2014 Annual Report to Shareholders, which includes our Annual Report on Form 10-K. The 2014 Annual Report to Shareholders is also available on our website at <https://www.unitedsecuritybank.com/sec-filings>. United Security Bancshares is referred to in this Proxy Statement as "the Company." The Company's wholly-owned bank subsidiary, United Security Bank, is referred to in this Proxy Statement as the "Bank."

Who is entitled to vote?

We will begin sending this Proxy Statement, the attached Notice of Annual Meeting and the enclosed proxy card on or about April 13, 2015 to all shareholders entitled to vote. Shareholders who were the record owners of the Company's no par value common stock (the "Common Stock") at the close of business on March 25, 2015 are entitled to vote. On this record date, there were 15,425,086 shares of the Company's Common Stock issued and outstanding and entitled to vote. Our Common Stock is our only class of outstanding capital stock.

What is the difference between a Shareholder of Record and a "Street Name" holder?

If your shares are registered directly in your name, you are considered the shareholder of record with respect to those shares.

If your shares are held in a stock brokerage account or by a company, trust or other nominee, then the broker, company, trust or other nominee is considered to be the shareholder of record with respect to those shares. However you are still considered the beneficial owner of those shares and your shares are said to be held in "street name." Street name holders generally cannot vote their shares directly and must instead instruct the broker, company, trust or other nominee how to vote their shares using the voting instruction form provided by it. If you hold your shares in street name and do not provide voting instructions, your broker, company, trust or other nominee has discretionary authority to vote your shares on the ratification of the selection of Moss Adams LLP as our independent auditor for the fiscal year ending December 31, 2015, even in the absence of your specific voting instruction. Those shares will also be counted as present at the Meeting for purposes of determining a quorum. However, in the absence of your specific instructions as to how to vote, your broker, company, trust or other nominee does not have discretionary authority to vote on the election of directors, the proposal to approve the United Security Bancshares 2015 Equity Incentive Award Plan, or any other proposals that may properly come before the Meeting.

What constitutes a quorum?

A quorum of shareholders is necessary to hold a valid meeting. The presence at the Meeting in person or by proxy of the holders of a majority of the outstanding shares of Common Stock entitled to vote shall constitute a quorum for the transaction of business. Proxies marked as abstaining (including proxies containing broker non-votes) on any matter to be acted upon by shareholders will be treated as present at the Meeting for purposes of determining a quorum but will not be counted as votes cast on such matters. If there is no quorum, a majority of the votes present at the Meeting may adjourn the Meeting to another date.

How many votes do I have?

Holders of Common Stock are entitled to one vote, in person or by proxy, for each share of Common Stock held in his or her name on the books of the Company as of the record date for the Meeting on any matter submitted to the vote of the shareholders, except that in connection with the election of directors, the shares are entitled to be voted

cumulatively. Cumulative voting entitles a shareholder to give one nominee as many votes as is equal to the number of directors to be elected multiplied by the number of shares owned by such shareholder, or to distribute his or her votes on the same principle between two or more nominees as he or she deems appropriate. The ten (10) nominees receiving the highest number of votes will be elected.

Pursuant to California law, no shareholder may cumulate votes for a nominee unless such nominee(s) name has been placed in nomination prior to the voting and the shareholder has given notice at the Meeting prior to the voting of the shareholder's intention to cumulate. If any shareholder gives notice, all shareholders may cumulate their votes.

The proxy holders designated in the enclosed proxy card do not, at this time, intend to cumulate votes pursuant to the proxies solicited in this Proxy Statement unless another shareholder gives notice to cumulate, in which case, the proxy holders may cumulate votes in accordance with the recommendations of the Board of Directors. Therefore, discretionary authority to cumulate votes in such event is solicited in this Proxy Statement.

How do I vote by proxy?

Whether or not you plan to attend the Meeting, we urge you to complete, sign and date the enclosed proxy card and to return it promptly in the envelope provided. Returning the proxy card will not affect your right to attend the Meeting and vote. You may also vote over the Internet or by telephone. Instructions for all voting can be found on the back of the proxy card included with this Proxy Statement.

If you properly fill in your proxy card and send it to us in time to vote, or vote by Internet or telephone, your “proxy holders” (the individuals named on your proxy card) will vote your shares as you have directed. If you sign the proxy card but do not make specific choices, your proxy holders will vote your shares as recommended by the Board of Directors as follows:

•“FOR” the election of all ten (10) nominees for director;

•“FOR” approval of the United Security Bancshares 2015 Equity Incentive Award Plan; and

•“FOR” ratification of the selection of Moss Adams LLP as the Company’s independent registered public accounting firm for 2015.

For the election of directors (Proposal 1), a shareholder may withhold authority for the proxy holders to vote for any one or more of the nominees by marking the enclosed proxy card in the manner instructed on the proxy card. Unless authority to vote for the nominees is so withheld, the proxy holders will vote the proxies received by them for the election of the nominees listed on the proxy card as directors of the Company. Your proxy holders do not have an obligation to vote for nominees not identified on the preprinted proxy card (that is, write-in nominees). Should any shareholder attempt to “write in” a vote for a nominee not identified on the preprinted card (and described in these proxy materials), your proxy holders will NOT vote the shares represented by your proxy card for any such write-in nominee, but will instead vote the shares for any and all other indicated nominees. If any of the nominees should be unable or decline to serve, which is not now anticipated, your proxy holders will have discretionary authority to vote for a substitute who shall be designated by the present Board of Directors to fill the vacancy. In the event that additional persons are nominated for election as directors, your proxy holders intend to vote all of the proxies in such a manner, in accordance with the cumulative voting, as will assure the election of as many of the nominees identified on the proxy card as possible. In such event, the specific nominees to be voted for will be determined by the proxy holders, in their sole discretion.

If any other matter is presented (including but not limited to a motion for adjournment or postponement of the Meeting), your proxy holder will vote in accordance with the recommendation of the Board of Directors, or, if no recommendation is given, in accordance with his or her best judgment. At the time this Proxy Statement went to press, we knew of no matters which needed to be acted on at the Meeting, other than those discussed in this Proxy Statement.

What vote is required to approve each proposal, and what is the effect of withholding authority to vote, broker non-votes and abstentions?

The ten (10) nominees for director who receive the most votes will be elected. If you do not vote for a particular nominee, your vote will be voted in accordance with the recommendations of management. If you indicate “WITHHELD” for a particular nominee on your proxy card, your vote will not count either for or against the nominee. Approval of the United Security Bancshares 2015 Equity Incentive Award Plan requires the affirmative vote of a majority of the votes represented in person or by proxy and voting at the Meeting. Ratification of the appointment of our auditors requires the affirmative vote of a majority of the votes represented in person or by proxy and voting at the

Meeting.

If you hold your shares of Common Stock in “street name” (that is, through a broker or other nominee) you must vote your shares through your broker. You should receive a form from your broker asking how you want to vote your shares. Follow the instructions on that form to give voting instructions to your broker. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine, but not on non-routine matters. If you fail to instruct your broker or nominee as to how to vote your shares of Common Stock, your broker or nominee may, in its discretion, vote your shares “FOR” ratification of the appointment of Moss Adams LLP as our independent registered public accounting firm for the year ending December 31, 2015, which is considered a routine matter. **HOWEVER, YOUR BROKER MAY NOT VOTE YOUR SHARES “FOR” the election of the nominees for director OR "FOR" approval of the United Security Bancshares 2015 Equity Incentive Award Plan, without your specific direction.** A “broker non-vote” occurs when your broker does not vote on a particular proposal because the broker does not receive instructions from the beneficial owner and does not have discretionary authority. It is **VERY IMPORTANT** that you return the instructions to your broker or nominee. Therefore if you wish to be represented you must vote by completing the information which is sent to you by your broker or nominee.

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California law requires the following two votes to adopt any proposal (other than the election of directors): (1) the affirmative vote of a majority of the shares represented and voting at the Meeting, unless the vote of a greater number is required by law or by our Articles of Incorporation and (2) the affirmative vote of at least a majority of the shares required to constitute a quorum. In determining whether the first vote under (1) has been obtained, abstentions and broker non-votes are not treated as shares voting and therefore will not affect the vote on any proposal. In determining whether the second vote under (2) has been obtained, abstentions and broker non-votes will have the effect of votes cast AGAINST the proposal to ratify our independent registered public accounting firm. That is, abstentions and broker non-votes will reduce the number of affirmative votes and therefore reduce the total percentage of votes the proposal might otherwise have received.

May I vote telephonically or electronically over the Internet?

Shareholders whose shares are registered in their own names may vote either by mail, telephone or over the Internet. Special instructions to be followed by any registered shareholder interested in voting via the Internet or telephone are set forth on the reverse of your proxy card. The Internet and telephone voting procedures are designed to authenticate the shareholder's identity and to allow shareholders to vote their shares and confirm that their voting instructions have been properly recorded.

May I change my vote after I return my proxy?

A form of proxy for use at the Meeting is enclosed. If it is executed and returned it may nevertheless be revoked at any time before it is exercised by: (i) filing with the Secretary of the Company, Robert G. Bitter, an instrument revoking it or a duly executed proxy bearing a later date; (ii) appearing and voting in person at the Meeting or (iii) if you have voted your shares by Internet or telephone, recording a different vote, or by signing and returning a proxy card dated as of a date that is later than your last Internet or telephone vote. Subject to such revocation, shares represented by a properly executed proxy received in time for the Meeting will be voted by the proxy holders thereof in accordance with the instructions on the proxy. If no instruction is specified with respect to a matter to be acted upon, the shares represented by the proxy will be voted in favor of the proposals listed on the proxy. If any other business is properly presented at the meeting, the proxy will be voted in accordance with the recommendations of the Company's Board of Directors.

How do I vote in person?

If you plan to attend the Meeting and vote in person, we will give you a ballot form when you arrive. However, we strongly recommend that you return the proxy card rather than vote in person as this will expedite the vote counting process at the Meeting. Please note that if your shares are held in the name of your broker, company or other nominee, you must bring a Power of Attorney from your nominee in order to vote at the meeting. If your shares are held in street name, you will not be able to vote at the meeting without the Power of Attorney form.

How may I obtain a separate set of proxy materials or request a single set for my household?

If you share an address with another shareholder, you may receive only one set of proxy materials unless you have provided contrary instructions. If you wish to receive a separate set of proxy materials now or in the future, please request the additional copies by calling (888) 683-6030 (toll free); by writing to us at United Security Bancshares, 2126 Inyo Street, Fresno, California 93721, Attn: Mr. Kenneth L. Donahue or by email at kdonahue@unitedsecuritybank.com.

What should I do if I receive more than one set of voting materials?

Similarly, if you share an address with another shareholder and have received multiple copies of our proxy materials, you may contact us in the same manner or write us at the address set forth below in the last question to request delivery of a single copy of these materials.

Why may I receive multiple voting instruction forms and/or proxy cards?

If you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a shareholder of record and your shares are registered in more than one name, you will receive more than one proxy card. In each case, please complete, sign, date and return each proxy card and voting instruction form that you receive.

Who is making the solicitation?

This solicitation of proxies is being made by the Board of Directors of the Company. The expense of preparing, assembling, printing and mailing this Proxy Statement and the materials used in the solicitation of proxies for the Meeting will be borne by the Company. The Company does not anticipate this to be a material amount. It is contemplated that proxies will be solicited principally through the use of the mail, but officers, directors and employees of the Company may solicit proxies personally or by telephone, without receiving special compensation for such activities. Although there is no formal agreement to do so, the Company may reimburse companies, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding these proxy materials to shareholders whose stock in the Company is held of record by such entities.

IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 20, 2015

The Proxy Statement and the Annual Report on Form 10-K are available on the Internet
<http://www.unitedsecuritybank.com/sec-filings>

VOTING SECURITIES

There were issued and outstanding 15,425,086 shares of the Company's Common Stock on March 25, 2015, which has been fixed as the record date for the purpose of determining shareholders entitled to notice of, and to vote at, the Meeting. Each holder of Common Stock will be entitled to one vote, in person or by proxy, for each share of Common Stock held of record on the books of the Company as of the record date for the Meeting on any matter submitted to the vote of the shareholders, except, that in connection with the election of directors, the shares may be voted cumulatively if a shareholder present at the Meeting has given notice at the Meeting, prior to the voting, of his or her intention to vote cumulatively. If any shareholder has given such notice, then all shareholders entitled to vote for the election of directors may cumulate their votes. Cumulative voting means that a shareholder has the right to vote the number of shares he or she owns as of the record date, multiplied by the number of directors to be elected. This total number of votes may be cast for one nominee or it may be distributed on the same principle among as many nominees as the shareholder sees fit. If cumulative voting is declared at the Meeting, votes represented by proxies delivered pursuant to this Proxy Statement may be cumulated in the discretion of the proxy holders, in accordance with the recommendations of the Company's Board of Directors.

A majority of the outstanding shares of Common Stock, represented in person or by proxy, is required for a quorum. Nominees receiving the most votes, up to the number of directors to be elected, are elected as directors for the ensuing year. The affirmative vote of at least a majority of the shares of Common Stock represented in person or by proxy and voting at the Meeting is required to approve the United Security Bancshares 2015 Equity Incentive Award Plan. The affirmative vote of at least a majority of the shares of Common Stock represented in person or by proxy and voting at the Meeting is required to ratify the selection of Moss Adams LLP as the Company's independent registered public accounting firm for 2015.

If you hold Common Stock in "street name" and you fail to instruct your broker or nominee as to how to vote such Common Stock, your broker or nominee may, in its discretion, vote such Common Stock "FOR" ratification of the selection of Moss Adams LLP as the independent registered public accounting firm and auditors of the Company for 2015, but CANNOT vote "FOR" the election of directors or "FOR" the approval of the United Security Bancshares 2015 Equity Incentive Award Plan, unless you instruct them as to your vote. **IT IS EXTREMELY IMPORTANT THAT YOU VOTE BY RETURNING YOUR PROXY CARD BY MAIL, INTERNET OR TELEPHONE.**

SHAREHOLDINGS OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Management knows of no person who owns, beneficially or of record, either individually or together with associates, five percent (5%) or more of the outstanding shares of the Company's Common Stock, except as set forth in the table below. The following table sets forth, as of March 25, 2015, the number and percentage of shares of the Company's outstanding Common Stock beneficially owned, directly or indirectly, by each the Company's directors and nominees, Named Executive Officers and principal shareholders and by the directors and executive officers of the Company as a group. As used herein, the term "executive officers" refers to the Company's President and Chief Executive Officer, the Executive Vice President and Chief Administrative Officer, the Senior Vice President and Chief Operating Officer, the Senior Vice President and Chief Financial Officer and the Senior Vice President and Chief Credit Officer. See "Compensation of Executive Officers and Directors of the Company - Executive Officers" herein. The shares "beneficially owned" are determined under Rule 13d-3 of the Securities Exchange Act of 1934, as amended, and do not necessarily indicate ownership for any other purpose. In general, beneficial ownership includes shares over which a person has sole or shared voting or investment power and shares which such person has the right to acquire within 60 days of

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March 25, 2015. Unless otherwise indicated, the persons listed below have sole voting and investment powers of the shares beneficially owned. Management is not aware of any change in control of the Company since January 1, 2015 and is not aware of any arrangements that may, at a subsequent date, result in a change of control of the Company.

| Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class (1) |
|--|---|----------------------|
| Directors and Named Executive Officers: | | |
| Robert G. Bitter, Pharm. D. Director and Nominee | 305,400 (2) | 2.0 % |
| Stanley J. Cavalla Director and Nominee | 738,202 (3) | 4.8 % |
| Kenneth L. Donahue (4) Executive Vice President and Chief Administrative Officer and acting Chief Financial Officer | 356,555 (5) | 2.3 % |
| Tom Ellithorpe Director and Nominee | 139,350 (6) | 0.9 % |
| David L. Eytcheson Senior Vice President and Chief Operating Officer | 227,731 (7) | 1.5 % |
| Ronnie D. Miller Director and Nominee | 273,305 (8) | 1.8 % |
| Robert M. Mochizuki, M.D. Director and Nominee | 211,664 (9) | 1.4 % |
| Kenneth D. Newby, CPA Director and Nominee | 143 (10) | <0.01% |
| Walter Reinhard Director and Nominee | 693,962 (11) | 4.5 % |
| John Terzian Director and Nominee | 141,787 (12) | 0.9 % |
| Dennis R. Woods Chairman, Nominee, President and Chief Executive Officer | 1,154,690 (13) | 7.4 % |
| Michael T. Woolf, D.D.S. Director and Nominee | 189,967 (14) | 1.2 % |
| William Yarbenet Senior Vice President and Chief Credit Officer | 5,307 (15) | <0.01% |
| All Directors and Executive Officers as a Group (13 in total) | 4,432,756 | 28.7 % |
| Principal Shareholder Audry "Bobbi" Thomason | 767,800 (16) | 4.9 % |

(1) Includes shares subject to stock options that are exercisable within 60 days of March 25, 2015. These are treated as issued and outstanding for the purpose of computing the percentage of each director, Named Executive Officer and the directors and the Named Executive Officers as a group, but not for the purpose of computing the percentage of class owned by any other person.

(2) Dr. Bitter has shared voting and investment powers as to 267,922 of these shares. Dr. Bitter disclaims ownership of 37,670 shares which are held in his wife's IRA.

(3) Mr. Cavalla has shared voting and investment powers as to 413,158 of these shares. Mr. Cavalla disclaims ownership of 46,888 shares which are held in his wife's IRA.

(4) Mr. Donahue served as acting Chief Financial Officer until March 30, 2015, at which time Bhavneet Gill was appointed Senior Vice President and Chief Financial Officer.

(5) Mr. Donahue has shared voting and investment powers as to 207,615 of these shares.

(6) Mr. Ellithorpe has shared voting and investment powers as to 9,044 of these shares.

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- (7) Mr. Eytcheson has shared voting and investment powers as to 227,731 of these shares.
- (8) Mr. Miller has shared voting and investment powers as to 249,320 of these shares. Mr. Miller disclaims ownership of 23,985 shares held in his wife's IRA.
Dr. Mochizuki has shared voting and investment powers as to 198,713 of these shares. Includes 12,951 shares
- (9) subject to stock options that are exercisable within 60 days of March 25, 2015. Dr. Mochizuki disclaims ownership of 20,275 shares which are held in his wife's IRA.
- (10) Mr. Newby has shared voting and investment powers as to 143 shares.
- (11) Mr. Reinhard has shared voting and investment powers as to 4,469 of these shares. Mr. Reinhard disclaims ownership of 7,200 shares which he has beneficial ownership as a custodian for minors.
Mr. Terzian has shared voting and investment powers as to 125,740 of these shares. Mr. Terzian disclaims
- (12) ownership of 17,268 shares for which he has beneficial ownership as custodian for his daughter and his wife's IRA.
Mr. Woods has shared voting and investment powers as to 831,104 of these shares. Includes 64,762 shares
- (13) subject to stock options that are exercisable within 60 days of March 25, 2015. Mr. Woods disclaims ownership of 44,837 shares which he has beneficial ownership as a custodian for minors. Mr. Woods' address is c/o United Security Bancshares, 2126 Inyo Street, Fresno, California 93721.
- Dr. Woolf has shared voting and investment powers as to 2,028 of these shares. Includes 10,387 shares subject to
- (14) stock options that are exercisable within 60 days of March 25, 2015. Dr. Woolf disclaims ownership of 30 shares which are either held in his wife's IRA or held in custody for minors.
- (15) Mr. Yarbenet has 5,307 shares subject to stock options that are exercisable within 60 days of March 25, 2015.
Based on information reported in a Schedule 13G/A as filed with the Securities and Exchange Commission on
- (16) February 12, 2015. Ms. Thomason's address is c/o United Security Bancshares, 2126 Inyo Street, Fresno, California 93721.

CORPORATE GOVERNANCE PRINCIPLES AND CODE OF ETHICS

Corporate Governance Guidelines

The Company is committed to having sound corporate governance principles that are important to the way the Company manages its business and to maintaining the Company's integrity in the marketplace. The Company's Corporate Governance Principles are available at <http://www.unitedsecuritybank.com>. Click "About Us" and then "Governance."

Board of Directors and Committees of the Company

The Board of Directors of the Company oversees its business and monitors the performance of management. In accordance with corporate governance principles, our Board of Directors does not involve itself in day-to-day operations. The directors keep themselves informed through, among other things, discussions with the Chief Executive Officer, other key executives and our principal outside advisers (legal counsel, outside auditors, and other consultants), by reading reports and other materials provided by the company, and by participating in board and committee meetings.

During 2014, the Board of Directors held 12 meetings. During 2014, no director attended less than 75% of all Board of Directors meetings and the meetings of any committee of the Board of Directors on which he or she served.

In 2014, the Board of Directors had the following committees: ALCO, Audit Committee, Compensation Committee, Compliance Committee, Corporate Governance/Nominating Committee, Lona Committee, and Risk Management Committee.

Attendance at Annual Meetings

While the Company does not have a policy regarding director attendance at each Annual Meeting of Shareholders, nine of the Company's directors attended the 2014 Annual Meeting of Shareholders.

Shareholder Communications with the Board

Shareholders who wish to communicate with the Board of Directors as a whole, or with an individual director, may do so by emailing the Board of Directors at kbledsoe@unitedsecuritybank.com.

Selection and Evaluation of Director Nominees

The Corporate Governance/Nominating Committee is responsible for identifying and presenting nominees for membership on the Board by the following process:

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The Corporate Governance/Nominating Committee identifies nominees by first evaluating the current members of the Board of Directors qualified and willing to continue in service.

The Corporate Governance/Nominating Committee identifies if the Board of Directors needs to add new members with specific skills or to fill a vacancy on the Board.

The Corporate Governance/Nominating Committee initiates a search, working with staff support and seeking input from the members of the Board and senior management of nominee(s) including existing members that are willing to continue to serve as directors. The Corporate Governance/Nominating Committee also considers any nominee(s) recommended by shareholders.

The Corporate Governance/Nominating Committee identifies a potential slate of nominee(s), after taking into account the criteria discussed in the next section below.

The Corporate Governance/Nominating Committee determines if any Board members have contacts with the potential nominee(s).

The Corporate Governance/Nominating Committee interviews prospective nominee(s) other than existing board members.

- The Corporate Governance/Nominating Committee keeps the Board informed of the selection progress.

The Corporate Governance/Nominating Committee meets to consider and approve its slate of recommended nominee(s) also using the criteria discussed in the next section below. The Corporate Governance/Nominating Committee, in evaluating existing directors as nominees and nondirectors as nominees, balances the value of continuity of service by existing members of the Board with that of obtaining a new perspective.

The Corporate Governance/Nominating Committee presents its slate of recommended nominees to the Board and seeks the Board's endorsement of such nominee(s).

There is no third party that is currently paid to assist in identifying or evaluating potential director nominees, although the Corporate Governance/Nominating Committee has sole authority to retain or terminate the services of a third-party search firm to identify director nominees. The Corporate Governance/Nominating Committee's process for identifying and evaluating nominees for directors will not materially differ based on whether or not the nominee is recommended by a shareholder.

Nomination of Directors

The Board of Directors maintains a Corporate Governance/Nominating Committee, which is responsible for assisting the Board of Directors in director selection, as well as review and consideration of developments in corporate governance practices. This committee consists solely of independent directors. This committee will also review director nominees submitted by shareholders. The Corporate Governance/Nominating Committee is responsible for annually reviewing and evaluating, in conjunction with the Board of Directors, the appropriate skills and characteristics required for Board of Directors members in the context of the current composition of the Board of Directors and our goals for nominees to the Board of Directors, including nominees who are current directors.

The Board of Directors' policies with respect to director nominees have been to consider, among other factors: (a) the business experience of the nominee; (b) his or her reputation and influence in the community and standards of moral and ethical responsibility; (c) availability and willingness to devote time to fully participate in the work of the Board of Directors and its committees; and (d) commitment to the Company as evidenced by personal investment. Directors are expected to have demonstrated notable achievement in business, education or public service; possess the education and experience to make a significant contribution to the Board of Directors; bring a range of skills, diverse perspective and background to the Board of Directors; and serve as active resources for referrals and business development.

The Board of Directors will consider properly submitted nominees to the Board of Directors proposed by shareholders, although the Board has no formal policy with regard to shareholder nominees as it considers all

nominees on their merits, as discussed above. Any shareholder nominations proposed for consideration by the Board should include the nominee's name and qualifications for Board membership and should be addressed to:

Dennis R. Woods, Chairman of the Board

United Security Bancshares

2126 Inyo Street

Fresno, California 93721

In addition, the Bylaws of the Company permit shareholders to nominate directors for consideration at an Annual Meeting of Shareholders. For a description of the process for nominating directors in accordance with the Bylaws, please see the Notice of Annual Meeting of Shareholders accompanying this Proxy Statement.

Board Leadership Structure

Our Board of Directors is led by Dennis Woods, our Chairman of the Board, President and Chief Executive Officer. The decision as to who should serve as Chairman of the Board, and who should serve as Chief Executive Officer, and whether those offices should be combined or separate, is properly the responsibility of our Board. The members of our Board possess considerable experience and unique knowledge of the challenges and opportunities we face, and are in the best position to evaluate our needs and how best to organize the capabilities of the directors and senior officers to meet those needs. The Board believes that the most effective leadership structure entails Mr. Wood's continued service as both Chairman of the Board and Chief Executive Officer. Mr. Woods was the founding Chairman of the Bank and has been the Company's Chairman of the Board and Chief Executive Officer since 2001. The Board of Directors believes that he is uniquely qualified through his experience and expertise to be the person who generally sets the agenda for, and leads discussions of, strategic issues for our Board. He was one of the key individuals behind our formation and his leadership was instrumental in the drafting and implementing of our strategic plan as well as our mission and vision statements. Mr. Wood's leadership, as both the Chairman of the Board and as the Chief Executive Officer, continues to ensure that we remain dedicated to and focused on our mission.

Like many companies, our Board of Directors has an Executive Committee and other committees through which our Board of Directors accomplishes most of its corporate governance role, including new director and succession planning. Some of the committees are chartered to undertake significant activities and are made up entirely of independent directors.

In addition, our independent directors participate in at least two executive sessions during the year, in which our Chairman of the Board and Chief Executive Officer does not participate. Any independent director may request additional executive sessions at any meeting. Our executive sessions are led by our executive session facilitator, who is an independent director recommended by our Corporate Governance / Nominating Committee and appointed by our Board. Our executive session facilitator is responsible for setting the agenda for executive sessions and leading them. Our current executive session facilitator is Lead Director, Robert M. Mochizuki.

Board Role in Risk Oversight

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. The Company faces a number of risks, including economic risks, environmental and regulatory risks and others, such as the impact of competition. Management is responsible for the day-to-day management of risks the Company faces, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The Risk Management Committee engages in periodic discussions with the Risk Manager, the Company's executive officers and other Company officers as the Risk Management Committee may deem appropriate related to risk management. In addition, each Board committee has been assigned oversight responsibility for specific areas of risk and risk management to be included as an agenda topic at all regular committee meetings. The committees consider risks within their areas of responsibility, for instance the Compensation Committee considers risks that may result from changes in compensations programs.

Corporate Governance/Nominating Committee

The Corporate Governance/Nominating Committee did not meet during 2014. The Corporate Governance/Nominating Committee consists of Robert Bitter, Stanley Cavalla, George Ellithorpe, Ronnie Miller, Robert Mochizuki, Kenneth

Newby, Walter Reinhard, John Terzian, Michael Woolf, all whom are independent as defined by the applicable NASDAQ and SEC rules. The charter of the Corporate Governance/Nominating Committee can be found on the Company's website at <http://www.unitedsecuritybank.com>. Click "About Us" and then "Governance."

Audit Committee

During 2014, the Audit Committee met nine (9) times. During 2014, the Audit Committee consisted of Mr. Terzian (Chairman), Mr. Miller, Mr. Reinhard and Mr. Newby, all of whom are independent as defined by the applicable NASDAQ and SEC rules. Mr. Newby is deemed by the Company to be an "audit committee financial expert" pursuant to the applicable rules and regulations of the SEC. He has an understanding of generally accepted accounting principles (GAAP) and has the ability and experience to prepare, audit, evaluate and analyze financial statements which present the breadth and level of complexity of issues that are reasonably expected to be raised by the Company's financial statements. For more information on Mr. Newby's qualification, please see his profile under "PROPOSAL 1: ELECTION OF DIRECTORS," herein.

The Audit Committee oversees the Company's corporate accounting and reporting practices and the quality and integrity of the Company's financial statements and reports; selects, hires, oversees and terminates the Company's independent auditors; monitors the Company's independent auditors' qualifications, independence and performance; monitors the Company and its affiliates' compliance with legal and regulatory requirements; and oversees all internal auditing functions and controls.

The Board of Directors has adopted a written charter for the Audit Committee which is available on the Company's website at www.unitedsecuritybank.com. Click "About Us" and then "Governance."

Audit Committee Report

This report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act or the Exchange Act except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under the Acts.

The Audit Committee has reviewed the Company's audited financial statements and discussed such statements with management. The Audit Committee has discussed with Moss Adams LLP, the Company's independent auditors during the year 2014, the matters required by Statement of Auditing Standards No. 61 (Communication with Audit and Finance Committees, as amended).

The Audit Committee received written disclosures and a letter from Moss Adams LLP, required by Independence Standards Board Standard No. 1 and has discussed with them their independence from management. The Audit Committee has also considered whether the independent auditors' provision of other non-audit services is compatible with the auditors' independence.

Based on the review and discussions noted above, the Audit Committee recommended to the Board that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the SEC.

The Audit Committee has also confirmed that there have been no new circumstances or developments since their respective appointments to the Audit Committee that would impair any member's ability to act independently. Respectfully submitted by the members of the Audit Committee:

Dated: April 13, 2015 Audit Committee of the Board of Directors of United Security Bancshares
John Terzian, Chairman
Ronnie Miller
Kenneth Newby
Walter Reinhard
Compensation Committee

The Board of Directors has a Compensation Committee that met three (3) times in 2014. The Compensation Committee consists of three (3) directors, all of whom are independent as defined by the applicable NASDAQ and SEC rules. The members of the Compensation Committee are Dr. Mochizuki, Mr. Reinhard, and Mr. Woolf. The Compensation Committee evaluates, reviews and nominates nominees to the Board of Directors, reviews human resource policies, establishes the compensation for the Chief Executive Officer and other executive officers, reviews salary recommendations, grants stock options and approves other personnel matters, which are in excess of management's authority. The Compensation Committee has engaged the services of Pearl Meyer & Partners as its

outside independent compensation consultant during 2014. Pearl Meyer & Partners advises the Compensation Committee on a range of executive and director compensation matters including plan design, competitive market assessments, trends, and best practices. Compensation levels were increased by 2% during 2014. The charter of the Compensation Committee can be found on the Company's website at <http://www.unitedsecuritybank.com>. Click "About Us" and then "Governance."

PROPOSAL 1:
ELECTION OF DIRECTORS
Nominees

The Company's Bylaws provide that the number of directors of the Company shall not be less than eight (8) nor more than fifteen (15) until changed by an amendment of the Articles of Incorporation or the Bylaws adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote, with the exact number of directors to be fixed from time to time, within the range: (i) by a resolution duly adopted by the Board of Directors; or (ii) by the approval of the shareholders. The authorized number of directors was last fixed at ten (10).

The persons named below, all of whom are currently members of the Board of Directors, have been nominated for election as directors to serve until the 2016 Annual Meeting of Shareholders and until their successors are elected and have qualified. Each nominee has consented to being named in the Proxy Statement and has agreed to serve as a member of the Board of Directors, if elected. Votes will be cast in such a manner as to effect the election of all ten (10) nominees, as appropriate (or as many thereof as possible under the rules of cumulative voting). The ten (10) nominees for directors receiving the most votes will be elected directors. In the event that any of the nominees should be unable to serve as a director, it is intended that the proxy will be voted for the election of such substitute nominee, if any, as shall be designated by the Board of Directors. The Board of Directors has no reason to believe that any of the nominees named below will be unable to serve if elected.

The Board of Directors has determined that all of the current directors on the Board of Directors, except for one [1], are "independent," as that term is defined by the rules and regulations of The NASDAQ Stock Market. These nine [9] independent directors comprise a majority of the Board of Directors.

The following table sets forth, as of March 25, 2015, the names of, and certain information concerning, the persons nominated by the Board of Directors for election as directors of the Company.

| Name and Title Other than Director | Age | Year First Appointed | Principal Occupation During the Past Five Years |
|---|-----|-------------------------|--|
| Robert G. Bitter, Pharm. D. Secretary | 76 | 2001 | Retired. Clinical Pharmacist at Madera Community Hospital. Owner of Berenda Creek Ranch and Partner in Selma Shopping Center. |
| Stanley J. Cavalla | 64 | 2001 | President of Suburban Steel, Inc. and Vice President of Tri State Stairway Corp. |
| Tom Ellithorpe | 72 | 2001 | Owner of Insurance Buying Service. |
| Ronnie D. Miller | 73 | 2001 | President of Ron Miller Enterprises, Inc., dba Fresno Motor Sales and Fresno Commercial Lenders. |
| Robert M. Mochizuki, M.D., Lead Director | 66 | 2004 | Orthopedic surgeon, CEO of Arthroscopic Surgery Associates Corp. |
| Kenneth D. Newby, CPA | 69 | 2014 | Owner, Kenneth D. Newby, CPA. |
| Walter Reinhard | 85 | 2001 | Retired. Private Investor. Former owner and President of Reinhard Cabinet Shop, Inc. |
| John Terzian | 82 | 2001 | Retired. Private investor. Former owner and President of Tollhouse Enterprises, Inc., dba Peacock Market. |
| Dennis R. Woods Chairman, President and Chief Executive Officer | 67 | 2001 | Chairman of the Board, President and Chief Executive Officer of United Security Bancshares and United Security Bank. |
| Michael T. Woolf, D.D.S. | 59 | 2005 | Dentist. |

Dennis R. Woods
Chairman of the Board
Director since 2001

Mr. Woods is the founding chairman of the Bank, and assumed the additional duties of President and CEO in 1993. Prior to the inception of the Bank, Mr. Woods was the President and CEO and a 50% shareowner of a wholesale and retail food distribution company, Hestbeck's Incorporated, for over 20 years. Mr. Woods has also been active in real estate investment, including ownership of commercial warehouses, apartments and residential real estate for more than 30 years. Additionally, Mr. Woods has been involved with the development and cultivation of pistachio and almond farms from 1980 to present. Mr. Woods has continuously served on the boards of directors of a number of for profit and non-profit organizations such as Hestbeck's Incorporated; United Security Bancshares; Pacific Coast Bankers Bank; California State University Fresno Bulldog Foundation; State Center Community College; United Way of Fresno County; Northern California Loan Fund Advisory and Denwoods Farm Company. Mr. Wood's extensive background in various businesses qualifies him for service as a director.

Ronnie D. Miller
Director since 2001

Mr. Miller has lived in Fresno, California for nearly 70 years. He is the President of Ron Miller Enterprises, Inc., dba Fresno Motor Sales and Fresno Commercial Lenders. He is active in the Fresno community as a commercial lender. Mr. Miller's relevant experience in operating an automobile dealership and lender qualifies him for service as a director.

Robert G. Bitter, Pharm. D.
Corporate Secretary
Director since 2001

Dr. Bitter has lived in Madera, California for over 35 years. He is retired from his position as a clinical pharmacist at Madera Community Hospital. He is the owner of Berenda Creek Ranch and a partner in Selma Shopping Center. He is an active and award winning member of the Madera Sunrise Rotary Club and is a past District Governor of District 5220. He has worked extensively with youth in the community, particularly with the High School Interact Club. Through the Madera Sunrise Rotary Club, Dr. Bitter is involved in many diverse international service activities. Dr. Bitter's relevant experiences serving amongst diverse cultures and operating in various business environments within the Company's market area, including real property management, qualifies him for service as a director.

Stanley J. Cavalla
Director since 2001

Mr. Cavalla has lived in Fresno County for over 60 years. He is President of Suburban Steel, Inc. and Vice President of Tri State Stairway Corp. He is active in Fresno County as a businessman and farmer. Mr. Cavalla's relevant experience as an executive in managing, operating manufacturing and farming businesses within the Company's market area, qualifies him for service as a director.

Tom Ellithorpe
Director since 2001

Mr. Ellithorpe has lived in Fresno, California for nearly 55 years. He is the owner of Insurance Buying Service. He is active in the Fresno community as an insurance broker, and has been involved in the California insurance industry

since 1972. He has also been involved in a number of business ventures in the Company's market area including agricultural ventures. Mr. Ellithorpe's relevant experience as an executive in the insurance industry and his understanding of risk management qualifies him for service as a director.

Robert M. Mochizuki, M.D.

Lead Director

Director since 2004

Dr. Mochizuki has lived in Fresno, California for nearly 13 years. He is an orthopedic surgeon and Chief Executive Officer of Arthroscopic Surgery Associates Corp, a practice which he began solo in 1980 and which, through partnership formation and mergers, has grown into a large group of surgeons and employees and includes ownership of an ancillary surgery center. He is active in the Fresno community as a practicing orthopedic surgeon affiliated with Saint Agnes Medical Center, Fresno Surgical Hospital and Summit Surgery Center. From 1982 to present, Dr. Mochizuki has also been involved in the development of local

real estate including multiple commercial and residential projects. Dr. Mochizuki's relevant experience in investments and managing and operating different businesses qualifies him for service as a director.

Kenneth D. Newby
Director since 2014

Mr. Newby is a well-respected Certified Public Accountant with long-standing ties to the community. He has been self-employed as a financial consultant in Fresno, California since June 2008. Previously, he worked as a manager and a partner with the public accounting firm of Deloitte & Touche, LLP. Mr. Newby is a graduate of the California State University, Fresno, where he received his Bachelor of Science in Business Administration and Accounting in 1972. Mr. Newby's relevant experience as a certified public accountant and knowledge of auditing, accounting and finance qualifies him for service as a director.

Walter Reinhard
Director since 2001

Mr. Reinhard has lived in Fresno, California for over 60 years. He is retired, and formerly the owner and president of Reinhard Cabinet Shop Inc. Mr. Reinhard's relevant experience as a former owner and operator of Reinhard Cabinet Shop Inc. and understanding of business operations qualifies him for service as a director.

John Terzian
Director since 2001

Mr. Terzian has lived in Fresno, California for over 60 years. He was former owner and president of Tollhouse Enterprises, Inc., dba Peacock Market. He also served on various local and California grocery associations during his career in the grocery industry. He is active in the Fresno community as a volunteer for the American Cancer Society. Mr. Terzian's relevant experience as a former businessman in the grocery industry and his involvement with rental real estate properties qualify him for service as a director.

Michael Woolf, D.D.S.
Director since 2005

Dr. Woolf has lived in Fresno, California, for nearly 45 years. His is a practicing dentist, but he has also been active in the Fresno community as farmer. He is currently a 1/6th owner of Woolf Enterprises, a diversified foods grower and processing operation. Dr. Woolf has also served on various professional and community organization Boards including Fresno Madera Dental Society, Western Pistachio Association, Fresno Metropolitan Museum Trustees and Carden Private School. Dr. Woolf's relevant experience as dentist, farmer, member of various Boards, and his understanding of the community qualifies him for service as a director.

All of the nominees named above have served as members of the Company's Board of Directors since its inception, other than Kenneth D. Newby, Robert Mochizuki, M.D., and Michael T. Woolf, D.D.S. All nominees will continue to serve if elected at the Meeting until the 2016 Annual Meeting of Shareholders and until their successors are elected and have been qualified.

None of the directors were selected pursuant to any arrangement or understanding other than with the directors and executive officers of the Company acting within their capacities as such. There are no family relationships between any of the Company's directors. No director serves as a director of any company that has a class of securities registered under, or which is subject to the periodic reporting requirements of, the Securities Exchange Act of 1934, or of any company registered as an investment company under the Investment Company Act of 1940.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE OF “FOR” ALL TEN (10) NOMINEES TO SERVE UNTIL THE 2016 ANNUAL MEETING OF SHAREHOLDERS AND UNTIL THEIR RESPECTIVE SUCCESSORS SHALL BE ELECTED AND QUALIFIED.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS OF THE COMPANY

Executive Officers and Significant Employees

The following table sets forth the names and certain information as of March 25, 2015 concerning the Company's executive officers and significant employees:

| Name | Age | Position and Principal Occupation For the Past Five Years |
|---------------------|-----|---|
| Dennis R. Woods | 67 | President and Chief Executive Officer of United Security Bancshares and United Security Bank since 1993. |
| Kenneth L. Donahue | 66 | Executive Vice President and Chief Administrative Officer of United Security Bancshares and United Security Bank since 2010. Senior Vice President and CFO from 1998 to 2010. Served as acting CFO August 2014-March 30, 2015. |
| David L. Eytcheson | 74 | Senior Vice President and Chief Operating Officer of United Security Bancshares and United Security Bank since 1997. |
| Porsche A. Saunders | 37 | Vice President of Real Estate Construction Department at United Security Bank since 2009. |
| William Yarbenet | 56 | Senior Vice President and Chief Credit Officer of United Security Bank since July 2013. Previously served as Executive Vice President and Chief Credit Officer of Heritage Oaks Bank in Paso Robles from January 2012 to May 2013 and Executive Vice President and Chief Credit Officer of Premier West Bancorp in Medford, Oregon, from January 2010 to December 2011. |

Summary Compensation Table

The following table sets forth, for the fiscal years ended December 31, 2014 and 2013, compensation information for services in all capacities to the Company's executive officers who served as: (i) the Company's principal executive officer during 2014; (ii) the Company's two most highly compensated executive officers, other than the Company's principal executive officer, who received more than \$100,000 in total compensation during 2014; and (iii) up to two additional individuals for whom disclosure would have been included as an executive officer in clause (ii) except that such individual was not serving as an executive officers of the Company at the end of 2014 (collectively, the "Named Executive Officers").

Summary Compensation

| Name and Principal Position | Year | Salary (\$) (1) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Non-Qualified Deferred Compensation Earnings (\$) (2) | All Other Compensation (\$)(3) | Total Compensation (\$) |
|--|------|--------------------|------------|-------------------|--------------------|---|--|--------------------------------|-------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (I) | (j) |
| Dennis R. Woods, President & CEO | 2014 | 507,673 | 61,200 | — | — | — | 67,929 | 66,779 | \$703,581 |
| | 2013 | 496,706 | 28,800 | — | — | — | (63,727) | 66,842 | \$528,621 |
| Kenneth L. Donahue, Exec. Vice President & CAO, Acting CFO | 2014 | 265,268 | 26,775 | — | — | — | 33,964 | 22,751 | \$348,758 |
| | 2013 | 259,502 | 15,000 | — | — | — | (31,863) | 22,544 | \$265,183 |
| David L. Eytcheson, Senior VP & COO | 2014 | 181,284 | 10,940 | — | — | — | 33,964 | 32,638 | \$258,826 |
| | 2013 | 175,868 | 9,900 | — | — | — | (31,863) | 29,236 | \$183,141 |

(1) Includes compensation for accrued personal days not used (maximum 5 days) plus imputed income for life insurance provided by the Company in excess of \$50,000 of coverage.

(2) The amounts in column (h) reflect the actuarial increase in the present value of the Named Executive Officer's benefits under their respective supplemental executive retirement plan salary continuation agreement. The amounts are established by the Company determined using interest rate assumptions consistent with those used in the Company's financial statements.

(3) Amount included in column (i) as "All Other Compensation" are comprised of the following:

All Other Compensation

| Name and Principal Position | Year | Auto | Club Membership | 401(k) | Health Insurance | Director Fees | SERP - Medicare Tax | Total |
|----------------------------------|------|--------|-----------------|--------|------------------|---------------|---------------------|----------|
| Dennis R. Woods, President & CEO | 2014 | 14,808 | 14,400 | 10,400 | 12,351 | 14,820 | — | \$66,779 |
| | 2013 | 14,870 | 14,600 | 10,200 | 12,352 | 14,820 | — | \$66,842 |

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| | | | | | | | | |
|---|------|--------|---|--------|--------|---|---|----------|
| Kenneth L. Donahue, Exec. Vice President & CAO, Acting CFO | 2014 | — | — | 10,400 | 12,351 | — | — | \$22,751 |
| | 2013 | — | — | 10,193 | 12,351 | — | — | \$22,544 |
| David L. Eytcheson, Senior VP & COO | 2014 | 12,964 | — | 7,323 | 12,351 | — | — | \$32,638 |
| | 2013 | 10,157 | — | 6,727 | 12,351 | — | — | \$29,235 |

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Narrative Disclosure to Summary Compensation Table

Employment Agreements

Although in the past, the Company had entered into employment agreements with Dennis R. Woods, the Company's President and Chief Executive Officer, which set forth certain elements of his compensation, including base salary, severance benefits and payments in the event of a change in control of the Company, the Company presently does not have any such employment agreements with any Named Executive Officer.

Salaries

The Compensation Committee determines the appropriate components of compensation to the Named Executive Officers and the amounts of each component of compensation based upon a review and analysis of peer group data. Although the Compensation Committee has engaged outside consultants in the past to assist it in this regard, no compensation consultants were used in 2014. The Compensation Committee determines the base salary paid to the Named Executive Officers and reviews salary information annually to assure that the salaries are consistent with the Company's peer group in order to maintain the Company's competitiveness in attracting and retaining qualified individuals in these key executive positions. In order to align the compensation of the Company's executive officers with those of industry peers, a 2% salary increase was given to all Named Executive Officers during 2014.

Incentive Compensation

Incentive compensation was paid in 2014 to all executive officers. Please refer to the column entitled "Bonus" in the "Summary Compensation Table" above for amounts paid.

Equity Incentives

On April 6, 2005, the Company's Board of Directors adopted and, in May 2005, the Company's shareholders approved, the United Security Bancshares 2005 Stock Option Plan (the "2005 Plan"). At the same time, all previous plans, including the 1995 Plan, were terminated. In adopting the 2005 Plan, the objective of the Board of Directors and the Compensation Committee was to align the interests of executive officers with the long-term interests of shareholders by providing executive officers (and employees) with an ownership interest in the Company in the form of stock options. Historically, stock options were granted at the time of employment as part of an initial compensation package and additional stock options were granted years later. The Compensation Committee, in making a determination to grant additional stock options, considers the total stock options already held by an executive officer, the date of last grant and the amount of stock options last granted, the number of shares of Company stock acquired through exercise of stock options by the executive officer and the percentage of Company stock ownership level held by the executive officer. Under the Company's compensation policy, the Compensation Committee will not make an annual stock option grant to an executive officer who had a new hire stock option grant within three (3) years of the hire date, and the Compensation Committee will not make an annual stock option grant to an executive officer who owns less than three (3) times his or her annual base salary in Company stock (as measured by market value) as of the date of the expected grant.

The 2005 Plan expired on April 6, 2015, and, accordingly, no additional options may be granted pursuant to that plan; however, all then outstanding options remain valid in accordance with their terms.

The 2005 Plan provided for the granting of up to 647,628 shares of authorized and unissued shares of Common Stock at stock option prices per share which must not be less than 100% of the fair market value per share at the time each stock option is granted. Stock options granted under the 2005 Plan are either nonqualified stock options or "incentive"

stock options pursuant to Section 422 of the Internal Revenue Code, as amended, and have an exercise price at the prevailing market price on the date of grant. All stock options granted are exercisable 20% each year commencing one year after the date of grant and expire ten years after the date of grant.

Under the 2005 Plan, 142,562 granted shares are outstanding (111,402 incentive stock options and 31,160 nonqualified stock options) as of December 31, 2014, of which 114,375 are vested. The following table sets forth the stock options outstanding, exercisable, exercised and forfeited under the 2005 Plan during 2014.

| | 2005 Plan | Weighted Average Exercise Price |
|---------------------------------------|-----------|---------------------------------------|
| Options outstanding December 31, 2013 | 200,064 | \$ 10.19 |
| Granted during the year | 5,100 | 5.65 |
| Exercised during the year | 23,922 | 2.29 |
| Forfeited during the year | 38,680 | 13.99 |
| Options outstanding December 31, 2014 | 142,562 | \$ 10.04 |

Included in total outstanding options at December 31, 2014, are 114,375 exercisable shares at a weighted average price of \$11.48, a weighted average remaining contract term of 1.33 years and intrinsic value of \$8,000.

Supplemental Executive Retirement Plan

The Company has established and sponsors a supplemental executive retirement plan in order to appropriately incent key employees, including the Named Executive Officers, to remain with the Company and become long-term loyal leaders. For more information on the Company's supplemental executive retirement plan and the benefits payable to the Named Executive Officers thereunder, please see "Narrative Disclosure Regarding Retirement Benefits and Change in Control Benefits - Supplemental Executive Retirement Plan" below.

Other Benefits and Perquisites

Group insurance premiums, including, medical, disability, dental and vision, are paid for by the Company for executive officers and their families. These benefits are common in most of the industry for similar positions. The Company pays these insurance benefits for all other employees and employees may elect to pay for the cost of insurance for their families. The Company has also established a contributory 401(k) defined contribution plan that allows eligible employees to contribute a portion of their income to a trust on a tax-favored basis. The Company matches participant contributions up to 4% of their eligible annual compensation. For more information on the Company's 401(k) plan, please see "Narrative Disclosure Regarding Retirement Benefits and Change in Control Benefits - 401(k) Plan," below.

The Chief Executive Officer is provided with a Company-owned vehicle and given reimbursement for membership dues in a country club that he owns. The Chief Operating Officer is provided with a Company-owned vehicle due to his job duties requiring extensive business travel. See "All Other Compensation" in the Summary Compensation Table above. The Company provides these perquisites to its Named Executive Officers because these perquisites are offered by many of its peers, and, therefore, the Committee believes that providing these perquisites to the Named Executive Officers is necessary for their retention and for the recruitment of new executive officers.

Outstanding Equity Awards at Fiscal Year End

The following table sets forth certain information concerning stock options for each of the Named Executive Officers as of December 31, 2014. The Company did not grant any stock awards to any Named Executive Officer during the year ended December 31, 2014. None of the Named Executive Officers exercised any options during the year ended December 31, 2014. The Company has no stock awards.

Outstanding Equity Awards at Fiscal Year-end

| Name | Number of Securities Underlying Unexercised Options | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of securities Underlying Unexercised Unearned | Option exercise price (\$) | Option Expiration Date |
|------|--|--|---|----------------------------------|------------------------------|
|------|--|--|---|----------------------------------|------------------------------|

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| | (#) Exercisable | | Options (#) | | |
|-----------------|-----------------|------|-------------|---------|-----|
| (a) | (b) | (c) | (d) | (e) | (f) |
| Dennis R. Woods | 64,762 | (1)— | — | \$14.10 | |