

OVERVIEW

The Audit Committee is a standing committee of the Board of Directors ("Board") of United Security Bancshares and United Security Bank ("Bank").

Establishment of this Charter hereby delegates certain responsibilities to the Audit Committee to assist in fulfilling the Board's duties to the Company and shareholders. It is not the Committee's responsibility to plan or conduct audits, or to determine that the Bank's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

As more fully set forth below, the purpose of the Committee is to assist the Board in its oversight of:

- The integrity of the financial and the accounting and financial reporting processes and financial statement audits;
- Compliance with legal and regulatory requirements;
- The public accounting firms' independence and qualifications;
- The performance of the independent auditors, and the internal audit function;
- The system of disclosure controls, procedures, and internal controls over financial reporting and compliance with ethical standards adopted by the company.

AUTHORITY

In order to establish the governing principles of the Audit Committee, the Board of Directors periodically reviews and approves this Charter.

The Committee shall be given the resources and assistance necessary to meet its responsibilities, including appropriate funding, unrestricted access to Company documents, employees, and the independent auditors. The Committee shall also have authority to engage outside legal, accounting, and other advisors, as it deems necessary or appropriate.

The Committee encourages continuous improvement and fosters adherence to policies, procedures and practices at all levels. The Committee provides for open communication among the independent auditor, accounting management, senior management, the internal audit function and the Board.

MEMBERSHIP

The Committee shall consist of three or more Directors, serving at the pleasure of the Board for such term, or terms, as the Board may determine. Committee members are appointed by the Board at the

annual organizational meeting and serve until their successors are elected. Unless a Chairperson is elected by the full Board, the Committee members may designate a chairperson by majority vote. Each Committee member shall meet the independence requirements established by the Securities and Exchange Commission and listing standards of the NASDAQ Exchange, specifically Rule 4350 (d), as well as, the independence standards set forth in the Company's Corporate Governance Principles.

No member of the Audit Committee shall receive, directly or indirectly, any compensation from the Company, other than Directors' fees and benefits.

All Committee members shall be financially literate, having a basic understanding of financial controls and reporting. At least one Committee member shall also have accounting or related financial management expertise, including at a minimum, the expertise required by rules of the Securities and Exchange Commission and listing standards of Nasdaq -- Rule 4350(d)(2)(A).

PROCEDURES

Meetings

The Committee shall meet as often as it determines, but no less than four times annually. The presence of at least fifty percent of the members of the Committee shall constitute a quorum of the Committee, and the act of the majority of the members present at any meeting at which a quorum is present shall be the act of the Committee. As part of its responsibility to foster open communication, the Committee will periodically meet with management, the director of the internal audit function, and the independent auditor in separate private sessions.

Minutes

The Committee shall keep minutes, and other relevant records, of all its meetings. Minutes will be included in the monthly board packet for Directors review. To the extent practicable, the meeting agenda, draft minutes from the prior meeting, and supporting materials, shall be provided to Committee members prior to each meeting to allow time for review.

Accountability

In keeping with NASDAQ Rule 4350(d)(1), the Audit Committee reviews and reassesses the adequacy of this Charter not less than annually. In conducting this annual review, the Committee assesses compliance with Nasdaq Rule 4350, and appropriate banking regulations regarding Committee composition, independence, and scope of responsibilities. Results of the Committee's review of its Charter, and any appropriate updates, will be duly reported to the full Board.

The Committee may request any officer or employee of the Bank, or the Bank's outside counsel, or independent auditors to attend an Audit Committee meeting, or to meet with the members in an executive session.

The Committee shall review its own performance annually.

RESPONSIBILITIES	Executive management bears primary responsibility for financial, and other, reporting, for establishing the system of internal controls, and for ensuring compliance with laws, regulations and company policies. The Committee's responsibilities and related key processes are described as follows. From time to time, the Committee may take on additional responsibilities at the request of the Board.
Risk Management Program	<p>The Committee bears primary responsibility for overseeing the Company's risk management program. In carrying out this responsibility, the Committee shall:</p> <ul style="list-style-type: none">• Review the appointment, replacement, performance evaluation, responsibilities and compensation of the Chief Risk Officer.• Annually review the budget, resources and staffing of the risk management program.• Review the development and implementation of the risk management program throughout the year.
Internal Audit Program	<p>The Committee bears primary responsibility for overseeing the Company's relationship with the retained internal audit firms. In carrying out this responsibility, the Committee shall:</p> <ul style="list-style-type: none">• Review the appointment and replacement of the Internal Auditor.• Annually review the responsibilities, budget and resources of the entire Internal Audit Program.• Review the development and implementation of the Annual Audit Plan throughout the year, including scheduling, of audit related activities• Establish a documented process to ensure that issued audit reports are receiving the appropriate quality control review.
External Audit Program	<p>The Committee bears primary responsibility for overseeing the Company's relationship with its independent auditors. In carrying out this responsibility, the Committee shall:</p> <ul style="list-style-type: none">• Be directly responsible for the appointment, compensation, retention, oversight of the work, and termination of the independent auditor (including resolution of disagreements between management and the auditor regarding financial reporting) engaged for the purpose of preparing or issuing audit reports, or performing other audit, review, or attest services for USB.• Establish policies and procedures for the pre-approval of all audit and permissible non-audit services and fees of the independent auditor.

- Meet with the independent auditor to review the planning of its audit of the Bank's financial statements.
- Discuss matters with the independent auditor relating to the conduct of the audit as required by professional auditing standards including:
 - All critical accounting policies and practices.
 - All alternative treatments of financial information within generally accepted accounting principles related to material items discussed with management.
 - Any other material written communications between the independent auditor and management.
- Review any audit problems or difficulties the auditor may have encountered in its work and management's response.
- At least annually, obtain and review a report by the independent auditor describing:
 - The firm's internal control procedures;
 - Any material issues raised by the most recent internal control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the past five years, with respect to one or more independent audits carried out by the firm;
 - Any steps taken to deal with any such issues; and in order to assess the auditor's independence; and,
 - All relationships between the independent auditor and the Bank.
- Discuss with the independent auditor any disclosed services or relationships that may impact the firm's independence and objectivity. Evaluate the qualifications, performance, and independence of the independent auditor recommend that the Board take appropriate action, in response to the auditor's report, to satisfy itself of the independence of the firm.

Financial Reporting

The Committee monitors the preparation, by management, of the Bank's quarterly and annual external financial reports. In carrying out this responsibility, the Committee shall:

- Discuss the annual audited financial statements, and quarterly financial statements, with management and the independent auditor, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations".

- Discuss with the Board, if appropriate whether the Bank's audited financial statements should be included in the annual report on Form 10-K.
- Discuss earnings press releases, as well as, financial information and earnings guidance provided to analysts and rating agencies (including any use of "pro-forma" or "adjusted" non-GAAP information).
- Review with management and the independent auditor significant accounting principles and practices applied by the Bank in preparing its financial statements, including a discussion with the independent auditor regarding its judgments about the quality of accounting principles used in the Bank's financial reporting.
- Review and discuss reports from the independent auditor on, among other things:
 - o Critical accounting policies and practices to be used.
 - o Any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise).
 - o Alternative treatments of financial information within generally accepted accounting principles.
 - o Any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement.
 - o Other material written communications between the independent auditor and management, such as any management letter and the Bank's response to such letter, or schedule of unadjusted differences.
- Review changes to accounting principles and practices that materially impact the Bank's consolidated financial statements.
- Review with management its evaluation of internal control over financial reporting, and review management's conclusions as to the effectiveness of internal control over financial reporting.

Internal Control

The Committee has responsibility for monitoring management's continuing implementation of an effective system of internal control. The purpose of this is to help promote the reliability of financial and operating information, and compliance with applicable laws, regulations and Bank policies, including those related to business conduct and ethics. In carrying out this responsibility, the Committee shall:

- Inquire of management, and internal and independent auditors concerning any deficiencies in the Bank's policies and procedures that could adversely affect the adequacy of internal controls and the financial reporting process, and review any special audit steps adopted in light of any material control deficiencies, and the timeliness and reasonableness of proposed corrective actions.
- Review and track internal audit findings and recommendations with regard to compliance with laws and regulations, and management's responses; particularly so that audit results are being used to identify control gaps and thematic issues effectively.
- Hold periodic mandatory executive sessions with each of selected management, the internal auditors and the independent auditors as necessary to discuss any issues with management.
- Review management's responses to recommendations for improving internal controls in the independent auditor's Management Letters;
- Discuss the company's policies with respect to financial reporting risk assessment and risk management.
- Review significant cases of conflict of interest, misconduct, or fraud reported to the Committee.
- Review significant issues between the Bank and regulatory agencies.
- Review, as appropriate, material litigation involving the Bank.

Other Responsibilities

The Committee will also:

- Review and advise the Board regarding administration of the Bank's Code of Ethics and Professional Conduct Policy at least annually and oversee the investigation of any matters alleging harassment and violations of the company's Code of Ethics and Professional Conduct policy.
- Establish procedures for the receipt, retention, treatment, and investigation of complaints received regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.