



*Your Community Bank of Choice*

Notice of Annual Meeting | 2025 Proxy Statement | 2024 Annual Report

## UNITED SECURITY BANCSHARES

### *Corporate Profile*

Headquartered in Fresno, California, United Security Bancshares was formed in 2001 as a bank holding company to provide commercial banking services through its wholly owned subsidiary, United Security Bank. Founded in 1987, United Security Bank is a state-chartered community bank, which operates 13 full-service branches, construction, and commercial and consumer lending operations, in Fresno, Madera, Kern, and Santa Clara counties. United Security Bank is a customer-oriented financial institution engaged in providing a wide range of competitively priced commercial banking services primarily to the business community and individuals located in the central and southern San Joaquin Valley, as well as the Campbell area in Santa Clara County.

At United Security Bancshares, we are committed to improving shareholder value and delivering the highest quality products and services while being responsive to the changing needs of our customers and business markets. Our primary business strategy is to increase market share in the local communities we serve, as well as to expand into new markets when sound business opportunities present themselves.

United Security Bancshares' common stock is traded on NASDAQ under the symbol "UBFO". For more information, please visit us at [www.unitedsecuritybank.com](http://www.unitedsecuritybank.com).

### *Mission*

To provide a truly superior customer service experience by:

- supporting and enhancing the communities we serve
- providing relevant products and services to the Company's customers
- attracting, developing, and retaining superior team members



## United Security Bancshares

2126 Inyo Street  
Fresno, California 93721

April 7, 2025

To Our Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders of United Security Bancshares. It will be held at **6:00 p.m. Pacific Time on Wednesday, May 21, 2025, at United Security Bancshares, 2126 Inyo Street, Fresno, California** as stated in the formal notice accompanying this letter. We hope you will plan to attend.

At the Annual Meeting, the shareholders will be asked to (i) elect ten (10) directors; (ii) approve the United Security Bancshares 2025 Equity Incentive Award Plan; (iii) approve an amendment to our Articles of Incorporation to increase the number of authorized common shares from 20,000,000 to 50,000,000; (iv) ratify the selection of the independent auditor; (v) approve the executive compensation of our named executive officers; and (vi) conduct other business that may properly come before the Annual Meeting.

In order to ensure your shares are voted at the Annual Meeting, you can vote through the internet, by telephone, or by mail. Instructions regarding internet and telephone voting are included on the Proxy Card. If you elect to vote by mail, please sign, date and return the Proxy Card. The Proxy Statement explains more about voting in the section titled "Information About the Annual Meeting and Voting."

We look forward to seeing you at the Annual Meeting.

Sincerely,

Dennis Woods  
Chairman of the Board, President  
and Chief Executive Officer



**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)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (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):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

## UNITED SECURITY BANCSHARES

### NOTICE OF 2025 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD WEDNESDAY, MAY 21, 2025 - 6:00 p.m.

TO THE SHAREHOLDERS OF UNITED SECURITY BANCSHARES:

The 2025 Annual Meeting of Shareholders (the “Meeting”) of United Security Bancshares (the “Company”) will be held at the Company’s corporate office at 2126 Inyo Street, Fresno, California 93721, at 6:00 p.m., Pacific Daylight Time (PDT), on Wednesday, May 21, 2025.

At the Meeting, you will be asked to consider and vote on the following matters:

- (1) Electing the following ten (10) persons to the Board of Directors to serve until the 2026 Annual Meeting of Shareholders and until their successors are elected and have qualified:

Stanley J. Cavalla	Nabeel Mahmood	Dora Westerlund
Tom Ellithorpe	Kenneth D. Newby	Dennis R. Woods
Jagroop “Jay” Gill	Susan Quigley	
Heather Hammack	Brian C. Tkacz	

- (2) Approval of the United Securities Bancshares 2025 Equity Incentive Award Plan.
- (3) Approval of an amendment to the Company’s Articles of Incorporation to increase the number of authorized common shares from 20,000,000 to 50,000,000.
- (4) Ratifying the selection of Moss Adams LLP to serve as our independent auditors for the fiscal year ending December 31, 2025.
- (5) A non-binding advisory vote to approve the executive compensation of our named executive officers.
- (6) Transacting such other business as may properly come before the Shareholder Meeting and any adjournments or postponements thereof.

If you were a shareholder of record on March 26, 2025, you may participate in and vote at the Meeting.

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

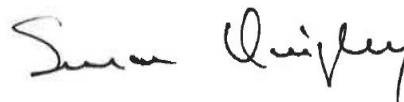
**Section 3.3. Nominations of Directors.** Nominations for election of members of the board may be made by the board or by any holder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations (other than for 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. 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 7, 2025

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "Susan Quigley", written in a cursive style.

Susan Quigley, Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING  
OF SHAREHOLDERS TO BE HELD ON MAY 21, 2025

The proxy materials are being furnished to our shareholders by sending a Notice of Internet Availability of Proxy Materials (the "Notice") in accordance with Securities and Exchange Commission Rule 14a-16 on or about April 7, 2025. As explained in the Notice, our proxy materials include the following documents, all of which are available for shareholders to view on the internet at <http://investors.unitedsecuritybank.com/financialdocs>: our Annual Report to Shareholders on Form 10-K (the "Annual Report"), Notice of Annual Meeting, this proxy statement, and proxy or voting instruction card. If you wish to receive paper copies of the proxy materials, or if you wish to obtain directions to the Annual Meeting, please call (888) 683-6030 (toll free), or write to us at United Security Bancshares, 2126 Inyo Street, Fresno, California 93721, Attn: Mr. David Kinross or by email at [dkinross@unitedsecuritybank.com](mailto:dkinross@unitedsecuritybank.com). This Proxy Statement and Annual Report are also available on the Company's website at [investors.unitedsecuritybank.com/sec-filings](http://investors.unitedsecuritybank.com/sec-filings).

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

**Proxy Statement**  
**2025 Annual Meeting of Shareholders**  
**To be Held Wednesday, May 21, 2025**  
**6:00 p.m.**

**Introduction**

This Proxy Statement is furnished in connection with the solicitation of proxies for use at the 2025 Annual Meeting of Shareholders (the “Meeting”) of United Security Bancshares (the “Company”) to be held at the Company’s corporate office at 2126 Inyo Street, Fresno, California 93721, on Wednesday, May 21, 2025, at 6:00 p.m. PDT, and at any and all postponements or adjournments thereof.

The Notice of Annual Meeting and the Notice will be mailed on or about April 7, 2025, to shareholders eligible to receive notice of, and to vote at, the Meeting. As stated in the Notice and above, the Annual Report, this Proxy Statement, and form of proxy are available to be viewed by shareholders on the internet at: <http://investors.unitedsecuritybank.com/financialdocs>.

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 2026 Annual Meeting of Shareholders and until their successors are elected and have qualified:

Stanley J. Cavalla	Nabeel Mahmood	Dora Westerlund
Tom Ellithorpe	Kenneth D. Newby	Dennis R. Woods
Jagroop “Jay” Gill	Susan Quigley	
Heather Hammack	Brian C. Tkacz	

- (2) United Securities Bancshares 2025 Equity Incentive Award Plan. Approving the United Security Bancshares 2025 Equity Incentive Award Plan covering 1,200,000 shares of the Company’s common stock.
- (3) Approval of an amendment to the Company’s Articles of Incorporation to increase the number of authorized common shares from 20,000,000 to 50,000,000.
- (4) Ratifying the selection of Moss Adams LLP to serve as our independent auditors for the fiscal year ending December 31, 2025.
- (5) A non-binding advisory vote to approve the executive compensation of our named executive officers.
- (6) Other Business. Such other business as may properly come before the Meeting and any adjournments or postponements thereof.

If you were a shareholder of record at the close of business on March 26, 2025, you may vote at the Meeting.

Other than the matters set forth on the attached 2025 Notice of Annual Meeting of Shareholders, 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 Dennis Woods, David Kinross, and Robert Oberg, 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 provide me this Proxy Statement?

We provided 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.

Along with this Proxy Statement, we have furnished the Company's 2024 Annual Report to Shareholders, which includes our Annual Report on Form 10-K for you to view at: [investors.unitedsecuritybank.com/financialdocs](https://investors.unitedsecuritybank.com/financialdocs). 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."

### How will our Annual Meeting be held?

This year's Meeting will be in person at our corporate office at 2126 Inyo Street, Fresno, California 93721. You are entitled to participate in the Meeting if you owned shares of our common stock as of the close of business on March 26, 2025.

### Who is 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 26, 2025, are entitled to vote. On this record date, there were 17,475,927 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 trust company, trust or other nominee, then the broker, trust company, 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, trust company, or other nominee how to vote their shares using the voting instruction form provided by your broker, trust company, or other nominee. If you hold your shares in street name and do not provide voting instructions, your broker, trust company, 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, 2025, 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, trust company, or other nominee does not have discretionary authority to vote on the election of directors 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 shares represented 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 the name of the nominee 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 participate in the Meeting and vote. You may also vote over the internet or by telephone. Instructions for all voting can be found on the Notice and 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 individual(s) 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 holder(s) 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 Securities Bancshares 2025 Equity Incentive Award Plan";
- "FOR" approval of an amendment to the Company's Articles of Incorporation to increase the number of authorized common shares from 20,000,000 to 50,000,000.
- "FOR" ratification of the selection of Moss Adams LLP as the Company's independent registered public accounting firm for 2025.
- "FOR" approval of the executive compensation for the named executive officers.

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 (i.e., 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, at 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 holders 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 was finalized, 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. Broker non-votes and abstentions will not be counted, except for quorum purposes, and will have no effect on the election of directors. If you indicate “WITHHELD” for a particular nominee on your proxy card, your vote will not count either for or against the nominee. Approval for Proposal 2 (the “United Securities Bancshares 2025 Equity Incentive Award Plan”), Proposal 4 (ratification of the appointment of Moss Adams LLP), and Proposal 5 (approval of the executive compensation of named officers) require the affirmative vote of: (i) a majority of the votes represented in person or by proxy and voting at the Meeting; and (ii) a majority of the shares required to constitute a quorum. Proposal 3 (an amendment to the Company’s Articles of Incorporation to increase the number of authorized common shares from 20,000,000 to 50,000,000) requires the affirmative vote of a majority of the outstanding shares.

**If you hold your shares of Common Stock in “street name” (i.e., 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 their discretion, vote your shares “FOR” ratification of the appointment of Moss Adams LLP (Proposal 4) as our independent registered public accounting firm for the year ending December 31, 2025, which is considered a routine matter. HOWEVER, YOUR BROKER MAY NOT VOTE YOUR SHARES “FOR” the election of the nominees for director (Proposal 1), the “United Securities Bancshares 2025 Equity Incentive Award Plan” (Proposal 2), the amendment to the Company’s Articles of Incorporation (Proposal 3), or the approval of the Executive Compensation of Named Officers (Proposal 5) 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 you, as the beneficial owner, and does not have discretionary voting 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.**

Assuming a quorum has been established at the Meeting, California law requires the affirmative vote of a majority of the shares represented and voting at the Meeting to adopt a proposal (other than the election of directors), unless the vote of a greater number is required by law or by our Articles of Incorporation. Abstentions and broker non-votes are not treated as shares voting on any proposal. Therefore, abstentions and broker non-votes will have the same effect as 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.

## **How do I vote in person?**

If you plan to attend the Meeting and vote in person, you will be given a ballot form when you arrive. However, it is strongly recommended 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.**

## **May I vote telephonically or electronically over the internet?**

Shareholders whose shares are registered in their own names may vote either by mail, by 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 Notice and 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, Susan Quigley, 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 election of all ten (10) nominees to the Board of Directors (Proposal 1) and “FOR” Proposals 2, 3, 4, and 5. 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 may I obtain a separate set of proxy materials or Annual Report to Shareholders?**

If you share an address with another shareholder, you may receive only one Annual Report to Shareholders and one set of proxy materials unless you have provided contrary instructions. If you wish to receive a separate Annual Report to Shareholders or 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. David Kinross, or by email at [dkinross@unitedsecuritybank.com](mailto:dkinross@unitedsecuritybank.com). We undertake to provide any additional copies requested promptly.

#### **What should I do if I receive more than one set of proxy materials?**

Similarly, if you share an address with another shareholder and have received multiple copies of proxy materials, you may contact us in the same manner or write us at the address set forth above in the previous 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 by 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 21, 2025**

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

#### **VOTING SECURITIES**

There were issued and outstanding 17,475,927 shares of the Company’s Common Stock on March 26, 2025, 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 Proposal 2 (the “United Securities Bancshares 2025 Equity Incentive Award Plan”), Proposal 4 (ratification of the selection of Moss Adams LLP as the Company’s independent registered public accounting firm for 2025), and Proposal 5 (approval of the executive compensation of the named executive officers). The affirmative vote of a majority of the outstanding shares of Common Stock is required to approve Proposal 3 (the amendment to the Company’s Articles of Incorporation).

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 2025, but CANNOT vote “FOR” the election of directors, the “United Securities Bancshares 2025 Equity Incentive Award Plan,” or the amendment to the Company’s Articles of Incorporation. IT IS EXTREMELY IMPORTANT THAT YOU VOTE BY RETURNING YOUR PROXY CARD BY MAIL, OR VOTE BY USING THE 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 1, 2025, 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 (as defined below), 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 Senior Vice President and Chief Operating Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President and Chief Credit Officer, Senior Vice President and Chief Lending Officer, and the Senior Vice President and Chief Risk 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 March 1, 2025. 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, 2025, and is not aware of any arrangements that may, at a subsequent date, result in a change of control of the Company.

Except as indicated, the address for each of the persons listed below is c/o United Security Bancshares, 2126 Inyo Street, Fresno, California 93721.

Beneficial Owner	Amount and Nature of Beneficial Ownership		Percent of Class (1)
Directors and Executive Officers:			
Stanley J. Cavalla	678,383	(2)	3.9 %
Director and Nominee			
Tom Ellithorpe	178,324	(3)	1.0 %
Director and Nominee			
Dave Eytcheson	129,269	(4)	0.7 %
Senior Vice President and Chief Operating Officer			
Jagroop “Jay” Gill	1,229,271	(5)	7.0 %
Director and Nominee			
Heather Hammack	23,847	(6)	0.1 %
Director and Nominee			
David A. Kinross	118,597	(7)	0.7 %
Senior Vice President and Chief Financial Officer			
Nabeel Mahmood	35,598	(8)	0.2 %
Director and Nominee			
Kenneth D. Newby, CPA	50,914	(9)	0.3 %
Director and Nominee			
Robert Oberg	20,988	(10)	0.1 %
Senior Vice President and Chief Risk Officer			
Susan Quigley	38,047	(11)	0.2 %
Director and Nominee			
Porsche Saunders	66,590	(12)	0.4 %
Senior Vice President and Chief Lending Officer			
Brian C. Tkacz	30,272	(13)	0.2 %
Director and Nominee			
Dora Westerlund	25,369	(14)	0.2 %
Director and Nominee			
Dennis R. Woods	1,174,429	(15)	6.7 %
Chairman, Nominee, President and Chief Executive Officer			
William Yarbenet	70,205	(16)	0.4 %
Senior Vice President and Chief Credit Officer			
All Directors and Executive Officers as a Group (15 in total)	3,870,103	(17)	22.1 %
5% Stockholders:			
Bridgewater Advisory Group, LLC	1,217,932	(18)	7.0 %
Dimensional Fund Advisors, LP	884,683	(19)	5.1 %

- (1) Includes shares subject to stock options that are exercisable within 60 days of March 1, 2025. These are treated as issued and outstanding for the purpose of computing the percentage of each director, Named Executive Officer and for All Directors and Executive Officers as a Group, but not for the purpose of computing the percentage of class owned by any other person.
- (2) Mr. Cavalla has shared voting and investment powers as to 499,971 of these shares held in his wife’s IRA or in a trust with Mr. Cavalla as a co-trustee. Mr. Cavalla disclaims ownership of 270 shares which are held in his wife’s IRA.
- (3) Mr. Ellithorpe has sole voting and investment powers in all shares owned.
- (4) Mr. Eytcheson has shared voting and investment powers in all shares owned.
- (5) Mr. Gill has shared voting and investment powers in all shares held jointly with his wife.
- (6) Ms. Hammack has sole voting and investment power in all shares owned. Ms. Hammack has 9,000 shares subject to stock options that are exercisable within 60 days of March 1, 2025.

- (7) Mr. Kinross has shared voting and investment powers in all shares held jointly with his wife.
- (8) Mr. Mahmood has 15,000 shares subject to stock options that are exercisable within 60 days of March 1, 2025.
- (9) Mr. Newby has shared voting and investment powers as to 152 shares held jointly with his wife.
- (10) Mr. Oberg has sole voting and investment powers in all shares owned.
- (11) Ms. Quigley has shared voting and investment powers as to 23,047 shares held in a trust with Ms. Quigley as a co-trustee. Ms. Quigley has 15,000 shares subject to stock options that are exercisable within 60 days of March 1, 2025.
- (12) Ms. Saunders has sole voting and investment powers in all shares owned.
- (13) Mr. Tkacz has 15,000 shares subject to stock options that are exercisable within 60 days of March 1, 2025.
- (14) Ms. Westerlund has shared voting and investment powers in all shares owned. Ms. Westerlund has 9,000 shares subject to stock options that are exercisable within 60 days of March 1, 2025.
- (15) Mr. Woods has shared voting and investment powers as to 895,583 of these shares held in a trust with Mr. Woods as a co-trustee or in his wife's IRA. Mr. Woods disclaims ownership of 43,258 shares which are held in his wife's IRA.
- (16) Mr. Yarbenet has sole voting and investment powers in all shares owned.
- (17) Includes 63,000 shares that are subject to stock options which are exercisable and subject to vesting within 60 days of March 1, 2025.
- (18) Based solely on a Schedule 13F-HR filed with the SEC on February 14, 2025 by Bridgewealth Advisory Group, LLC, 986 West Alluvial Ave., Suite 101, Fresno, CA 93711. This Schedule 13G/A reports that Bridgewealth Advisory Group, LLC has sole voting power with respect to 1,217,932 shares and sole dispositive power with respect to 1,217,932 shares beneficially owned as of December 31, 2024.
- (19) Based solely on a Schedule 13F-HR filed with the SEC on February 13, 2025 by Dimensional Fund Advisors, LP, 6300 Bee Cave Road, Austin, TX 78746. This Schedule 13G/A reports that Dimensional Fund Advisors, LP, has sole voting power with respect to 884,683 shares and sole dispositive power with respect to 884,683 shares beneficially owned as of December 31, 2024.

## **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 [www.unitedsecuritybank.com](http://www.unitedsecuritybank.com) within the Investor Relations section.

### **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 2024, the Board of Directors held nine meetings. Except for Jay Gill, who missed four meetings, 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 2024, the Board of Directors had the following committees: ALCO, Audit Committee, Compensation Committee, Corporate Governance/Nominating Committee, IT Committee, Loan Committee, and 401K Committee.

### **Attendance at Annual Meetings**

The Company does not have a policy regarding director attendance at each Annual Meeting of Shareholders. The 2024 Annual Meeting of Shareholders was attended by Tom Ellithorpe, Ken Newby, and Dennis Woods.

### **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 [roberg@unitedsecuritybank.com](mailto:roberg@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, as needed, by the following process:

- The Corporate Governance/Nominating Committee identifies nominees by first evaluating the qualifications and willingness to continue in service of current members of the Board of Directors.
- 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 executive management for 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 non-directors 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.

## **Board Diversity**

While the Board of Directors does not have a formal diversity policy, it broadly defines diversity to encompass a range of skills and expertise sufficient to provide prudent guidance to the Company. In addition to the qualifications and characteristics described below, it considers whether the potential Director assists in achieving a mix of Board members that represents a diversity of background, perspective, and experience. Our Board of Directors also has a broad set of skills necessary for providing oversight to a financial institution, which includes proven leadership, and expertise in agriculture, finance, accounting, technology, and capital markets. The table below provides certain highlights of the composition of the Board of Directors and nominees. Each of the categories listed in the below table has meaning as it is used in Nasdaq rule 5605(f):



**Board Diversity (As of December 31, 2024)**

**Total Number of Directors or Nominees 10**

<b>Part I: Gender Identity</b>	<b>Female</b>	<b>Male</b>	<b>Non-Binary</b>	<b>Did not Disclose</b>
Directors	3	6	—	1
<b>Part II: Demographic Background</b>				
African American	—	—	—	—
Asian	—	—	—	—
Hispanic or Latinx	1	—	—	—
Native Hawaiian or Pacific Islander	—	—	—	—
White	2	5	—	—
Two or More Races or Ethnicities	—	1	—	—
LGBTQ+	—	—	—	—
Did not Disclose	—	—	—	1

**Director Independence**

It is the policy of the Board of Directors that a significant majority of its members be independent from management, and the Board has adopted director independence standards that meet the listing standards and applicable rules of The “NASDAQ Stock Market, LLC” (NASDAQ). These independence standards are included in our Corporate Governance Principles which can be found on the Company’s website at [www.unitedsecuritybank.com](http://www.unitedsecuritybank.com) within the Investor Relations section.

In accordance with our Corporate Governance Principles, the Board undertook its annual review of director independence. During this review, the Board considered any and all commercial and charitable relationships of directors, including transactions and relationships between each director or any member of his or her immediate family and the Company and the Bank. Following the review, the Board affirmatively determined, by applying the director independence standards contained in the Corporate Governance Principles, that each of our directors nominated for election at this Meeting (Stanley J. Cavalla, Tom Ellithorpe, Jay Gill, Heather Hammack, Kenneth D. Newby, Susan Quigley, Brian Tkacz, and Dora Westerlund) is independent of the Company and its management in that none has a direct or indirect material relationship with the Company, with the exception of Dennis R. Woods, who is considered an inside director because of his employment as President and CEO of the Company, and Nabeel Mahmood, who was temporarily employed as an interim Chief Information Officer of the Bank during 2022. In addition, all members of the Audit Committee, the Compensation Committee and the Corporate Governance / Nominating Committee satisfy the standards of independence applicable to members of such committees established under applicable law, the listing standards and applicable rules of NASDAQ, and the director independence standards set forth in the Company’s Corporate Governance Principles.

**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 goals for nominees to the Board of Directors, including nominees who are current directors.

The Board of Director’s 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 executive 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. Woods' 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 participated in nine 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 Lead Director, Ken Newby, who is an independent director recommended by our Corporate Governance/Nominating Committee and appointed by our Board. The Lead Director is responsible for setting the agenda for executive sessions and leading them.

### **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 interest rate risk and credit, market, and operational risks, such as the impact of competition. Management is responsible for the day-to-day management of the risks the Company faces, while the Chief Risk Officer and the Board, as a whole and through its committees, have responsibility for the oversight of risk management. In its risk-oversight role, the Board of Directors is responsible for ensuring that the Bank's risk management policies and procedures are adequate and functioning as designed.

The Audit Committee engages in regular discussions with the Chief Risk Officer, the Company's executive officers, and other Company officers as the Audit Committee may deem appropriate related to risk management. The committees consider risks within their areas of responsibility; for instance, the Compensation Committee considers risks that may result from changes in compensation programs.

### **Corporate Governance/Nominating Committee**

The Corporate Governance/Nominating Committee held two meetings during 2024. During 2024, the committee members were Mr. Ellithorpe, Ms. Hammack, Mr. Tkacz, and Ms. Westerlund, who are all considered 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 [www.unitedsecuritybank.com](http://www.unitedsecuritybank.com) by clicking "About Us" and then "Governance."

## **Compensation Committee**

The Compensation Committee held two meetings during 2024. The Compensation Committee consists of two directors, all of whom are independent as defined by the applicable NASDAQ and SEC rules. During 2024, the members of the Compensation Committee were Ms. Hammack and Mr. Tkacz. The Compensation Committee reviews human resource policies, establishes the compensation for the Chief Executive Officer and other executive officers, reviews salary recommendations, grants stock based compensation, and approves other personnel matters, which are in excess of management's authority.

None of the Company's executive officers served on the Compensation Committee and none of the members of the Compensation Committee serves or has served as an officer or employee of the Company. The charter of the Compensation Committee can be found on the Company's website at [www.unitedsecuritybank.com](http://www.unitedsecuritybank.com) by clicking "About Us" and then "Governance."

## **Audit Committee**

During 2024, the Audit Committee met 12 times. During 2024, the Audit Committee consisted of Ms. Quigley (Chairperson), Mr. Newby, and Mr. Ellithorpe, all of whom were independent as defined by the applicable NASDAQ and SEC rules. Ms. Quigley and Mr. Newby are deemed by the Company to be audit committee financial experts pursuant to the applicable rules and regulations of the SEC. Ms. Quigley and Mr. Newby have an understanding of generally accepted accounting principles (GAAP) and have 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 Ms. Quigley and Mr. Newby's qualifications and business expertise, please see their profiles 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 Audit Committee also oversees the risk management functions of the Bank.

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](http://www.unitedsecuritybank.com) by clicking "About Us" and then "Governance."

### ***Audit Committee Report***

The Audit Committee report 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 Securities Exchange Act (the "Acts"), and shall not otherwise be deemed filed under the Acts.

In the performance of its oversight function, the Audit Committee considered and discussed the consolidated, audited financial statements with management and Moss Adams LLP with, and without, management present. The Audit Committee also discussed with Moss Adams LLP matters required to be discussed by the Public Company Accounting Oversight Board (PCAOB) "Auditing Standards 1301, Communications with Audit Committees," as currently in effect. The Audit Committee discussed with management and Moss Adams LLP the quality and adequacy of the internal controls of the Company. 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 independent status. Moss Adams LLP did not perform any prohibited services for the Company.

Based on the review and discussions noted above, the Audit Committee recommended to the Board that the Company's audited, consolidated-financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, 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: March 25, 2025

**Audit Committee of the Board of Directors of United Security Bancshares**  
Susan Quigley, Chairperson  
Kenneth Newby,  
Tom Ellithorpe

### Director Compensation

Director compensation is evaluated and recommended by the Compensation Committee and approved by the Board of Directors. Non-employee directors receive cash and equity compensation for committee attendance and premiums for serving as chairpersons of certain committees. They may also receive equity grants in the form of stock options and awards.

Director compensation is paid in a 50/50 split of cash and stock awards. The Board meeting fee is \$1,610 per director per month. In addition, the Chairperson received an additional \$345 per month and the Lead Director received an additional \$230 per month. Also, directors, other than Mr. Woods and Mr. Newby, were paid \$230 for Executive Committee meetings, \$288 for Governance, ALCO, and 401(k) Committee meetings, and \$403 for Audit, Compensation, IT, and Loan Committee meetings. The Chairpersons of the Audit, Compensation, Governance, and IT committees received \$575 per meeting and the Chairperson of the 401(k) committee received \$403 per meeting. The Lead Director, who facilitates the Executive Session, received \$345 per month. Director fees are calculated and paid based on an estimated number of Board and Committee meetings per year.

Historically, the non-employee Company directors have received equity compensation in the form of nonqualified stock options, restricted stock units, and restricted stock awards. The Committee selected this form of equity compensation because it aligned the interests of the Board of Directors to those of the shareholders and also because of accounting and tax treatments of such awards.

The following table shows compensation paid or accrued for the last fiscal year to the Company's non-employee directors. Mr. Woods does not receive committee fees and his director meeting fees are disclosed in the "All Other Compensation" column in the Summary Compensation Table for the Named Executive Officers. No stock awards to non-employee directors were outstanding at December 31, 2024.

**NON-EMPLOYEE DIRECTOR COMPENSATION TABLE 2024**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) (1) (2)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Stanley Cavalla	\$ 12,001	\$ 13,012	\$ —	\$ —	\$ —	\$ —	\$ 25,013
Tom Ellithorpe	25,115	27,247	—	—	—	—	52,362
Jagroop "Jay" Gill	10,845	10,981	—	—	—	—	21,826
Heather Hammack	13,899	15,079	—	—	—	—	28,978
Nabeel Mahmood	20,894	22,674	—	—	—	—	43,568
Kenneth D. Newby	16,720	18,131	—	—	—	—	34,851
Susan Quigley	16,472	17,871	—	—	—	—	34,343
Brian C. Tkacz	14,326	15,544	—	—	—	—	29,870
Dora Westerlund	21,555	22,531	—	—	—	—	44,086

(1) Board members received 50% of their 2024 monthly director fees in the form of stock awards on February 27, 2024, June 25, 2024, September 24, 2024, and December 17, 2024.

(2) Fair market value upon vesting dates of February 27, 2024, June 25, 2024, September 24, 2024, and December 17, 2024.

### Director Emeritus Plans

In 1995, the Bank established the Directors Emeritus Plan I, which was amended in May 2000. Those directors who (i) retired as directors of the Bank prior to 2015 or (ii) retired as directors of Golden Oak Bank and Legacy Bank and who signed a shareholder's agreement were eligible to participate in the Directors Emeritus Plan I. Directors Emerita under Directors Emeritus Plan I receive a monthly fee of \$400, and receive preferential deposit and customer service with free checking as long

as they serve as a Director Emeritus. Director Emeritus benefits terminate upon (i) the sale of a majority of the Director Emeritus' shares of the Company's common stock originally held, or (ii) the finding by the Company's board of directors that the Director Emeritus is engaging in activities or making statements which are detrimental to the Company or the Company's public image. At December 31, 2024, there were 10 participants in the Directors Emeritus Plan. A total of \$48,800 was paid under the Directors Emeritus Plan I in 2024.

In 2015, the Company established the Directors Emeritus Plan II. The new plan resets monthly fees every five years for directors retiring during that five-year period. Directors retiring during 2015-2019 receive \$600 per month for life and will receive preferential deposit and customer service with free checking as long as they serve as a Director Emeritus. Directors retiring between 2020-2024 will receive \$700 per month. To qualify, the retiring director must have served as a director for at least five years prior to retirement; and to continue receiving benefits the Director Emeritus must continue to own at least 25,000 shares of the Company's common stock and not engage in activities or speech detrimental to the Company or the Bank. At December 31, 2024, there were five participants in the Directors Emeritus Plan II. A total of \$38,400 was paid under the Directors Emeritus Plan II in 2024.

Both Director Emeritus Plans terminate if the Company is merged, acquired, or dissolved. Directors who retire after December 31, 2024, will no longer be included in the Director Emeritus Plan II.

## **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 2026 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 two (2), are "independent," as that term is defined in the listing standards and applicable rules of NASDAQ. These eight (8) independent directors comprise a majority of the Board of Directors.

The following table sets forth, as of March 1, 2025, the names of, and certain information concerning, the persons nominated by the Board of Directors for election as directors of the Company.

<b>Name and Title Other than Director</b>	<b>Age</b>	<b>Year First Appointed</b>	<b>Principal Occupation During the Past Five Years</b>
Stanley J. Cavalla	74	2001	President of Suburban Steel, Inc.; President of Tri State Stairway Corp.
Tom Ellithorpe	82	2001	Owner, Insurance Buying Service.
Jagroop “Jay” Gill	61	2023	Owner, Auto Dealership.
Heather Hammack	48	2021	President, Famous Software.
Nabeel Mahmood	47	2017	Managing Director, CXO & Consultant, Mahmood, LLC (2014-Present); CIO, Instor (2020-Present); SCB Global (2021-Present); Managing Director, Nomad Futurist (2021-Present); President and CEO, Queraí (2019-2020); Director, International Data Centers Authority (2018-2021).
Kenneth D. Newby	79	2014	Owner, Kenneth D. Newby, CPA.
Susan Quigley, Secretary	79	2017	Retired. Former Audit Managing Director at Deloitte & Touche, LLP, an international public accounting firm.
Brian C. Tkacz	48	2017	Senior Director, Global IT Managed Services, Markel Corporation (2019-present).
Dora Westerlund	53	2021	Founder and CEO, Fresno Area Hispanic Foundation.
Dennis R. Woods, Chairman, President, and Chief Executive Officer	77	2001	Chairman of the Board, President, and Chief Executive Officer of United Security Bancshares and United Security Bank.

#### **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, 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; 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 background in various businesses qualifies him for service as a director.

#### **Stanley J. Cavalla**

*Director since 2001*

Mr. Cavalla has lived in Fresno County for over 70 years. He is President of Suburban Steel, Inc. and President of Tri State Stairway Corp. He is active in Fresno County as a businessman and farmer. He has over 50 years of experience in steel construction and farming. Mr. Cavalla’s relevant experience as an executive in managing and 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 over 50 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.

#### **Jagroop “Jay” Gill**

*Director since 2023*

Mr. Gill is the President and CEO of Gill Automotive Group, which owns and operates 11 automotive dealerships representing 13 different brands in California and Hawaii. In addition, he also has agricultural interests in central California. Jay is a graduate of California State University, Fresno where he received a bachelor’s degree in engineering. Jay currently serves on the boards of directors of Mid-Valley Water, Cen-Cal SBA, Chrysler Minority Dealer Association, and Ford Minority Dealer

Association. Mr. Gill's relevant experience as a local business executive, local board member, and long-time community member qualifies him for service as a director.

**Heather Hammack**

*Director since 2021*

Ms. Hammack is the President of Famous Software, LLC, one of the largest software solutions providers for the fresh produce industry. She is a graduate of California Polytechnic University, San Luis Obispo, where she received a degree in Agribusiness, with a concentration in Finance. Heather currently serves as a Business Advisory Council Member for the Craig School of Business at California State University, Fresno, and as a Dean's Advisory Council Member for the College of Agriculture, Food and Environmental Science at California Polytechnic University, San Luis Obispo. Ms. Hammack's relevant experience as an executive in the software industry and her understanding of finance qualifies her for service as a director.

**Nabeel Mahmood**

*Director since 2017*

Mr. Mahmood brings over 25 years of experience leading large-scale global technology organizations for companies experiencing robust growth through M&A, global expansion, implementing new business models, and technology innovation. His expertise includes leading organizations through transformational changes, connecting IT to the needs of the business, technology innovation, Big Data, Cloud, ERP, IoT, AI, ML, NLP, RPA, Mobility, unified communication, security, and Data Centers. Mr. Mahmood's relevant experience as a technologist, executive, and member of various boards qualifies him for service as a director.

**Kenneth D. Newby**

*Lead Independent Director*

*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 partner with the public accounting firm of Deloitte & Touche, LLP. He has also served the local community through the Fresno Business Council and the Fresno State Foundation Board of Governors. Mr. Newby is a graduate of 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.

**Susan Quigley**

*Director since 2017*

Ms. Quigley is a long-term resident of the Fresno community. She served as an Audit Managing Director for Deloitte & Touche, LLP, until her retirement in 2010. While at Deloitte, she audited companies in many industries, including agribusiness, banking, and hospitals. She has made many presentations to boards of various companies. Ms. Quigley has been a member of the board of directors of various companies and not-profit organizations including National Raisin Company, San Joaquin Valley Town Hall, and Boys & Girls Club of Fresno County. She is also a Master Gardener. Ms. Quigley's relevant experience in accounting, auditing, finance, and as a member of various boards qualifies her for service as a director.

**Brian C. Tkacz**

*Director since 2017*

Mr. Tkacz is a business and information technology (IT) executive with 20+ years of experience in large-scale IT strategy and delivery roles. He is a Managing Director for Markel, a holding company for insurance, reinsurance, and investment operations around the world. He earned his MBA from the University of Virginia's Darden Graduate School of Business and his BS in Managerial Economics from Cornell University. Mr. Tkacz's relevant experience as a business leader, general manager, and successful P&L owner in the financial services and insurance industries, combined with his understanding of analytical problem solving and defining and executing business and IT strategies, qualifies him for service as a Director.

**Dora Westerlund**  
*Director since 2021*

Ms. Westerlund is the President and CEO of the Fresno Area Hispanic Foundation, which established the only bilingual business incubator in the western United States. She has been serving and collaborating with the Central Valley business community for the past 27 years. In addition to leading a micro-loan program for the past 12 years, she has also promoted business growth with a focus on rural America. An alumna of California State University, Fresno, she has strong ties to the Central Valley and currently serves on the Board of Governors of California State University, Fresno. Ms. Westerlund's relevant experience as an executive and her understanding of the community qualifies her for service as a director.

All nominees will continue to serve if elected at the Meeting until the 2026 Annual Meeting of Shareholders and until their successors are elected and have 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 and executive officers. 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 2026 ANNUAL MEETING OF SHAREHOLDERS AND UNTIL THEIR RESPECTIVE SUCCESSORS SHALL BE ELECTED AND QUALIFIED.**

## **COMPENSATION DISCUSSION AND ANALYSIS (CD&A)**

### **Introduction**

This Compensation Discussion and Analysis (CD&A) explains our executive compensation program for our named executive officers (NEOs) listed below. The CD&A also describes the process followed by the Compensation Committee of the Board of Directors (the "Committee") for making pay decisions, as well as its rationale for specific decisions related to 2024.

The following table sets forth the name, age, and position as of March 1, 2025, of the Company's NEOs. None of the executive officers was selected pursuant to any arrangement or understanding other than with the directors and executive officers of the Company acting within their capacities as such.

NEO	Age	Position and Principal Occupation For the Past Five Years
Dennis R. Woods	77	President and Chief Executive Officer of United Security Bancshares and United Security Bank since 1993.
David A. Kinross	60	Senior Vice President and Chief Financial Officer of United Security Bancshares and United Security Bank since 2022.
Porsche Saunders	47	Senior Vice President and Chief Lending Officer of United Security Bancshares and United Security Bank since 2024.

### **Executive Summary**

#### **2024 Financial Highlights**

- Total net loans increased to \$912,416,000 at December 31, 2024 compared to \$904,384,000 at December 31, 2023.
- Total deposits increased to \$1,057,622,000 at December 31, 2024 compared to \$1,004,477,000 at December 31, 2023.
- Book value per share increased to \$7.51 at December 31, 2024 from \$7.14 at December 31, 2023.
- Net income decreased to \$14,783,000 for the year ended December 31, 2024 compared to \$19,796,000 for the year ended December 31, 2023.
- The cost of funds was 1.23% for the year ended December 31, 2024 compared to 0.91% for the year ended December 31, 2023.
- The allowance for credit losses as a percentage of gross loans increased from 1.70% to 1.72% at December 31, 2024.



## 2024 Executive Compensation Highlights

Our executive compensation program is designed to align the interests of our NEOs with those of our shareholders. Based on our performance, and consistent with our desire to place greater emphasis on variable pay elements in our executive compensation program going forward, the Committee made the following executive compensation decisions for 2024:

- **Base Salaries:** The Committee approved base salary adjustments of 4.93% for Mr. Woods and Mr. Kinross, effective January 2024. Ms. Saunders was promoted to Senior Vice President and Chief Lending Officer in February 2024. At that time, her base salary was increased 12.5% to \$225,000. For details, please refer to “2024 Executive Compensation Program in Detail” discussion below.
- **2024 Short-Term Incentives:** Based on our 2024 financial performance, Mr. Woods and Mr. Kinross earned incentives of 22.3% to 22.2%, respectively, of their base salaries, or approximately 49% to 70% of their respective maximum incentive opportunity. For details, please refer to “2024 Executive Compensation Program in Detail” discussion below. Ms. Saunders does not participate in this program.
- **2024 Loan Incentive Programs:** As Chief Lending Officer, Ms. Saunders participates in two loan incentive programs designed to reward loan production employees for increases in outstanding loan balances and loan fee income. She is eligible for an annual payment from the Loan Incentive Compensation Plan program and monthly payments from the Loan Fee Incentive Program. Her incentive earned for 2024 was 65.0% of her base salary. For details, please refer to “2024 Executive Compensation Program in Detail” discussion below.
- **2024 Long-Term Incentives:** Long-term incentives are designed to both retain qualified executives and align their interest with shareholders and complement competitive salaries and short-term incentives. Long-term incentives total 20% of base salaries and are granted as either restricted stock awards or restricted stock units. For details, please refer to “2024 Executive Compensation Program in Detail” discussion below.

## Summary of Executive Compensation Practices

Our executive compensation program includes the following practices and policies, which we believe promote sound compensation governance and are in the best interests of our shareholders:

What we do	What we don't do
Pay for performance and allocate individual awards based on actual results and how results were achieved.	No employment arrangements that provide for guaranteed salary increases, non-performance based bonuses, or equity compensation for executive officers.
Restricted stock unit and restricted stock awards that are aligned with the long-term creation of shareholder value.	No severance benefits to our executive officers exceeding three times base salary and bonus.
Engage independent, external compensation consultants.	No excise tax gross-ups upon a change in control.
Clawback features incorporated into our executive employment agreements.	No repricing, buyout or exchange of underwater stock options.
Use of multiple performance measures and caps on potential incentive payments.	No excessive executive perquisites.
Annual review of executive incentive compensation programs.	No single trigger acceleration of vesting in the event of a change-in-control.

## What Guides Our Program

### Compensation Philosophy

Our executive compensation program is designed to achieve the following objectives:

- Attract and retain the most qualified and experienced individuals available to further the Company's success.
- Align the interests of executives and shareholders by linking a significant portion of executive compensation to the Company's financial performance.
- Reward and motivate appropriate executive behavior that produces strong financial results, while managing risks and promoting safety and soundness.
- Provide compensation opportunities competitive with those offered by our peers and consistent with the Company's level of performance.

## ***Elements of the Executive Compensation Program***

The three main elements of the Company's executive compensation program are base salary, short-term incentives, and long-term incentives, each of which is described below:

<b>Compensation Element</b>	<b>Fixed or Variable</b>	<b>Annual or Long Term</b>	<b>Cash or Equity</b>	<b>Purpose</b>
Base Salary	Fixed	Annual	Cash	To attract and retain the best talent.
Annual Incentive Award	Variable	Annual	Cash	To motivate and maximize performance over a one-year period.
Restricted Stock Units and Restricted Stock Awards	Variable	Long-Term	Equity	To motivate and incent sustained performance over the long-term. Aligns interests of our NEOs with those of our shareholders. Also supports our leadership retention objectives.

## ***The Decision-Making Process***

The Role of the Compensation Committee. The Committee oversees the executive compensation program for our NEOs. The Committee works with its independent consultant and management to examine the effectiveness of the Company's executive compensation program annually. Details of the Committee's authority and responsibilities are specified in the Committee's charter, which may be accessed at our website, [www.unitedsecuritybank.com](http://www.unitedsecuritybank.com).

The Committee makes recommendations to the Board regarding the structure of incentive-based compensation plans and equity based plans, both of which require Board approval. Operating within the plans approved by the Board, the Committee makes all final compensation and equity award decisions regarding our NEOs.

Role of the CEO. The CEO provides recommendations to the Committee on compensation for NEOs other than himself. The CEO does not provide recommendations concerning his own compensation, nor is he present during discussions of the Committee about his compensation.

Use of Independent Consultants and Advisors. The Committee engaged the services of Pearl Meyer & Partners (Pearl Meyer) as its outside independent compensation consultant during 2022. Pearl Meyer advises the Compensation Committee on a range of executive and director compensation matters including plan design, competitive market assessments, trends, and best practices. Pearl Meyer does not provide any other services to the Company.

The Role of Benchmarking and Market Data. The companies comprising the comparator peer group are reviewed and selected by the Committee to ensure relevance, with data and recommendations provided to the Committee by Pearl Meyer. The companies comprising the 2024 peer group were selected based on the following considerations:

- Size Characteristics: Assets, operating revenue, and market capitalization approximately two-thirds to twice the size of the Company;
- Geography: Headquartered in California, Nevada, or Washington;
- Operations: Commercial banks with reasonably similar loan mix and ratio of non-interest income to operating revenue as the Company.

The 2024 peer group approved by the Committee consisted of the following companies:

American Riviera Bancorp	Plumas Bancorp
California BanCorp	Provident Financial Holdings, Inc.
Community West Bancshares	Riverview Bancorp, Inc.
FFB Bancorp	Sound Financial Bancorp, Inc.
First Financial Northwest, Inc.	Summit State Bank
First Northern Community Bancorp	Timberland Bancorp, Inc.
Oak Valley Bancorp	

The Committee engaged Pearl Meyer in 2022 to review the compensation of the NEOs and provide the Committee with an analysis of competitive pay practices for senior executives at the peer-group companies listed above. The Committee established base salaries, variable cash incentive awards, and long-term, equity-based incentive awards on a case-by-case basis for each NEO taking into account, among other things, individual and company performance, length of service, market data, advancement potential, recruiting needs, internal equity, retention requirements, succession planning, and best compensation governance practices. While the Committee used the Pearl Meyer analysis to help inform its compensation decisions, it does not target individual compensation levels to specific market pay percentiles.

## 2024 Executive Compensation Program in Detail

### Base Salary

Base salary represents annual fixed compensation and is a standard element of compensation necessary to attract and retain executive leadership talent. In making base salary decisions, the Committee considers the CEO's feedback as it relates to NEO performance, as well as each NEO's position and level of responsibility within the Company. The Committee takes into account factors such as relevant market data, individual performance and contributions, and length of service. The Committee initially determined the appropriate annual base salary rate for each NEO as follows:

NEO	2023 Base Salary	2024 Base Salary	% Adjustment
Dennis R. Woods	\$633,298	\$664,521	4.93%
David A. Kinross	\$275,000	\$288,588	4.93%
Porsche Saunders (1)	\$199,994	\$225,000	12.50%

(1) Ms. Saunders was promoted to Senior Vice President and Chief Lending Officer in February 2024. Her employment agreement stipulates a minimum base pay of \$225,000.

### Short-term (Annual) Incentives

All of our NEOs are eligible to receive annual incentive awards, which are designed to focus executives on short-term financial and strategic goals that contribute to long-term value. Except for Ms. Saunders, who receives incentives based on loan production and increases in loan fees, all NEOs participate in the short-term plan described below.

The NEOs are eligible to participate in the Annual Incentive Plan, which provides an opportunity to receive an annual incentive award that is contingent on achieving pre-defined annual corporate objectives, as well as individual goals.

Annual Incentive Plan. The 2024 Annual Incentive Plan provided our NEOs the opportunity to earn a performance-based annual cash incentive award. Actual bonus payouts depend on the achievement of pre-established performance objectives. Maximum annual incentive opportunities are expressed as a percentage of base salary, and were established by the Committee based on the NEO's level of responsibility and his ability to impact overall results. The 2024 maximum award opportunities for the NEOs were as follows:

NEO	Maximum Opportunity as % of Base Salary
Dennis R. Woods	45%
David A. Kinross	45%
Porsche Saunders	N/A

Performance Metrics and Assigned Weights. At the beginning of each year, the Committee approves the corporate financial measures, goals and assigned weights for each NEO. For 2024 the Committee selected the following performance metrics:

- *Core Net Income Before Tax (CNIBT):* Core net income is defined as pretax income less gain or loss on sales, OREO expenses, provision for loan loss, bonus expense, and gain or loss on fair value of financial liability.
- *Deposit Growth:* Deposit growth is defined as growth in average deposit balances over the prior year.
- *Non-performing Assets (NPA) Ratio:* NPA is defined as total nonaccrual loans, accruing loans past due 90 days or more, and other real estate owned as a percentage of total assets.
- *Regulatory Results:* This metric is based on regulatory examination results.

The following table shows the performance measures and assigned weights for 2024:

NEO	CNIBT	NPA Ratio	Regulatory Results	Deposit Growth
Dennis R. Woods	50%	15%	15%	20%
David A. Kinross	50%	20%	20%	10%

The following table shows the performance requirements assigned for each measure and 2024 results:

Performance Measure	Threshold	Maximum	Results
CNIBT Growth	(27.00)%	(7.00)%	(18.70)%
NPA Ratio	1.75%	1.10%	1.42%
Regulatory Results <sup>(1)</sup>	--	--	--
Deposit Growth	(15.3)%	(3.3)%	(10.35)%

(1) Regulatory results cannot be publicly disclosed, but the outcome resulted in an earned payout.

Annual incentive awards are calculated based on actual performance as compared to the goals set forth. Performance below the threshold requirement results in non-payment for the respective measure. The Committee has the discretion to reduce or increase the payouts to the extent it determines appropriate to reflect the business environment and market conditions that may affect the Company's financial and stock price performance. No such discretion was exercised by the Committee for payouts earned in 2024.

**2024 Annual Incentive Plan Results.** Based on the corporate results and individual performance achievements described above, the Committee approved the following Annual Incentive Plan incentive award payouts:

NEO	Earned Payout as a % of Base Salary	Actual Payout (\$)
Dennis R. Woods	22.3%	\$ 147,856
David A. Kinross	22.2%	64,024

#### ***Loan Incentive Compensation Plan and Loan Fee Incentive Program***

Ms. Saunders participates in two incentive programs, the "Loan Incentive Compensation Plan" and the "Loan Fee Incentive Program."

The purpose of the Loan Incentive Compensation Plan is to drive shareholder value by attracting, motivating, and rewarding production employees (including the Chief Lending Officer) for growing outstanding loan balances beyond normal expectations. It is expected to facilitate a culture of sustained employee enrichment that acknowledges the valuable contributions that serve to drive shareholder value. Incentive payments for this program are paid 50% in the current year and 50% in the year following. The expected amount for annual growth is \$1.5 million for each plan year. The payout is calculated based on the average outstanding balance for the plan year, minus the base of \$1.5 million, and multiplied by 7.5 basis points. This calculation is applied to both the growth achieved by loan officers supervised by the Chief Lending Officer as well as growth achieved by the Chief Lending Officer to arrive at her annual plan payment.

The purpose of the Loan Fee Incentive Program is to enhance loan fee income for the Bank and reward the efforts of qualified officers who are able to negotiate market rate loan fees. Loan fees include up-front fees for processing loans, commitment fees, yield adjustments over the life of the loan, and similar purposes. Loan costs are related to salary expenses incurred by the Bank for payments to employees who perform the various functions necessary to the loan approval process. The loan fee incentive payments are based on the net positive difference of origination fees less origination costs. Percentage are applied to those amounts depending on the approving body (Chief Credit Officer, loan committee, or Board of Directors) and the type of loan (loan origination or renewal/extension).

Ms. Saunders was paid \$13,046 under the "2024 Loan Incentive Compensation Plan" and \$134,180 under the "2024 Loan Fee Incentive Program" for a total payment of \$147,226 for incentives earned during 2024.

NEO	Earned Payout as a % of Base Salary	Actual Payout (\$)
Porsche Saunders	65.0%	\$ 147,226

### Long-Term Incentives

All NEOs are eligible to receive long-term incentive awards, which are designed to focus executives on long-term financial and strategic goals that contribute to shareholder value. These awards complement their salaries and short-term incentives.

In December 2022, the Bank contracted with Pearl Meyer to conduct a peer benchmarking study. It was found that, on average, peer banks provided executives with annual awards equal to 20% of their salary in the form of equity grants with vesting periods of longer than one year. Accordingly, during 2024, the bank adopted a plan which provides grants in the form of either restricted stock awards or restricted stock units, at the executive's discretion, with a vesting schedule of three years. The plan was approved by the compensation committee and Board of Directors on December 17, 2024. One-third of the award vested immediately on December 17, 2024, with future vestings of one-third each on December 1, 2025, and December 1, 2026.

The following table details the recommended long-term incentive values.

Executive	2024 Salary	Long-Term Target Percentage	Long-Term Incentive Value
Dennis Woods	\$ 664,521	20%	\$ 132,904
Dave Kinross	288,558	20%	57,712
Porsche Saunders	225,000	20%	45,000

Actual values of the awards totaled \$132,385 for Mr. Woods, \$57,487 for Mr. Kinross, and \$44,826 for Ms. Saunders based on the grant date fair value at December 17, 2024, resulting from a closing stock price of \$10.26 on that day. Shares granted totaled 12,903 shares, 5,603 shares, and 4,369 shares for Mr. Woods, Mr. Kinross, and Ms. Saunders, respectively.

### Pay versus Performance

The Securities and Exchange Commission (SEC) requires that “pay versus performance” detail, as codified in the Dodd-Frank Act of 2010, be provided by companies filing proxy and information statements regarding executive compensation. The rules require a disclosure of what is “actually paid” to the PEO (principal executive officer) and NEOs (named executive officers), as well as total shareholder return for the company and its peers, net income, and a company-selected measure. Adjustments made to the summary compensation of the PEO and NEOs in order to determine what is “actually paid” are included in footnote 4 to the following table.

The following table sets forth pay versus performance information:

Year	Summary Compensation Table Total for PEO (1)	Compensation Actually Paid to PEO (4)	Average Summary Compensation Table Total for Non-PEO NEOs (1)	Average Compensation Actually Paid to non-PEO NEOs (4)	Value of Initial Fixed \$100 Investment Based on:		Net Income	Growth of Core Net Income before Taxes (year over year) (3)
					Total Shareholder Return (2)	Peer Group Total Shareholder Return (2)		
2024	\$ 1,140,887	\$ 1,114,342	\$ 971,835	\$ 960,952	\$ 125.80	\$ 109.67	\$ 14,783,000	(18.70)%
2023	941,187	1,017,283	521,233	503,463	121.33	109.38	19,796,000	12.70 %

(1) For 2024, the PEO (Principal Executive Officer) is Dennis Woods, President & CEO of the Company. The NEOs (Named Executive Officers) are Porsche Saunders, the Company's SVP & Chief Lending Officer, and David A. Kinross, the Company's SVP & Chief Financial Officer. For 2023, the PEO (Principal Executive Officer) is Dennis Woods, President & CEO of the Company. The NEOs (Named Executive Officers) are William Yarbenet, the Company's SVP & Chief Credit Officer, and David A. Kinross, the Company's SVP & Chief Financial Officer.

(2) Total shareholder return represents the cumulative change in the value of a \$100 investment based on the value of common stock as measured at December 31, 2023, through and including the fiscal year-end for each reported period and dividend reinvestment during the period. Peer group includes the peers listed previously in the CD&A.

(3) Core net income before taxes is a non-GAAP financial number calculated by combining consolidated pretax earnings with incentive payments, OREO expenses, provisions for loan loss, and gains/losses on equity securities, sale of assets, and fair value of junior subordinated debt.

(4) The following table sets forth a reconciliation of summary compensation to compensation “actually paid” to the PEO and NEOs:

Adjustments	2024		2023	
	PEO (\$)	Average of Other NEOs (\$)	PEO (\$)	Average of Other NEOs (\$)
Total Compensation from Summary Compensation Table	\$ 1,140,887	\$ 971,835	\$ 941,187	\$ 521,233
Adjustments for defined benefit pension plan:				
Subtraction (addition): Aggregate change in actuarial present value of accumulated benefit plan during year	24,480	11,423	(23,436)	49,163
Adjustment for stock awards:				
Subtraction: Summary Compensation Table amounts	132,385	540,715	—	57,668
Addition: Fair value of equity awards granted during year that are outstanding and unvested at year end	86,880	436,598	—	60,699
Addition: Year-over-year change in fair value of awards granted in prior years for which vesting conditions were satisfied during the year	—	4,552	2,200	1,100
Addition: Year-over-year change in fair value of awards granted in prior years that are outstanding and unvested at year end	—	11,871	—	2,032
Addition: Fair value at end-of-year of awards granted and vested during the year	43,440	88,234	50,460	25,230
Compensation actually paid (as calculated)	<u>\$ 1,114,342</u>	<u>\$ 960,952</u>	<u>\$ 1,017,283</u>	<u>\$ 503,463</u>

The following tables set forth the weighting of performance objectives for incentive payout calculations:

2024 Incentive Payments							
Growth of Core Net Income before Taxes	Incentive Payout	Non-Performing Assets/Total Assets	Incentive Payout	Regulatory Issues	Incentive Payout	Deposit Growth	Incentive Payout
> (7.0)%	45%	< 1.10%	45%	0	45%	> (3.25)%	45%
(7.0) - (9.5)%	40%	1.10 - 1.20%	40%	0	40%	(3.25) - (4.75)%	40%
(9.5) - (12)%	35%	1.20 - 1.35%	35%	0	35%	(4.75) - (6.25)%	35%
(12) - (14.5)%	30%	1.35 - 1.45%	30%	0	30%	(6.25) - (7.75)%	30%
(14.5) - (17)%	25%	1.45 - 1.55%	25%	1	25%	(7.75) - (9.25)%	25%
(17) - (22)%	15%	1.55 - 1.65%	15%	1	15%	(9.25)-(12.25)%	15%
(22) - (27)%	5%	1.65% - 1.75%	5%	2	5%	(12.25)-(15.25)%	5%
< (27)%	—	> 1.75%	—	3	—	< (15.25)%	—
2023 Incentive Payments							
Growth of Core Net Income before Taxes	Incentive Payout	Non-Performing Assets/Total Assets	Incentive Payout	Regulatory Issues	Incentive Payout	Deposit Growth	Incentive Payout
> 15%	45%	< 1.0%	45%	0	45%	> 5.0%	45%
10 - 15%	40%	1 - 1.10%	40%	0	40%	2.5 - 5.0%	40%
7.5 - 10%	35%	1.1 - 1.25%	35%	0	35%	0 - 2.5%	35%
5 - 7.5%	30%	1.25 - 1.35%	30%	0	30%	(1.5) - 0%	30%
2.5 - 5%	25%	1.35 - 1.45%	25%	1	25%	(3.0) - (1.5)%	25%
1 - 2.5%	15%	1.45 - 1.55%	15%	1	15%	(4.5) - (3.0)%	15%
0 - 1%	5%	1.55% - 1.65%	5%	2	5%	(6.0) - (4.5)%	5%
< 0%	—	> 1.65%	—	3	—	< (6.0)%	—

### Supplemental Executive Retirement Plan

The Company has established and sponsors a supplemental executive retirement plan in order to appropriately incent key employees, including the NEOs, 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 NEOs 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 NEOs and their families. These benefits are common in 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. The Chief Credit Officer is provided with a Company-owned vehicles due to their job duties requiring extensive business travel. The Chief Financial Officer receives a monthly car allowance. See "All Other Compensation" in the Summary Compensation Table below. The Company provides these perquisites to certain of its NEOs because these perquisites are offered by many of its peers, and therefore, the Compensation Committee believes that providing these perquisites to these NEOs is necessary for their retention and for the recruitment of new executive officers.

### ***Employment Agreements and Executive Change in Control Agreements***

The Bank has employment agreements in place with Mr. Woods, Mr. Kinross, and Ms. Saunders. For more information on the employment agreements and executive change in control agreements, please see "Narrative Disclosure Regarding Retirement Benefits and Change in Control Benefits" below.

### ***Other Practices, Policies and Guidelines***

#### ***Clawback Policy***

The Company's "Clawback Policy" details procedures providing for the recovery of incentive-based compensation erroneously received by current or former executive officers during the three completed fiscal years immediately preceding the year in which the company is required to prepare an accounting restatement due to material noncompliance with financial reporting requirements. The policy requires that erroneous payments are recovered even if there is no misconduct or failure of oversight on the part an individual executive officer. The policy is included as an exhibit to our 2024 Annual Report on Form 10-K.

Our executive employment agreements contain a provision that, in the event of a material restatement of financial results, the Board of Directors, based on available remedies, may seek recovery or forfeiture from any executive officer of the portion of incentive compensation that was received by, or vested in, the executive officer prior to the determination that a restatement was required and that would not have been earned had performance been measured on the basis of the restated results where the Board of Directors reasonably determines that the executive engaged in knowing or intentional fraudulent or illegal conduct that materially contributed to the need for the restatement.

#### ***Compensation Risk Assessment***

It is our belief that a material portion of our executives' total compensation should be variable compensation, tied to the Company's financial performance. However, we strive to ensure that incentives do not result in actions that may conflict with the long-term interests of the Company, our shareholders, or our customers. The Committee reviews an evaluation of all of our plans covered under the "Sound Incentive Compensation Policies" for attributes that could cause excessive risk-taking or unethical sales practices. We concluded that our programs and practices do not encourage excessive risk-taking nor do they encourage unethical sales practices which would potentially cause harm to the Company or our customers.

#### ***Insider Trading Policies and Procedures***

The Company has adopted an insider trading policy (the "Insider Trading Policy") that applies to all (i) directors, (ii) executive officers and (iii) employees who are exposed to insider information (together, the "Covered Persons"). The Insider Trading Policy prohibits the use of material non-public information obtained by Covered Persons through their involvement with the Company when making decisions to purchase, sell, give away, or otherwise trade in the Company's securities or to provide such information to others outside the organization. Further, we have established black-out periods to which all Covered Persons are subject, including quarterly black-out periods, which commence up to two weeks before the end of each quarter and continue until the quarterly earnings results are disclosed on Form 8-K. The Company may impose black-out periods from time



to time as other types of material non-public information occur when material non-public events or disclosures are pending. If the Company imposes a special black-out period, the Company will notify Covered Persons accordingly.

### ***Stock Option Grant Timing Policy***

The Company has not granted stock options in more than 10 years. Accordingly, the Company has not adopted policies and practices on the timing of awards of stock options in relation to the disclosure of material nonpublic information of the Company, as contemplated by Item 402(x) of Regulation S-K. However, the United Securities Bancshares 2025 Equity Incentive Award Plan that is the subject of Proposal 2 generally prohibits grants of any equity award within four days before or one day after the planned release of material nonpublic information.

### ***Tax and Accounting Considerations***

The Compensation Committee believes that its primary responsibility is to provide a compensation program that attracts, retains, and rewards the executive talent necessary for our success.

### ***Compensation Committee Report***

***The information contained in this report shall not be deemed to be “soliciting material,” to be “filed” with the SEC, or to be subject to Regulation 14A or Regulation 14C (other than as provided in Item 407 of Regulation S-K) or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed to be incorporated by reference in future filings with the SEC except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.***

The Compensation Committee has reviewed and discussed the “Compensation Discussion and Analysis” with management. Based on that review and those discussions, the Compensation Committee recommended to the Board of Directors that the “Compensation Discussion and Analysis” be included in the Proxy Statement.

Dated: March 25, 2025

Compensation Committee of the Board of Directors of United Security Bancshares  
Brian C. Tkacz, Chairman  
Heather Hammack



## EXECUTIVE OFFICER COMPENSATION

### Summary Compensation Table

The following table sets forth, for the fiscal years ended December 31, 2024, and 2023, compensation information for services in all capacities to the Company's executive officers who served as: (i) the Company's principal executive officer and (ii) the two most highly compensated executive officers who were serving as executive officers at the end of 2024 and whose total compensation in 2024 exceeded \$100,000 (collectively, the "Named Executive Officers").

#### Summary Compensation

Name and Principal Position	Year	Salary (\$) (1)	Bonus (\$) (2)(3)	Stock Awards (\$) (2)(3)	Non-Equity Incentive Plan Compensation (\$) (4)	Non-Qualified Deferred Compensation Earnings (\$) (5)	All Other Compensation (\$) (6)	Total Compensation (\$) (7)
Dennis R. Woods, President & CEO	2024	\$ 727,350	\$ —	\$ 132,385	\$ 147,856	\$ 24,480	\$ 108,816	\$ 1,140,887
	2023	668,206	—	—	199,489	(23,436)	96,928	941,187
David A. Kinross, SVP & CFO	2024	288,558	—	764,499	64,024	—	68,193	1,185,274
	2023	275,000	—	115,336	80,781	—	63,294	534,411
Porsche Saunders, SVP & CLO	2024	225,867	—	316,930	147,226	22,845	45,528	758,396
	2023	197,089	—	—	117,230	21,788	46,992	383,099

- (1) Includes compensation for accrued personal days not used (maximum 10 days) plus imputed income for life insurance provided by the Company in excess of \$50,000 of coverage.
- (2) Represents the grant date fair value determined in accordance with FASB ASC Topic 718, using the valuation assumptions described in the "Notes to the Consolidated Financial Statements" section of our Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC. On December 17, 2024, Mr. Woods, Mr. Kinross, and Ms. Saunders were granted RSAs totaling 12,903 shares, 5,603 shares, and 4,369 shares, respectively, with immediate vesting of 33.3% of the shares and future vesting of 33.3% on December 1, 2025, and 33.4% on December 1, 2026.
- (3) Reflects the dollar amount recognized for financial statement report purposes for the fiscal years ended December 31, in accordance with FAS 123(R), of awards pursuant to the Company's Stock Option Plan. Assumptions used in the calculation of these amounts are included in the Company's audited consolidated financial statements for the fiscal years ended December 31 included in the Company's Annual Report on Form 10-K.
- (4) The amounts shown reflect payments made under the terms of the Annual Incentive Plan for 2024 performance, and in each case paid in the first quarter of the given year.
- (5) The amounts shown represent only the aggregate change in the actuarial present value of the accumulated benefit under each NEO's supplemental executive retirement plan salary continuation agreement for the given years. The amounts are established by the Company determined using interest rate assumptions consistent with those used in the Company's financial statements.
- (6) See following table for details of All Other Compensation column amounts.

#### All Other Compensation

Name and Principal Position	Year	Auto (\$)	Club Membership (\$)	401(k) (\$)	Health Insurance (\$)	Director Fees (\$) (1)	Total (\$)
Dennis R. Woods, President & CEO	2024	\$ 24,592	\$ 3,600	\$ 13,800	\$ 42,393	\$ 24,431	\$ 108,816
	2023	18,316	3,600	13,200	38,332	23,480	96,928
David A. Kinross, SVP & CFO	2024	12,000	—	13,800	42,393	—	68,193
	2023	12,000	—	12,962	38,332	—	63,294
Porsche Saunders, SVP & CLO	2024	—	—	7,678	37,850	—	45,528
	2023	—	—	12,572	34,420	—	46,992

- (1) Mr. Woods received 50% of his 2024 monthly director fees in the form of restricted stock awards on February 27, 2024, June 25, 2024, September 24, 2024, and December 17, 2024, for a total of 1,565 shares of restricted stock with a total grant-date fair value of \$12,717. He received 50% of his 2023 monthly director fees in the form of stock awards on March 1, 2023, June 1, 2023, September 1, 2023, and December 1, 2023, for a total of 1,626 shares of restricted stock with a total grant date fair value of \$11,724.

## Outstanding Equity Awards at Fiscal Year End

The following table sets forth certain information regarding the holdings of all equity awards by the Company's NEOs as of December 31, 2024.

Name	Option Awards					Stock Awards and Units			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Un-exercisable	Equity Incentive Plan Awards: Number of securities Underlying Unexercised Unearned Options (#)	Option exercise price (\$)	Option Expiration Date	Number of Shares of Stock That Have Not Vested (#) (1)	Market Value of Shares of Stock That Have Not Vested (\$) (2)	Equity Incentive Plan Awards: Number of Unearned Shares or Units That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Dennis Woods	—	—	—	—	—	8,602	\$ 86,880	—	—
David A. Kinross	—	—	—	—	—	96,632	975,983	—	—
Porsche Saunders	—	—	—	—	—	39,097	394,880	—	—

(1) On January 22, 2023, Mr. Kinross's was granted 7,500 RSUs that vest 33.3% on December 29, 2023, December 29, 2024, and December 29, 2025. On January 3, 2024, Mr. Kinross received an RSA of 14,435 shares which will vest 20% per year over five years beginning December 1, 2024, and ending December 1, 2028. On December 17, 2024, Mr. Woods, Mr. Kinross, and Ms. Saunders were granted RSAs totaling 12,903 shares, 5,603 shares, and 4,369 shares, respectively, with immediate vesting of 33.3% of the shares and future vesting of 33.3% on December 1, 2025, and 33.4% on December 1, 2026.

(2) The value of shares underlying unvested RSUs and RSAs is based on the closing price of the Company's common stock on December 31, 2024.

## Grant of Plan-Based Awards

The following table sets forth certain information regarding the granting of plan-based awards to the Company's NEOs during 2024.

Grants of Plan-Based Awards							
NEO	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) (1)	All Other Stock Awards: Number of Securities Underlying Options (#)	Grant Date Fair Value of Stock Awards
		Threshold Level \$	Target Level \$	Maximum Level \$			
Dennis Woods	12/17/2024	—	—	\$ 147,856	12,903	—	\$ 132,385
David Kinross	12/17/2024	—	—	64,024	5,603	—	57,847
Porsche Saunders	12/17/2024	—	—	147,226	4,369	—	44,826

(1) Of the shares granted December 17, 2024, 33.3% vested immediately, with future vesting percentages of 33.3% on December 1, 2025, and 33.4% on December 1, 2026.

## Option Exercises and Stock Vested

The following table presents information about the stock options that were exercised by, and the restricted stock that vested for, each of the NEOs during 2024.

NEO	Option Awards		Stock Awards and Units	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) (1) (2) (3) (4) (5)
Dennis Woods (2)	—	—	5,866	\$ 56,845
David A. Kinross (3)	—	—	16,016	158,916
Porsche Saunders (4)	—	—	1,456	14,939

(1) The aggregate dollar value realized represents the value of shares received upon vesting of a restricted stock unit or restricted stock award.

(2) Mr. Woods received 50% of his 2024 monthly director fees in the form of restricted stock awards on February 27, 2024, June 25, 2024, September 24, 2024, and December 17, 2024, for a total of 1,565 shares of restricted stock with a fair value of \$12,717. A total of 4,301 shares of a restricted stock award with a fair value of \$44,128 vested on December 17, 2024.

(3) Mr. Kinross's 2,500 restricted stock units with a fair value of \$25,250 vested on December 31, 2024. A total of 2,287 shares of a restricted stock award with a fair value of \$22,481 vested on December 1, 2024. A total of 1,868 shares of restricted stock award with a fair value of \$19,166 vested on December 17, 2024. A total of 8,761 shares vested on January 2, 2024 with a fair value of \$86,121.

(4) Ms. Saunders vested in 1,456 shares of a restricted stock award with a fair value of \$14,939 on December 17, 2024.

(5) On December 17, 2024, Mr. Woods, Mr. Kinross, and Mr. Saunders were granted RSAs totaling 12,903 shares, 5,603 shares, and 4,369 shares, respectively, with immediate vesting of 33.3% of the shares and future vesting of 33.3% on December 1, 2025, and 33.4% on December 1, 2026.

## Narrative Disclosure Regarding Retirement Benefits and Change in Control Benefits

### 401(k) Plan

The Company has established a contributory 401(k) defined contribution plan (the “401(k) Plan”) covering all eligible employees. The 401(k) Plan allows eligible employees to contribute a portion of their income to a trust on a tax-favored basis. All employees of the Company and/or the Bank are eligible to participate in the 401(k) Plan upon the first day of the month after completing three months of service. Participants are automatically vested 100% in all participant contributions which may be invested in any of several authorized investments. The Company also matches participant contributions up to 4% of their eligible annual compensation. During 2024, the Company reserved \$312,000 to match all employee contributions to the 401(k) Plan, of which \$41,400 was reserved to match contributions of the Company’s Named Executive Officers and is included as “All Other Compensation” in the Summary Compensation Table above.

### Potential Payment upon Change in Control

The following table reflects the estimated amounts of compensation that would be paid to each NEO in the event of a change in control of United Security Bank as of the last business day of the year ended December 31, 2024.

Name and Principal Position	Voluntary Termination Prior to Change in Control	Potential Payment Post Change in Control (1)	Potential Gain from Acceleration of Unvested-Unexercised Equity Awards (\$) (2)	Total Potential Income Triggered by a Change in Control (\$)
Dennis R. Woods, President & CEO	\$ —	\$ 2,193,052	\$ 86,880	\$ 2,279,932
David A. Kinross, SVP & CFO	—	657,957	975,983	1,633,940
Porsche Saunders, SVP & CLO	—	342,230	394,880	737,110

(1) The Change in Control (CIC) agreement provides a lump sum payment to each executive based on the executive’s base salary and bonus for such year. Mr. Woods would receive a payment of three year’s base salary plus bonus, Mr. Kinross would receive two year’s base salary plus bonus, and Ms. Saunders would receive one year’s base salary plus bonus.

(2) The calculation assume the event triggering payments occurred on December 31, 2024.

### Supplemental Executive Retirement Plan

As part of its incentives, the Company established and sponsored a supplemental executive retirement plan (SERP) pursuant to which the Company agreed to provide supplemental retirement income to key employees, including certain NEOs and their

beneficiaries, if certain agreed upon eligibility and vesting conditions were met. The primary condition to the vesting of benefits under the Company's SERP was long-term service to the Company. Therefore, vesting was set pro-rata for each year over the term of the SERP. Prior service credit for any newly hired executive was not permitted, except at the discretion of the Compensation Committee, which oversees the management of the SERP. While the expected annual payment under the SERP was limited to not more than 50% of the annual base salary of the executive officer at the commencement of the SERP, the Compensation Committee may increase the annual payment amount of the SERP to 50% of the annual base salary averaged over the last five years of the executive officer's employment with the Company. The Compensation Committee may also approve a split-dollar agreement related to the SERP of an executive officer, and determine the terms of such split-dollar agreement including the treatment of imputed income of such split-dollar agreement to the executive officer and any gross up of taxes associated with the imputed income.

Dennis R. Woods, the Company's President and CEO, commenced participation in the Company's SERP in June 1996, and by June 2007, all benefits under his SERP were fully vested and could be drawn upon by Mr. Woods upon his retirement. Under the terms of his SERP, Mr. Woods will be entitled to compensation for 15 years at \$100,000 per year.

Porsche Saunders, the Company's Chief Lending Officer, commenced participation in the Company's SERP in August 2015. Ms. Saunders will be fully vested in August 2040 and will be entitled to compensation of \$46,500 per year for life.

The SERP also provided that benefits be paid to the executive officers' beneficiaries in the event of their deaths. The Company's obligation to pay begins in the month following death. The Company purchased single-premium life insurance policies for each SERP issued to protect the Company for this eventuality. The life insurance policies accrue tax-free income to the Company. The policies can remain in effect until the executive is deceased, even after all benefits under the SERP have been paid or can be liquidated at the option of the Company at the cash surrender value. The death benefit is designed to return to the Company the cost of the SERP expense. The cash value of the insurance is carried on its books as an asset.

In recent years, the Company has not offered such plans to new executive officers; therefore, Mr. Kinross is not a participant.

The following table provides certain information regarding the retirement benefits for the NEOs.

Pension Benefits				
NEO	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$) (1)	Payments During Last Fiscal Year (\$)
Dennis R. Woods	SERP	28	\$ 1,068,075	\$ —
Porsche Saunders	SERP	12	176,301	—

(1) Present value of benefit earned in accordance with FAS 106. (See Note 13 to the Company's financial statements included in the 2024 Annual Report).

### ***Employment Agreements***

On April 28, 2015, the Company entered into an employment agreement with Mr. Dennis R. Woods for his service as President and Chief Executive Officer with an annual base salary of \$499,392. The term of the employment agreement originally terminated on December 31, 2017, but, subject to early termination, renews annually for successive three-year terms unless prior notice of non-renewal is given by either party on an annual basis. Accordingly, Mr. Woods' employment agreement now terminates on December 31, 2026. The Board of Directors may from time to time review Mr. Woods' base salary and, at its sole discretion, may increase the base salary. Mr. Woods may also receive discretionary bonuses, if any, as determined by the Board of Directors and is eligible to earn incentive bonuses pursuant to any programs developed and implemented. The employment agreement provides that, in the event of involuntary termination without cause or voluntary termination for "Good Cause" (as defined), Mr. Woods would continue to receive his then current base salary for 24 months after such event, plus continuation of his group medical insurance benefits or payment of COBRA continuation benefits for 24 months; provided, however, if Mr. Woods is terminated within one year following a change in control (as defined), he would be entitled to receive a lump sum payment equal to 36 months' then current base salary plus continuation of group medical insurance benefits or payment of COBRA continuation benefits for 36 months. Payments made in connection with a change in control would be reduced, if necessary, to ensure that no payments constitute an excess parachute payment under Internal Revenue Code Section 280G.

On February 27, 2024, the Company entered into an employment agreement with Ms. Porsche Saunders for her service as Senior Vice President and Chief Lending Officer with an annual base salary of \$225,000. The term of the employment agreement originally terminated on December 31, 2024, but renews annually for successive one-year terms unless prior notice

of non-renewal is given by either party on an annual basis. Accordingly, Ms. Saunders's employment agreement now terminates on December 31, 2025. The Board of Directors may from time to time review Ms. Saunders's base salary and, at its sole discretion, may increase the base salary. Ms. Saunders may also receive discretionary bonuses, if any, as determined by the Board of Directors and is eligible to earn incentive bonuses pursuant to any programs developed and implemented. The employment agreement provides that, in the event of involuntary termination without cause or voluntary termination for "Good Cause" (as defined), Ms. Saunders would continue to receive her then current base salary for 12 months after such event plus continuation of her group medical insurance benefits or payment of COBRA continuation benefits for 12 months; provided, however, if Ms. Saunders is terminated within one year following a change in control (as defined), she would be entitled to receive a lump sum payment equal to 12 months' then current base salary plus continuation of group medical insurance benefits or payment of COBRA continuation benefits for 12 months. Payments made in connection with a change in control would be reduced, if necessary, to ensure that no payments constitute an excess parachute payment under Internal Revenue Code Section 280G.

On November 1, 2022, the Company entered into an employment agreement with Mr. David A. Kinross for his service as Senior Vice President and Chief Financial Officer with an annual base salary of \$275,000. The term of the employment agreement originally terminated on December 31, 2024 but, subject to early termination, renews annually for successive two-year terms unless prior notice of non-renewal is given by either party on an annual basis. Accordingly, Mr. Kinross's employment agreement now terminates on December 31, 2026. The Board of Directors may from time to time review Mr. Kinross' base salary and, in its sole discretion, may increase the base salary. Mr. Kinross may also receive discretionary bonuses, if any, as determined by the Board of Directors and is eligible to earn incentive bonuses pursuant to any programs developed and implemented. The employment agreement provides that, in the event of involuntary termination without cause or voluntary termination for "Good Cause" (as defined), Mr. Kinross would continue to receive his then current base salary for 12 months after such event plus continuation of his group medical insurance benefits or payment of COBRA continuation benefits for 12 months; provided, however, if Mr. Kinross is terminated within one year following a change in control (as defined), he would be entitled to receive a lump sum payment equal to 24 months' then current base salary plus continuation of group medical insurance benefits or payment of COBRA continuation benefits for 24 months. Payments made in connection with a change in control would be reduced, if necessary, to ensure that no payments constitute an excess parachute payment under Internal Revenue Code Section 280G.

### **Certain Relationships and Related Transactions**

During 2024, there were no existing or proposed, material transactions between the Company and its executive officers, directors, or principal shareholders (beneficial owners of 5% or more of the Company's Common Stock), or the immediate family or associates of any of the foregoing persons, except as indicated below.

Some of the Company's directors and executive officers, as well as the companies with which such directors and executive officers are associated, are customers of, and have had banking transactions with the Bank in the ordinary course of its business, and the Bank expects to have such ordinary banking transactions with such persons in the future. During the normal course of business, the Bank enters into loans with related parties, including executive officers and directors. These loans are made with substantially the same terms, including rates, collateral and repayment terms, as those prevailing at the same time with unrelated parties, and do not involve more than the normal risk of collectability or represent other unfavorable features. See "Note 3 - Loans" in the audited consolidated financial statements in the Company's Annual Report for detail on outstanding loans and commitments to related parties. The Company may also engage in banking (non-lending) transactions with corporations of which the Company's directors or officers may own a controlling interest, or also serve as directors or officers. These transactions are made in the ordinary course of business, on substantially the same terms, including interest and collateral, as those prevailing for comparable transactions with persons not related to the Company, do not involve more than the normal risk of collectability or present other unfavorable features, and comply with the provisions of applicable federal and state law.

During 2022, the Company entered into a consulting services agreement with Mr. Mahmood whereby he was engaged as an Outsourced Chief Information Officer for a portion of the year. In connection with the engagement, the Company paid Mr. Mahmood fees for consulting services of \$200,000 and reimbursed him for certain out-of-pocket travel related expenses. As a result of the consulting agreement with Mr. Mahmood, he will be considered a non-independent director for three years.

## **PROPOSAL 2:**

### **APPROVAL OF THE UNITED SECURITY BANCSHARES 2025 EQUITY INCENTIVE AWARD PLAN**

#### **General**

On February 25, 2025, upon the recommendation of the Compensation Committee, the Board of Directors unanimously approved and adopted the United Security Bancshares 2025 Equity Incentive Award Plan (the “2025 Plan”), subject to the approval of the Company’s shareholders at the Meeting. The 2025 Plan provides for the granting of awards in the form of stock options (including incentive stock options), restricted stock, and restricted stock units to the Company’s directors, executive officers, and other employees. The maximum number of shares of Common Stock that may be issued or paid out in connection with awards of restricted stock, restricted stock units, or upon exercise of all stock options granted under the 2025 Plan is 1,200,000 shares of Common Stock (subject to certain adjustment provisions set forth in the 2025 Plan).

The last plan adopted by the shareholders was the Company’s 2015 Stock Option Plan (the “2015 Plan”). The 2015 Plan, when adopted, provided for the granting of options to purchase 700,000 shares, which, post stock splits and other adjustments, equated to 758,000 shares. As of March 26, 2025, there were 671,854 shares in outstanding awards and no shares available for grant under the 2015 Plan. The 2015 Plan expired on February 7, 2025, pursuant to its terms.

As a result of the expiration of the 2015 Plan, the Company currently does not have in place a shareholder-approved equity incentive plan under which awards of stock options, restricted stock, and /or restricted stock units may be granted, and the Board believes it is advisable for the shareholders to adopt the 2025 Plan so that the Company will have stock options, restricted stock, and restricted stock units available to grant as an additional means of retaining and attracting competent directors, officers, and other employees for the Company and its subsidiaries, and for inducing high levels of performance and efforts for the benefit of the Company and its shareholders.

As of the date of this Proxy Statement, no awards have been granted under the 2025 Plan, and the Company has made no determination of intended grants to specific directors, officers, or employees under the 2025 Plan. It is expected, however, that such awards will be granted under the 2025 Plan to directors, officers, and other employees of the Company and its subsidiaries after shareholder approval of the 2025 Plan in the discretion of the Compensation Committee and from time to time in accordance with the terms of the 2025 Plan and as discussed more fully below.

The Board of Directors believes it is advisable for the shareholders to approve the 2025 Plan. Approval of the 2025 Plan is required under the Rules of NASDAQ and, further, ratification of the 2025 Plan is required by Section 422 of the Internal Revenue Code, as amended, for incentive stock options to qualify for favorable tax treatment. If the shareholders do not approve the 2025 Plan, the Company may be compelled to significantly increase the cash component of employee compensation, which may not necessarily align employee compensation interests with the investment interests of the Company’s shareholders as well as the alignment provided by equity-based awards. Replacing equity awards with cash would also increase cash compensation expenses and divert cash away from more impactful uses, such as investment in the Company’s business operations.

#### **Purpose of the 2025 Plan**

The purpose of the 2025 Plan is to promote the success and enhance the value of the Company by linking the personal interests of the members of the Board of Directors and the Company’s officers and other employees to those of the Company’s shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company’s shareholders. The 2025 Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board of Directors and the Company’s officers and other employees, upon whose judgment, interest, and special effort the successful conduct of the Company’s operations is largely dependent.

#### **Securities Authorized for Issuance under Equity Compensation Plans**

The following table provides information as of December 31, 2024, with respect to the shares of Common Stock that were reserved for issuance under the Company’s existing equity compensation plans.

Plan	Number of securities to be issued upon exercise of outstanding options (A)	Weighted-average exercise price of outstanding options	Number of securities to be issued upon vesting of outstanding restricted stock awards (B)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in (A) and (B))
Equity compensation plans approved by security holders: 2015 Equity Incentive Award Plan	75,000	\$ 9.54	160,991	204,916
Equity compensation plans not approved by security holders:	N/A	N/A	N/A	N/A
Total	75,000	\$ 9.54	160,991	204,916

For more information regarding the United Security Bancshares 2015 Stock Option Plan which is reflected in the table immediately above, see the section entitled “Compensation of Executive Officers and Directors of the Company - Narrative Disclosure to Summary Compensation Table - Equity Incentives” herein.

### Summary of the 2025 Plan

The following is a summary of the material terms of the 2025 Plan and is qualified in its entirety by reference to the 2025 Plan, a copy of which is attached as Appendix A to this Proxy Statement. Unless otherwise specified, capitalized terms used in this summary have the meanings assigned to them in the 2025 Plan.

#### Administration

The 2025 Plan is administered by the Compensation Committee (or another committee appointed by the Board of Directors to administer the 2025 Plan) (the “Committee”). The Committee shall be comprised of at least two directors, all of whom shall be independent directors. Subject to the provisions of the 2025 Plan, the Committee shall interpret the 2025 Plan and any award agreement. All awards must be evidenced by a written agreement between the award holder and the Company. Subject to the provisions of the 2025 Plan, the Committee determines in its discretion the persons to whom and the times at which awards are granted, the types and amount of such awards, and all of their terms and conditions. Notwithstanding the foregoing or any other provision of the 2025 Plan, the Board of Directors, acting by a majority of its members, shall, upon the Committee’s recommendation, approve or disapprove each award granted by the Committee and may, at any time and from time to time, in its sole discretion, exercise all rights and duties of the Committee under the 2025 Plan, except with respect to matters which under Rule 16b-3 of the Exchange Act or any successor rule require the action of the Committee.

#### Eligibility

Awards may be granted under the 2025 Plan to those officers, directors, and employees of the Company and its subsidiaries (each, an “Eligible Individual”) as selected from time to time by the Committee. No determination has been made as to which of the persons eligible to participate in the 2025 Plan will receive awards under the 2025 Plan in the future and therefore, the future benefits to be allocated to any individual or to various groups of Eligible Individuals are not presently determinable.

#### Shares Available Under the 2025 Plan

The maximum number of shares of Common Stock that may be issued or paid out in connection with awards of restricted stock, restricted stock units or upon exercise of all stock options granted under the 2025 Plan is 1,200,000 shares of Common Stock, of which 600,000 shares may be awarded as incentive stock options, (both subject to adjustment as described in the 2025 Plan).

On March 26, 2025, the closing price per share of the Common Stock on the NASDAQ Global Select Market was \$8.97.

#### Adjustments

To the extent that an award terminates, expires, or lapses for any reason, or an award is settled in cash without the delivery of shares to the person receiving the award, then any shares of Common Stock subject to the award shall again be available for the grant of an award pursuant to the 2025 Plan. Any shares of Common Stock tendered or withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any award shall again be available for the grant of an award pursuant to the 2025 Plan. Any shares of Common Stock repurchased by the Company prior to vesting so that such shares are returned to the



Company will again be available for awards. To the extent permitted by applicable law or any stock exchange rule, shares of Common Stock issued in assumption of, or in substitution for, any outstanding awards of any entity acquired by the Company or any subsidiary shall not be counted against shares of Common Stock available for grant pursuant to the 2025 Plan. Notwithstanding the foregoing, no shares of Common Stock may again be optioned or granted if such action would cause an incentive stock option to fail to qualify as an incentive stock option under Section 422 of the Internal Revenue Code, as amended (the "Code").

#### Adjustment Upon Changes in Capitalization

If the outstanding shares of Common Stock are increased, decreased, or changed into or exchanged for a different number or kind of shares or securities, through a reorganization, merger, recapitalization, stock split, stock dividend, stock consolidation, or otherwise, without consideration to the Company, appropriate and proportionate adjustments shall be made in the number and kind of shares as to which awards may be granted. A corresponding adjustment changing the number or kind of shares covered by an award and the exercise prices per share allocated to unexercised stock options granted prior to any such change shall likewise be made. Such adjustments will be made without change in the total price applicable to the unexercised portion of any stock option, but with a corresponding adjustment in the price for each stock option.

#### Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company, and Other Corporate Events

Unless an award agreement provides for a specific treatment, in the event of any plan of dissolution, liquidation, reorganization, merger, consolidation, or sale of all or substantially all of the assets of the Company to another corporation, the Committee, in its sole discretion and on such terms and conditions as it deems appropriate, may take any of the following actions: (i)(A) terminate any such awards in exchange for an amount of cash equal to the amount that would have been attained upon the exercise of such award or realization of the holder's rights as of the date of the occurrence of the transaction, or (B) replace such award with other rights or property selected by the Committee in its sole discretion having an aggregate value equal to the amount that could have been attained upon the exercise of such award or realization of the holder's rights had such award been currently exercisable or payable or fully vested; (ii) provide that such award be assumed by the successor or survivor corporation or substituted for equivalent options, rights or awards covering the stock of the successor or survivor corporation, with appropriate adjustments as to the number and kind of shares and prices; (iii) provide that such award be exercisable or payable or vested or unvested with respect to all shares covered by such award, on the same terms as if the transaction did not occur (notwithstanding anything to the contrary in the 2025 Plan); or (iv) provide that such award become fully vested and exercisable immediately prior to the consummation of the transaction. In the event the terms of an award agreement provide for immediate vesting upon a reorganization or other event specified above, the terms of the award agreement shall govern.

#### ***Maximum Awards under the 2025 Plan***

Under the 2025 Plan, the maximum aggregate number of shares of Common Stock with respect to one or more awards that may be granted to any one person during a calendar year shall be 150,000 shares (75,000 shares in the case of non-employee directors), subject to adjustment as set forth in the 2025 Plan.

#### ***Types of Awards Available Under the 2025 Plan***

##### Stock Options

The Committee may recommend to the Board of Directors the grant of nonstatutory stock options, incentive stock options (within the meaning of Section 422 of the Code), or any combination of these, to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine, and which are not inconsistent with the 2025 Plan. The Committee is authorized to set the exercise price of each option, so long as such price is not less than 100% of the fair market value of a share of Common Stock on the date of grant (or, as to incentive stock options, on the date the option is modified, extended, or renewed for purposes of Section 424(h) of the Code), unless such option is granted pursuant to an assumption or substitution for another option in a manner that would qualify under Section 409A and Section 424 of the Code. Any incentive stock option granted to a person who owns stock possessing more than 10% of the total combined voting power of all classes of the Company's stock or of any parent or subsidiary corporation must have an exercise price equal to at least 110% of the fair market value of a share of Common Stock on the date of grant (or the date the option is modified, extended, or renewed for purposes of Section 424(h) of the Code) and a term set by the Committee but which may not exceed five years from the date of grant. The term for all other options shall also be set by the Committee but may not exceed ten years from the date of grant. Except as limited by the requirements of Section 409A or Section 422 of the Code, the Committee may extend the term of any outstanding stock option and may extend the time period during which vested options may be exercised in connection with any Termination of Service of the holder, and may amend any other term or condition of such option relating to such a Termination of Service.



The Committee shall determine the time period during which an option award vests and becomes exercisable, which may be at such times or upon such events and based on any criteria as selected by the Committee. At any time after an option grant, the Committee may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an option vests. No portion of an option that is unexercisable on the date of an option holder's Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Committee either in the applicable award agreement or by action of the Committee following the option grant.

#### Restricted Stock Awards

The Committee may recommend to the Board of Directors the grant of restricted stock to Eligible Individuals, on such terms and conditions, including the restrictions applicable to each such award and to the extent such terms and conditions are not inconsistent with the 2025 Plan, and may impose such conditions on the issuance of such restricted stock as it deems appropriate. The Committee determines the purchase price, if any, and form of payment for the restricted stock. Upon issuance of restricted stock, the holder has, unless otherwise provided by the Committee, the same rights of a shareholder with respect to such shares (subject to any restrictions contained in the applicable award agreement), including the right to receive dividends and other distributions paid or made with respect to the shares (other than extraordinary distributions which shall remain subject to the Committee's right to impose restrictions in the case of such distributions). Such restrictions may include those concerning voting rights and transferability, and such restrictions may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Committee. The Committee may also accelerate the vesting of restricted stock by removing any restrictions imposed by the terms of the applicable award agreement. Restricted stock may not be sold or encumbered until all restrictions under the Plan are terminated or expire.

If no price was paid by the holder for restricted stock, then upon a Termination of Service, the holder's rights to unvested restricted stock then subject to restriction will lapse, and the restricted stock will be surrendered to the Company and canceled without consideration. If a price was paid by the holder for the restricted stock, then upon a Termination of Service, the Company will have the right to repurchase from the holder the unvested restricted stock then subject to restrictions at a cash price per share equal to the price paid by the holder for the restricted stock or such other amount as may be specified in the award agreement. The Committee, in its sole discretion, may provide that in the event of certain events, including a Change in Control, the holder's death, retirement, or disability, or any other specified Termination of Service or any other event, the holder's rights in unvested restricted stock will not lapse, the restricted stock will vest and, if applicable, the Company will not have a right of repurchase.

#### Restricted Stock Units

The Committee may recommend to the Board of Directors the grant of restricted stock units ("RSUs") to Eligible Individuals, on such terms and conditions, including restrictions, applicable to each award of RSUs and to the extent such terms and conditions are not inconsistent with the 2025 Plan, and may impose such conditions on the issuance of such RSUs as it deems appropriate. Each RSU granted under the 2025 Plan represents a right to receive one share of Common Stock at a future date at which vesting conditions applicable to the RSU are satisfied, as determined in accordance with the holder's award agreement (subject to the withholding of applicable taxes). No monetary payment is required (except for applicable tax withholding, if any) for receipt of RSUs or the shares issued in settlement of the award, the consideration for which is furnished in the form of the holder's services to the Company and/or the Bank. The holders of RSU awards have no voting rights with respect to the shares of Common Stock represented by the RSUs until the issuance date of such shares. However, the Committee, in its discretion, may provide in the award agreement that the holder shall be entitled to receive Dividend Equivalents (which are credits to receive an amount equal to the cash dividends paid on one share of Common Stock for each share of Common Stock represented by an RSU award held by such holder and which are more fully discussed in the 2025 Plan). In the event of a Termination of Service, the holder of the RSU award shall forfeit to the Company any RSUs which remain subject to vesting as of the date of the holder's Termination of Service (unless otherwise provided by the Committee and set forth in the award agreement).

#### ***Transferability of Awards***

Unless otherwise consented to by the Committee, awards under the 2025 Plan may only be transferred by will or by the laws of descent and distribution.

#### ***Prohibition Against Option Repricing***

Absent shareholder approval, neither the Board nor the Committee will have the right or authority following the grant of any option pursuant to the 2025 Plan to amend or modify the exercise price of any such option, or to cancel the option at a time when the exercise price is greater than the fair market value of the shares of Common Stock in exchange for another option or award.

### ***Award Grant Timing Limits***

The 2025 Plan generally prohibits the grants of any equity award within four days before or one day after the planned release of any material nonpublic information.

### ***Restriction on Exercise of Awards Prior to Corporate Transaction***

In the event of any pending stock dividend, stock split, Change in Control, combination or exchange of shares, distribution (other than normal cash dividends) of Company assets to shareholders, or any other change that affects the shares of Common Stock or its share price (including any Equity Restructuring for reasons of administrative convenience), the Company in its sole discretion may refuse to permit the exercise of any award for a period of up to thirty (30) days prior to the consummation of any such transaction.

### ***Amendment and Termination***

The 2025 Plan will continue in effect until February 25, 2035, unless earlier terminated by the Board of Directors. The Board of Directors may amend, modify, suspend, or terminate the 2025 Plan at any time or from time to time; provided, however, that without shareholder approval given within twelve months before or after such action is taken by the Board of Directors, the Board of Directors can take no action to increase the maximum number of shares which may be issued under the 2025 Plan (except with respect to an adjustment as set forth in the 2025 Plan). Except as otherwise provided by the 2025 Plan, no amendment, suspension, or termination of the 2025 Plan shall, without the award holder's consent, impair any rights or obligations under any granted award, unless the award itself otherwise expressly so provides.

### **United States Federal Income Tax Consequences**

#### ***Grant of Options***

The grant of a stock option is not expected to result in any taxable income for the holder.

#### ***Exercise of Options***

Upon exercising a non-qualified stock option, the holder must recognize ordinary income equal to the excess of the fair market value of the shares of Common Stock acquired on the date of exercise over the exercise price, and the Company will generally be entitled at that time to an income tax deduction for the same amount. The holder of an incentive stock option generally will have no taxable income upon exercising the option (except that an alternative minimum tax liability may arise), and the Company will not be entitled to an income tax deduction.

#### ***Disposition of Shares Acquired Upon Exercise of Options***

The tax consequence upon a disposition of shares acquired through the exercise of an option will depend on how long the shares have been held and whether the shares were acquired by exercising an incentive stock option or by exercising a non-qualified stock option. Generally, there will be no tax consequence to the Company in connection with the disposition of shares acquired under an option, except that the Company may be entitled to an income tax deduction in the case of the disposition of shares acquired under an incentive stock option before the applicable incentive stock option holding periods set forth in the Internal Revenue Code have been satisfied.

#### ***Awards Other than Options***

As to other awards granted under the 2025 Plan that are payable either in cash or shares of Common Stock that are either transferable or not subject to substantial risk of forfeiture, the holder of the award must recognize ordinary income equal to (a) the amount of cash received or, as applicable, (b) the excess of (i) the fair market value of the shares received (determined as of the date of receipt) over (ii) the amount (if any) paid for the shares by the holder of the award. The Company will generally be entitled at that time to an income tax deduction for the same amount.

As to an award that is payable in shares of Common Stock that are restricted from transfer and subject to substantial risk of forfeiture, unless a special election is made by the holder of the award under the Internal Revenue Code, the holder must recognize ordinary income equal to the excess of (i) the fair market value of the shares received (determined as of the first time the shares become transferable or not subject to substantial risk of forfeiture, whichever occurs earlier) over (ii) the amount (if any) paid for the shares by the holder of the award. The Company will generally be entitled at that time to an income tax deduction for the same amount.

### ***Income Tax Deduction***

Subject to the usual rules concerning reasonable compensation, including the Company's obligation to withhold or otherwise collect certain income and payroll taxes, the Company will generally be entitled to a corresponding income tax deduction at the time a participant recognizes ordinary income from awards made under the 2025 Plan.

### ***Application of Section 16***

Special rules may apply to individuals subject to Section 16 of the Exchange Act. In particular, unless a special election is made pursuant to the Internal Revenue Code, shares received through the exercise of a stock option may be treated as restricted as to transferability and subject to substantial risk of forfeiture for a period of up to six months after the date of exercise. Accordingly, the amount of any ordinary income recognized and the amount of the Company's income tax deduction will be determined as of the end of that period.

### ***Delivery of Shares for Tax Obligation***

Under the 2025 Plan, the Committee may permit participants receiving or exercising awards, subject to the discretion of the Committee and upon any terms and conditions it may impose, to deliver shares of Common Stock (either shares received upon the receipt or exercise of the award or shares previously owned by the participant) to the Company to satisfy federal and state tax obligations.

### ***New Plan Benefits***

As of the date of this Proxy Statement, no determination has been made as to which of the Eligible Individuals may be granted awards or the amounts and types of awards that may be awarded to any such Eligible Individuals in the future under the 2025 Plan, because grants under the 2025 Plan are subject to the discretion of the Committee.

### ***Vote Required***

Approval of the 2025 Plan requires the affirmative vote of a majority of the shareholders of the Company represented in person or by proxy and voting at the Meeting. Unless otherwise directed or specified, shares represented by proxy will be voted "FOR" Proposal 2.

### ***Recommendation:***

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" APPROVAL OF THE UNITED SECURITY BANCSHARES 2025 EQUITY INCENTIVE AWARD PLAN.**

## **PROPOSAL 3:**

### **AMENDMENT TO ARTICLES OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED COMMON SHARES FROM 20,000,000 TO 50,000,000**

As of December 31, 2024, there were 20,000,000 shares of the Company's Common Stock authorized and a total of 17,364,894 shares of Common Stock issued in outstanding. On February 25, 2025, the Company's Board of Directors approved an amendment to Article THREE of the Articles and approved the submission of this amendment to the shareholders for their approval at the Annual Meeting. The proposed amendment to the Articles increases the authorized shares of the Company's Common Stock, no par value, from 20,000,000 to 50,000,000.

### **Rationale for Increase in Authorized Number of Shares of Common Stock**

The Board of Directors believes that it is advisable to increase the Company's authorized Common Stock to increase the Company's flexibility to access the capital markets and to enter into arrangements that provide for the potential issuance of such Common Stock in the future. The availability of additional shares of Common Stock will afford the Company greater flexibility to issue shares of common stock for general corporate purposes, including awards or grants under employee equity incentive plans such as the Company's 2025 Equity Incentive Award Plan subject to shareholder approval in Proposal 2, and acting upon opportunities and transactions, including strategic acquisitions, if any, which may arise. Future issuances of shares of the Common Stock could have the effect of making it more difficult for a person to acquire control of the Company and remove management. At this time, there are no current specific plans, understandings or arrangements for the use of the Common Stock.

## **Effect of the Amendment**

Approving the amendment to increase the authorized number of shares of the Company's common stock will not result in any dilution to current shareholders unless and until the Company issues such additional shares in the future.

If this proposal is approved, the newly authorized shares of common stock would have the same rights as the presently authorized shares, including the right to cast one vote per share of common stock. The future issuance of additional shares of common stock (other than a stock split or dividend) would have the effect of diluting voting rights and could have the effect of diluting earnings per share and book value per share of existing shareholders.

An increase in the number of authorized but unissued shares of common stock may have a potential anti-takeover effect, as our ability to issue additional shares could be used to thwart persons, or otherwise dilute the stock ownership of stockholders, seeking to control the Company. However, the Board of Directors does not intend or view the increase in authorized shares of stock as an anti-takeover measure, nor is the Company aware of any effort by any third party to accumulate our securities or obtain control of the Company by means of a merger, tender offer, solicitation in opposition to management, or otherwise.

## **No Appraisal Rights**

Our shareholders are not entitled to dissenters' or appraisal rights under the General Corporation Law of the State of California with respect to the proposed amendment to the Articles to increase the authorized number of shares, and we will not independently provide the shareholders with any such right.

## **Vote Required**

The affirmative vote of holders of a majority of outstanding shares is required to approve the proposed amendment to Article THREE of the Articles. If the amendment is not approved by the shareholders, the Company's Articles will continue in effect. The proposed amendment, if adopted by the required majority vote of the outstanding shares, will become effective on the date on which the Certificate of Amendment of the Articles is filed with the Secretary of State of California. Proxies will be voted in favor of the following amendment unless otherwise instructed by the shareholders.

## **Proposed Amendment**

ARTICLE THREE of the Certificate of Incorporation shall be amended and restated to read in its entirety as follows if our shareholders vote to approve this Proposal:

The Corporation is authorized to issue only one class of shares of stock, designated "common stock," and the total number of shares which the corporation is authorized to issue is fifty million (50,000,000).

## **Recommendation:**

**THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE APPROVAL OF THE PROPOSED AMENDMENT TO THE COMPANY'S ARTICLES OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED COMMON SHARES FROM 20,000,000 to 50,000,000.**

## **PROPOSAL 4:**

### **RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The firm of Moss Adams LLP, independent auditors, has been selected to serve as the Company's independent registered public accounting firm for 2025. Shareholders are hereby asked to ratify the selection of Moss Adams LLP. It is anticipated that a representative of Moss Adams LLP will be present at the Meeting, will be able to make a statement, if desired, and will be available to respond to appropriate questions from shareholders.

Although ratification is not required by our Bylaws or the SEC, the Board is submitting the selection of Moss Adams LLP to our shareholders for ratification because we value our shareholders' views on the Company's independent registered public accounting firm and as a matter of good corporate practice. In the event that our shareholders fail to ratify the selection of Moss Adams LLP, however, we reserve the right to retain Moss Adams LLP as our independent registered public accounting firm for

2025. Even if the selection is ratified, the Board of Directors, in its discretion, may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

During the two most recent fiscal years there were no disagreements between the Company and its principal accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the principal accountant's satisfaction, would have caused the principal accountant to make reference to the subject matter of the disagreement in connection with its reports. The audit reports on the consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2024, were issued by Moss Adams LLP and did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

Under applicable SEC rules, the Company's Audit Committee is required to pre-approve the audit and non-audit services performed by the independent registered public accountants in order to ensure that they do not impair the auditors' independence. The SEC's rules specify the types of non-audit services that the independent registered public accountants may not provide to its audit client and establish the Audit Committee's responsibility for administration of the engagement of the independent registered public accountants.

Consistent with SEC's rules, the Audit Committee Charter requires that the Audit Committee review and pre-approve all audit services and permitted non-audit services provided by the independent registered public accountants to the Company or any of its subsidiaries. The Audit Committee approved 100% of all professional services rendered by Moss Adams LLP during the 2024 and 2023 fiscal years, including pre-approval of all audit and tax services, and considered whether the provision of such services is compatible with Moss Adams LLP maintaining its independence. The Audit Committee determined that the provision of non-audit services to the Company by Moss Adams LLP was compatible with maintaining the independence of Moss Adams LLP.

Aggregate fees billed by Moss Adams LLP to the Company during 2024 and 2023, respectively, are as follows:

	2024	2023
Audit Fees (1)	\$ 463,117	\$ 673,796
Audit-Related Fees (2)	28,700	26,000
Tax Fees (3)	48,500	32,580
Total Fees	<u>\$ 540,317</u>	<u>\$ 732,376</u>

- (1) Audit fees relate to professional services rendered in connection with the audit of the Company's annual financial statements, quarterly review of financial statements, and audit services provided in connection with other statutory and regulatory filings.
- (2) Audit-related fees represent fees for professional services such as the audit of the Company's employee benefit plan, consent related procedures, and technical accounting, consulting, and research.
- (3) Tax fees relate to professional services rendered in connection with tax compliance and preparation relating to tax return and tax audits, as well as for tax consulting and planning services.

Ratification of the selection of Moss Adams LLP to serve as the Company's independent registered public accounting firm for 2025 requires the affirmative vote of: (i) a majority of the outstanding shares of the Company's Common Stock represented in person or by proxy and voting at the Meeting; and (ii) a majority of the shares required for a quorum. Unless otherwise directed or specified, shares represented by proxy will be voted "FOR" Proposal 4.

## **Recommendation:**

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" RATIFICATION OF THE SELECTION OF MOSS ADAMS LLP TO SERVE AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF UNITED SECURITY BANCSHARES FOR 2025.**

## **PROPOSAL 5:**

### **NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Section 14A of the Securities Exchange Act of 1934 requires that the Company permit an advisory (non-binding) vote on the executive compensation paid to the named executive officers listed in the Summary Compensation Table and the related narrative disclosure in this Proxy Statement. In 2019, the Company's shareholders approved the proposal to require this

advisory vote once every 3 years. It is currently proposed that shareholders approve a non-binding advisory vote on executive compensation at the 2025 Annual Meeting.

This proposal, commonly known as a “Say-on-Pay” proposal, gives you, as a shareholder, the opportunity to provide an advisory vote on the Company’s executive compensation as disclosed in this Proxy Statement through the following resolution:

“RESOLVED, that the compensation paid to the Company’s named executive officers, as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K, including the compensation tables and related narrative disclosure, is hereby APPROVED.”

Because the vote is advisory, it will not be binding upon the Board of Directors, will not overrule any decision made by the Board of Directors, and will not create or imply any additional fiduciary duty on the Board of Directors. The Compensation Committee may, however, take into account the outcome of the vote when considering future executive compensation arrangements.

The Board of Directors believes that the Company’s executive compensation program is reasonable in comparison both to similar sized companies in the industry and to the performance of the Company during 2024. We also believe that the Company’s compensation program is effective in aligning the interests of the executives with the interests of the Company’s shareholders on a long-term basis and is appropriate.

Approval of the advisory (non-binding) vote on the executive compensation paid to the Company’s named executive officers as disclosed in this Proxy Statement requires the affirmative vote of: (i) a majority of the outstanding shares of the Company’s Common Stock represented in person or by proxy and voting at the Meeting; and (ii) a majority of the shares required for a quorum. Unless otherwise directed or specified, shares represented by proxy will be voted “FOR” Proposal 5.

#### **Recommendation:**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE OF “FOR” THE APPROVAL OF A NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION AS DESCRIBED IN THIS PROXY STATEMENT.**

### **DELINQUENT SECTION 16(a) REPORT**

Section 16(a) of the Exchange Act requires the Company’s directors and certain executive officers and persons who own more than ten percent (10%) of a registered class of the Company’s equity securities (collectively, the “Reporting Persons”), to file reports of ownership and changes in ownership with the SEC. The Reporting Persons are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from the Reporting Persons that no Forms 4 or 5 were required for those persons, the Company believes that during 2024 the Reporting Persons complied with all filing requirements applicable to them, except for Brian Tkacz, who filed one late Form 4, and Porsche Saunders and William Yarbenet, who each filed two late Form 4s.

### **SHAREHOLDER PROPOSALS**

Proposals of shareholders intended to be presented at the 2026 Annual Meeting of Shareholders, **must be received** by the Company at its principal executive offices by December 9, 2025, for inclusion in the Proxy Statement and form of proxy relating to that meeting and must comply with the applicable requirements of federal securities laws, including Rule 14a-8 under the Exchange Act. As the rules of the SEC make clear, simply submitting a proposal does not guarantee its inclusion.

Proxies solicited by the Board of Directors for the 2026 Annual Meeting will confer discretionary authority to vote on any matter to come before the Annual Meeting with respect to which the Company does not receive notice of the matter by February 21, 2026.

### **OTHER MATTERS**

Management does not presently know of any matters to be presented at the Meeting other than those set forth above. If other matters come before the Meeting, it is the intention of the persons named in the accompanying proxy card to vote the proxy in accordance with the recommendations of the Board of Directors on such matters.

**United Security Bancshares**

A handwritten signature in black ink, appearing to read "Susan Quigley", written in a cursive style.

Susan Quigley, Secretary

Dated: April 7, 2025

It is very important that every shareholder vote. Whether or not you plan to attend the Meeting, we urge you to submit a proxy as promptly as possible to vote your shares via internet, telephone, or mail.

In order to facilitate the providing of adequate accommodations, when voting please also let us know whether or not you expect to attend the Meeting.

## **Appendix A**

### **UNITED SECURITY BANCSHARES 2025 EQUITY INCENTIVE AWARD PLAN**

#### **ARTICLE 1 GENERAL**

1.1 Purpose. The purpose of the United Security Bancshares 2025 Equity Incentive Award Plan (the “Plan”) is to promote the success and enhance the value of United Security Bancshares (the “Company”) by linking the personal interests of the members of the Board, Employees, and Consultants to those of the Company’s stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company’s stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants, upon whose judgment, interest, and special effort the successful conduct of the Company’s operation is largely dependent. The Company intends that Awards granted under the Plan be exempt from or comply with Section 409A of the Code and the Plan shall be so construed.

1.2 Types of Awards Under the Plan. Awards may be made under the Plan in the form of Restricted Stock, Restricted Stock Units, or Options, including Incentive Stock Options.

#### **ARTICLE 2 DEFINITIONS AND CONSTRUCTION**

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 “Affiliate” of a Person means any Person that controls, is controlled by, or is under common control with such Person. For purposes of the preceding sentence, control means (a) actual management control over; or (b) that the person owns, directly or beneficially, securities of the other Person possessing at least 50% of the total combined voting power of the securities of the other Person.

2.2 “Award” means an Option, a Restricted Stock award, or a Restricted Stock Unit granted under the Plan (collectively, “Awards”).

2.3 “Award Agreement” means any written notice, agreement, contract, or other instrument or document evidencing an Award, which shall contain such terms and conditions with respect to an Award as the Committee shall determine consistent with the Plan. A sample form of Stock Option Award Agreement is attached as Exhibit A, a sample form of Restricted Share Award Agreement is attached as Exhibit B, and a sample form of Restricted Stock Unit Award Agreement is attached as Exhibit C; provided, however, the Committee retains the authority and discretion to adopt other forms of Award Agreements.

2.4 “Board” means the Board of Directors of the Company.

2.5 “Cause” means:

(a) With respect to an Employee and Consultant, as determined by the Committee and unless provided in an applicable agreement with the Company or an Affiliate, (i) gross negligence or willful misconduct in connection with the performance of duties; (ii) conviction of, or plea of nolo contendere to, a criminal offense (other than minor traffic offenses); or (iii) material breach of any term of any employment, consulting, or other service, confidentiality, intellectual property, non-solicitation or non-competition agreements, if any, between the Holder and the Company or an Affiliate.

(b) With respect to any Director, as determined by the Committee and unless provided in an applicable agreement with the Company or an Affiliate, a determination by a majority of the disinterested Board members that the Director has engaged in any of the following: (a) malfeasance in office; (b) gross misconduct or neglect; (c) false or fraudulent misrepresentation inducing the Director’s appointment; (d) willful conversion of corporate funds; or (e) repeated failure to participate in Board meetings on a regular basis despite having received proper notice of the meetings in advance.



In each of the foregoing, the Committee or the Board shall determine, in its sole discretion, whether or not a “Cause” event has occurred, and the Committee’s or the Board’s determination, as applicable, shall be conclusive, final, and binding.

2.6 “Change in Control” means (a) the sale or other disposition of all, or a Substantial Portion, of the Company’s assets; (b) a transaction whereby an Independent Third Party or a group of affiliated Independent Third Parties acquires direct or beneficial ownership of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or (c) a merger or consolidation of the Company with an entity other than an Affiliate, unless the direct or beneficial owners of the securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately before such merger or consolidation, continue immediately thereafter to own, directly or beneficially, securities of the Company (or securities of the successor or survivor corporation) possessing at least 50% of the total combined voting power of the securities of the Company (or the acquiring corporation). In addition, if a Change in Control constitutes a payment event with respect to any Award which provides for the deferral of compensation and is subject to Section 409A of the Code, the Change in Control with respect to such Award must also constitute a “change in control event,” as defined in Treasury Regulation §1.409A-3(i)(5), to the extent required by Section 409A of the Code. The Committee shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, and the effective date of such Change in Control and any incidental matters relating thereto.

2.7 “Code” means the Internal Revenue Code of 1986, as amended from time to time or any other successor statute thereto, together with any rules, regulations, and interpretations promulgated thereunder or with respect thereto.

2.8 “Committee” means the Compensation Committee of the Board, or another committee or subcommittee of the Board, appointed as provided in Section 10.1 of the Plan.

2.9 “Common Stock” means the common stock of the Company.

2.10 “Company” means United Security Bancshares or any successor corporation.

2.11 “Consultant” means any individual who is engaged by the Company or any Affiliate to render consulting or advisory services, whether or not compensated for such services.

2.12 “Director” means a member of the Board, as constituted from time to time.

2.13 “Dividend Equivalent” means a credit, made at the discretion of the Committee or as otherwise provided by the Plan, to the account of a Holder in an amount equal to the cash dividends paid on one share of Common Stock for each share of Common Stock represented by an Award held by such Holder.

2.14 “Effective Date” means the date the Plan is approved and adopted by the Board.

2.15 “Eligible Individual” means any person who is an Employee, Consultant, or a Non-Employee Director, as determined by the Committee.

2.16 “Employee” means any officer or other employee (as determined in accordance with Section 3401(c) of the Code and the Treasury Regulations thereunder) of the Company or of any Subsidiary.

2.17 “Equity Restructuring” means (a) a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering, or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities of the Company) and causes a change in the per share value of the Common Stock underlying outstanding Awards; or (b) a merger or consolidation of the Company with an Affiliate.

2.18 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

2.19 “Fair Market Value” means, as of any given date, the value of a share of Common Stock as determined by the Committee, in its discretion, subject to the following:

(a) If the Common Stock is listed on any established stock exchange (such as the New York Stock Exchange, the NASDAQ Global Market, or the NASDAQ Global Select Market) or national market system, its Fair Market Value

shall be the closing sales price for a share of Common Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Common Stock on the date in question, the closing sales price for a share of Common Stock on the last preceding date for which such quotation exists, as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(b) If the Common Stock is not listed on an established stock exchange or national market system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Common Stock on such date, the high bid and low asked prices for a share of Common Stock on the last preceding date for which such information exists, as reported in The Wall Street Journal or such other source as the Committee deems reliable.

(c) If neither Sections 2.19(a) or (b) is applicable, then the Committee may determine fair market value in accordance with any reasonable valuation method selected by the Committee including those described in Treasury Regulations Section 20.2031-2.

2.20 “Greater Than 10% Stockholder” means an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

2.21 “Holder” means a person who has been granted an Award.

2.22 “Incentive Stock Option” means an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.23 “Independent Third Party” means any Person who, immediately prior to the contemplated transaction, does not own, directly or beneficially, securities of the Company possessing in excess of fifteen percent (15%) of the combined voting power of the securities of the Company, who is not controlling, controlled by or under common control with any such Person and who is not the spouse, ancestor or descendant (by birth or adoption) of any such Person.

2.24 “Initial Shareholder Approval” has the meaning set forth in Section 11.3.

2.25 “Non-Employee Director” means a Director of the Company who is not an Employee.

2.26 “Nonstatutory Stock Option” means an Option that is not an Incentive Stock Option within the meaning of Section 422(b) of the Code.

2.27 “Option” means a right to purchase shares of Common Stock at a specified exercise price, granted under Article 5. An Option shall be either a Nonstatutory Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors shall be Nonstatutory Stock Options.

2.28 “Permitted Devisee” means the transferee of any Award transferred by will or the laws of descent and distribution.

2.29 “Permitted Transferee” means the transferee of any Award transferred pursuant to the express written consent of the Committee under Section 9.3 of the Plan.

2.30 “Person” means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity, or government (whether federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof). 2.31 “Plan” means this United Security Bancshares 2025 Equity Incentive Award Plan, as it may be amended or restated from time to time.

2.31 “Plan” means this United Security Bancshares 2025 Equity Incentive Award Plan, as it may be amended or restated from time to time.

2.32 “Restricted Stock” means Common Stock granted under Article 7 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.33 “Restricted Stock Unit” means a bookkeeping entry representing a right granted to a Holder pursuant to Article 8 of this Plan to receive shares of Common Stock or cash on the date at which vesting conditions applicable to the Restricted Stock Unit are satisfied, determined in accordance with the provisions of Article 8 and the Holder’s Award Agreement.

2.34 “Securities Act” means the Securities Act of 1933, as amended, from time to time.

2.35 “Subsidiary” means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain. This definition shall be interpreted in accordance with Treasury Regulation §1.409A-1(b)(5)(iii)(E).

2.36 “Substantial Portion” means property which represents more than 50% of the assets of the Company (and its Subsidiaries, if any, on a consolidated basis) as would be shown in the financial statements of the Company (consolidated with its Subsidiaries, if any) as of the beginning of the twelve-month period ending with the month in which such determination is made.

2.37 “Substitute Award” means an Award granted under the Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity in connection with a corporate transaction, such as a merger, combination, consolidation, or acquisition of property or stock; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and re-pricing of an Option.

2.38 “Termination of Service” means:

(a) As to a Non-Employee Director, the time when a Holder who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, removal, failure to be elected, expiration of a term where there is a term, death, or retirement, but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(b) As to an Employee or Consultant, the time when the employee-employer relationship or services agreement between a Holder and the Company or any Subsidiary is terminated for any reason, including, without limitation, a termination by resignation, discharge, expiration of a term where there is a term, death, disability, or retirement; but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

The Committee, in its sole discretion, shall determine the effect of all matters and questions relating to a Termination of Service, including, without limitation, the question of whether a Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Committee otherwise provides in the terms of the Award Agreement or otherwise, a leave of absence, change in status from an employee to an independent contractor, or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status, or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then applicable regulations and revenue rulings under such Code section. For purposes of the Plan, a Holder’s employee-employer relationship or consultancy relationship shall be deemed to be terminated if the Subsidiary employing or contracting with the Holder ceases to remain a Subsidiary following any merger, sale of stock, or other corporate transaction or event (including, without limitation, a spin-off).

### **ARTICLE 3**

#### **SHARES SUBJECT TO THE PLAN**

##### **3.1 Number of Shares.**

(a) Subject to Section 3.1(b) and Section 11.2 of the Plan, the maximum number of shares of Common Stock in the aggregate that may be issued or paid out in connection with Awards of Restricted Stock, Awards of Restricted Stock Units, or upon exercise of all Options granted under this Plan shall not exceed One Million Two Hundred Thousand (1,200,000) shares. Out of such aggregate, the maximum number of shares of Common Stock that may be

covered by Options that are designated as “incentive stock options” within the meaning of section 422 of the Code shall not exceed Six Hundred Thousand (600,000) shares of Common Stock.

(b) To the extent that an Award terminates, expires, or lapses for any reason, or an Award is settled in cash without the delivery of shares to the Holder, then any shares of Common Stock subject to the Award shall again be available for the grant of an Award pursuant to the Plan. Any shares of Common Stock tendered or withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any Award shall again be available for the grant of an Award pursuant to the Plan. Any shares of Common Stock repurchased by the Company prior to vesting so that such shares are returned to the Company will again be available for Awards. To the extent permitted by applicable law or any stock exchange rule, shares of Common Stock issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any Subsidiary shall not be counted against shares of Common Stock available for grant pursuant to the Plan. Notwithstanding the provisions of this Subsection 3.1(b), no shares of Common Stock may again be optioned or granted if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

3.2 Stock Distributed. Any Common Stock distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock or authorized and issued Common Stock held in the Company’s treasury or acquired by the Company for the purposes of the Plan.

3.3 Award Limitations. Notwithstanding any provision of the Plan and subject to adjustment as provided in Section 11.2, the maximum aggregate number of shares of Common Stock with respect to one or more Awards that may be granted to any one person during a calendar year shall be One Hundred and Fifty Thousand (150,000); provided, however, the maximum limitation shall be Seventy-Five Thousand (75,000) shares of Common Stock in the case of Non-Employee Directors.

## **ARTICLE 4 GRANTING OF AWARDS**

4.1 Participation. The Committee may, from time to time, select from among all Eligible Individuals and recommend to the Board, those to whom an Award may be granted and the type and amount of each Award. No Eligible Individual shall have any right to be granted an Award pursuant to the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan and any Award granted pursuant to the Plan to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted pursuant to the Plan shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.4 At-Will Employment. Nothing in the Plan or in any Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Director for, the Company or any Subsidiary, or interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company or any Subsidiary.

4.5 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

## **ARTICLE 5 GRANTING OF OPTIONS**

5.1 Granting of Options to Eligible Individuals. The Committee is authorized to recommend to the Board the grant of Options to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine which shall not be inconsistent with the Plan.

5.2 Qualification of Incentive Stock Options. No Incentive Stock Option shall be granted to any person who is not an Employee of the Company or any subsidiary corporation of the Company (as defined in Section 424(f) of the Code). No person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code. Any Incentive Stock Option granted under the Plan may be modified by the Committee, with the consent of the Holder, to disqualify such Option from treatment as an “incentive stock option” under Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which “incentive stock options” (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Holder during any calendar year under the Plan, and all other plans of the Company and any Subsidiary or parent corporation thereof (as defined in Section 424(e) of the Code), exceeds \$100,000, the Options shall be treated as Nonstatutory Stock Options to the extent required by Section 422 of the Code. The rule set forth in the preceding sentence shall be applied by taking Options and other “incentive stock options” into account in the order in which they were granted and the fair market value of stock shall be determined as of the time the respective options were granted.

5.3 Option Exercise Price. The exercise price per share of Common Stock subject to each Option shall be set by the Committee, but shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date the Option is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code), unless otherwise determined by the Committee. In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a share of Common Stock on the date the Option is granted (or the date the Option is modified, extended, or renewed for purposes of Section 424(h) of the Code).

5.4 Option Term. The term of each Option shall be set by the Committee in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Option is granted, or five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. The Committee shall determine the time period, including the time period following a Termination of Service, during which the Holder has the right to exercise the vested Options, which time period may not extend beyond the term of the Option term. Except as limited by the requirements of Section 409A or Section 422 of the Code and regulations and rulings thereunder, the Committee may extend the term of any outstanding Option, and may extend the time period during which vested Options may be exercised, in connection with any Termination of Service of the Holder, and may amend any other term or condition of such Option relating to such a Termination of Service.

#### 5.5 Option Vesting.

(a) The Committee shall determine the time period during which each Option shall vest. Such vesting may be based on any criteria selected by the Committee. At any time after the grant of an Option, the Committee may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Option vests.

(b) No portion of an Option that is unexercisable at a Holder’s Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Committee either in the Award Agreement or by action of the Committee following the grant of the Option.

5.6 Substitute Awards. Notwithstanding the foregoing provisions of this Article 5 to the contrary, in the case of an Option that is a Substitute Award, the price per share of the shares subject to such Option may be less than the Fair Market Value per share on the date of grant, if such Option is granted pursuant to an assumption or substitution for another Option in a manner that would qualify under Sections 409A and 424 of the Code.

5.7 Prohibition Regarding Option Re-pricing. Except as provided in Section 11.2 and notwithstanding any other provision of this Plan, absent shareholder approval neither the Board nor the Committee shall have the right or authority following the grant of any Option pursuant to this Plan to amend or modify the exercise price of any such Option, or to cancel the Option at a time when the exercise price is greater than the Fair Market Value of the Common Stock in exchange for another Option or Award.

## **ARTICLE 6**

### **EXERCISE OF OPTIONS**

6.1 Partial Exercise. An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional shares and the Committee may require that, by the terms of the Option, a partial exercise must be with respect to a minimum number of shares.

6.2 Manner of Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, or such other person or entity designated by the Committee, or his, her, or its office, as applicable:

(a) A written notice complying with the applicable rules established by the Committee stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Option or such portion of the Option;

(b) Such representations and documents as the Committee, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state, or foreign securities laws or regulations. The Committee may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(c) In the event that the Option shall be exercised by a Permitted Devisee or a Permitted Transferee, appropriate proof of the right of such person or persons to exercise the Option;

(d) Full payment of the exercise price and applicable withholding taxes to the Secretary of the Company for the shares with respect to which the Option, or portion thereof, is exercised, in a manner permitted by Section 9.1 and Section 9.2 of the Plan; and

(e) A written notice complying with the applicable rules established by the Committee stating that the Holder or other person then entitled to exercise the Option agrees to be bound by (i) any shareholders' agreement then in effect among the Company and its shareholders or among the Company's shareholders, if and as designated by the Committee; and (ii) any lock-up agreement requested in connection with a public offering of Common Stock, if and as designated by the Committee.

6.3 Notification Regarding Disposition. The Holder shall give the Company prompt notice of any disposition of shares of Common Stock acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date such Option is granted (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) to such Holder; or (b) one year after the issuance or transfer of such shares to such Holder.

## **ARTICLE 7**

### **AWARD OF RESTRICTED STOCK**

7.1 Award of Restricted Stock.

(a) The Committee is authorized to recommend to the Board the grant of Restricted Stock to Eligible Individuals and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate.

(b) The Committee shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that such purchase price shall be no less than the par value of the Common Stock to be purchased, if any, unless otherwise permitted by applicable law. In all cases, legal consideration shall be required for each issuance of Restricted Stock.

7.2 Rights as Shareholders. Subject to the restrictions set forth in Section 7.4 and the Award Agreement, upon issuance of Restricted Stock, the Holder shall have, unless otherwise provided by the Committee, all the rights and privileges of a shareholder as to such Restricted Stock, including the right to vote such Restricted Stock and receive all dividends and other

distributions paid or made with respect to the shares; provided, however, that, in the sole discretion of the Committee, any extraordinary distributions with respect to the Common Stock shall be subject to the restrictions set forth in Section 7.3 of the Plan.

7.3 Restrictions. All shares of Restricted Stock (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of each individual Award Agreement, be subject to such restrictions and vesting requirements as the Committee shall provide. Such restrictions may include, without limitation, restrictions concerning voting rights and transferability and such restrictions may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Committee. By action taken after the Restricted Stock is issued, the Committee may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of the Award Agreement. Restricted Stock may not be sold or encumbered until all restrictions under the Plan are terminated or expire.

7.4 Repurchase or Forfeiture of Restricted Stock. If no price was paid by the Holder for the Restricted Stock, upon a Termination of Service the Holder's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and canceled without consideration. If a price was paid by the Holder for the Restricted Stock, upon a Termination of Service the Company shall have the right to repurchase from the Holder the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Holder for such Restricted Stock or such other amount as may be specified in the Award Agreement. The Committee, in its sole discretion, may provide that in the event of certain events, including a Change in Control, the Holder's death, retirement, or disability or any other specified Termination of Service or any other event, the Holder's rights in unvested Restricted Stock shall not lapse, such Restricted Stock shall vest and, if applicable, the Company shall not have a right of repurchase.

7.5 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. Certificates or book entries evidencing shares of Restricted Stock must include an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, in its sole discretion, retain physical possession of any stock certificate until such time as all applicable restrictions lapse. After the satisfaction and/or lapse of the terms, conditions, and restrictions established by the Committee in respect of an Award of Restricted Stock, a certificate for the number of shares of Common Stock that are no longer subject to such terms, conditions, and restrictions shall, as soon as practicable thereafter, be delivered by the Company to the Holder.

7.6 Section 83(b) Election. If a Holder makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Holder would otherwise be taxable under Section 83(a) of the Code, the Holder shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

## **ARTICLE 8**

### **AWARD OF RESTRICTED STOCK UNITS**

#### **8.1 Award of Restricted Stock Units.**

(a) The Committee is authorized to recommend to the Board the grant of Restricted Stock Units to Eligible Individuals and shall determine the terms and conditions, including the restrictions, applicable to each award of Restricted Stock Units, which terms and conditions shall not be inconsistent with the Plan, and may impose such conditions on the issuance of such Restricted Stock Units as it deems appropriate.

(b) Restricted Stock Unit Awards shall be evidenced by Award Agreements specifying the number of Restricted Stock Units subject to the Award, in such form as the Committee shall from time to time establish. No Restricted Stock Unit Award or purported Restricted Stock Unit Award shall be a valid and binding obligation of the Company unless evidenced by a fully executed Award Agreement. Award Agreements evidencing Restricted Stock Units may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following additional terms and conditions.

8.2 Purchase Price. No monetary payment (other than applicable tax withholding, if any) shall be required as a condition to receiving a Restricted Stock Unit Award.

8.3 Voting Rights, Dividend Equivalent Rights, and Distributions. Holders of Restricted Stock Unit Awards shall have no voting rights with respect to shares of Common Stock represented by Restricted Stock Units until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Committee, in its discretion, may provide in the Award Agreement evidencing any Restricted Stock Unit Award that the Holder shall be entitled to receive Dividend Equivalents with respect to the payment of cash dividends on Common Stock having a record date prior to the date on which the Restricted Stock Units held by such Holder are settled. Such Dividend Equivalents, if any, shall be paid by crediting the Holder with additional whole Restricted Stock Units as of the date of payment of such cash dividends on the Common Stock. The number of additional Restricted Stock Units (rounded to the nearest whole number) to be so credited shall be determined by dividing (a) the amount of cash dividends paid on such date with respect to the number of shares of Common Stock represented by the Restricted Stock Units previously credited to the Holder by (b) the Fair Market Value per share of the Common Stock on such date. Such additional Restricted Stock Units shall be subject to the same terms and conditions and shall be settled in the same manner and at the same time (or as soon thereafter as practicable) as the Restricted Stock Units originally subject to the Restricted Stock Unit Award. In the event of a dividend or distribution paid in shares of Common Stock or any other adjustment made upon a change in the capital structure of the Company, as described in Section 11.2, appropriate adjustments shall be made in the Holder's Restricted Stock Unit Award so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than normal cash dividends) to which the Holder would be entitled by reason of the shares of Common Stock issuable upon settlement of the Award, and all such new, substituted or additional securities or other property shall be immediately subject to the same vesting conditions as are applicable to the Award.

8.4 Effect of Termination of Service. Unless otherwise provided by the Committee in the grant of a Restricted Stock Unit Award and set forth in the Award Agreement, if a Holder's Service terminates for any reason, whether voluntary or involuntary (including the Holder's death or disability), then the Holder shall forfeit to the Company any Restricted Stock Units pursuant to the Award which remain subject to vesting as of the date of the Holder's Termination of Service.

8.5 Settlement of Restricted Stock Unit Awards. The Company shall issue to a Holder on the earlier of the date on which Restricted Stock Units subject to the Holder's Restricted Stock Unit Award satisfy applicable vesting conditions or on such other date determined by the Committee, in its discretion, and set forth in the Award Agreement one (1) share of Common Stock (and/or any other new, substituted or additional securities or other property pursuant to an adjustment described in Section 8.3) for each Restricted Stock Unit then becoming vested or otherwise to be settled on such date, subject to the withholding of applicable taxes; provided, however, that, if explicitly provided in the applicable Award Agreement, the Committee may, in its sole discretion, elect to pay cash or part cash and part Common Stock in lieu of delivering only shares of Common Stock for vested Restricted Stock Units. If a cash payment is made in lieu of delivering shares of Common Stock, the amount of such payment shall be equal to the Fair Market Value of the Common Stock as of the date on which the Restricted Stock Units become vested, or on such other date determined by the Committee, in its discretion, and set forth in the Award Agreement, with respect to each vested Restricted Stock Unit.

8.6 Non-transferability of Restricted Stock Unit Awards. Prior to the issuance of shares of Common Stock in settlement of a Restricted Stock Unit Award, the Award shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Holder or the Holder's beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to a Restricted Stock Unit Award granted to a Holder hereunder shall be exercisable during his or her lifetime only by such Holder or the Holder's guardian or legal representative.

## **ARTICLE 9**

### **ADDITIONAL TERMS OF AWARDS**

9.1 Payment. The Committee shall determine the methods by which payments by any Holder with respect to any Awards granted under the Plan shall be made. Such methods may include any of the following: (a) payment by cash or bank cashier's or certified check; (b) surrender of shares of Common Stock; and (c) execution of a cashless exercise agreement acceptable to the Committee, or the Committee may in its sole discretion withhold, or allow a Holder to elect to have the Company withhold, such number of shares of Common Stock otherwise issuable under an Award equal to the number of shares which have a Fair Market Value on the date of withholding needed to satisfy the Holder's payment obligation. The Committee shall also determine the methods by which shares of Common Stock shall be delivered or deemed to be delivered to Holders. Notwithstanding any other provision of the Plan to the contrary, no Holder who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.



9.2 Tax Withholding. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Holder to remit to the Company, an amount sufficient to satisfy federal, state, local, and foreign taxes (including the Holder's FICA or employment tax obligation) required by law to be withheld with respect to any taxable event concerning a Holder arising as a result of the Plan. The Committee may in its sole discretion and in satisfaction of the foregoing requirement withhold, or allow a Holder to elect to have the Company withhold, shares of Common Stock otherwise issuable under an Award (or allow the surrender of shares of Common Stock). Unless determined otherwise by the Committee, the number of shares of Common Stock that may be so withheld or surrendered shall be limited to the number of shares that have a Fair Market Value on the date of withholding or repurchase no greater than the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. The Committee shall determine the fair market value of the Common Stock, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option exercise involving the sale of shares to pay the Option exercise price or any tax withholding obligation.

### 9.3 Transferability of Awards.

(a) With the exception of transfers by will or the laws of descent and distribution, no Award under the Plan may be sold, pledged, alienated, hypothecated, encumbered, assigned, or transferred in any manner without the express written consent of the Committee, whether voluntary or involuntary, by operation of law, or pursuant to a judgment or order of any court or other governmental agency. Consent to the transfer of an Award shall be made in the Committee's sole discretion and the Committee may require that the Holder and the Permitted Transferee make such reasonable covenants, agreements, and representations as the Committee, in its discretion, deems advisable.

(b) Any Award transferred to a Permitted Devisee or a Permitted Transferee shall continue to be subject to all of the terms and conditions of the Award as applicable to the original Holder.

(c) Notwithstanding Subsection 9.3(a) of the Plan, a Holder may, in the manner approved by the Committee, designate a beneficiary to exercise the rights of the Holder and to receive any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Holder, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Holder is married or a domestic partner in a domestic partnership qualified under applicable law and resides in a community property state, a designation of a person other than the Holder's spouse or domestic partner, as applicable, as his or her beneficiary with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written consent of the Holder's spouse or domestic partner. If no beneficiary has been designated or survives the Holder, payment shall be made to the person entitled thereto pursuant to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time; provided, however, that the change or revocation must be filed with the Committee prior to the Holder's death.

### 9.4 Conditions to Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, an Award will not be effective unless such Award is in compliance with all applicable federal and state law, including all applicable federal and state securities laws, rules, and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Common Stock may then be listed or quoted and, notwithstanding any other provision of this Plan, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing shares of Common Stock pursuant to the exercise of any Award, unless and until the Board has determined that the issuance of such shares is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any stock exchange on which the shares of Common Stock are listed or traded, and the shares of Common Stock are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements.

(b) All Common Stock certificates delivered pursuant to the Plan and all shares issued pursuant to book-entry procedures are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state, or foreign securities or other laws, rules and regulations and the rules of any securities

exchange or automated quotation system on which the Common Stock is listed, quoted, or traded. The Board or Committee may direct that any stock certificate evidencing shares of Common Stock issued pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as may apply to such shares of Common Stock pursuant to the Plan.

(c) The Committee shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution, or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Committee. Notwithstanding any other provision of the Plan, Awards shall not be granted within four days before or one day after the planned release of material nonpublic information, including the filing of any Form 10-Q or 10-K or a Form 8-K with material nonpublic information.

(d) No fractional shares of Common Stock shall be issued and the Committee shall determine, in its sole discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding down. Notwithstanding any other provision of the Plan, Common Stock issued pursuant to the Plan may be evidenced in such manner as the Committee shall determine.

## **ARTICLE 10 ADMINISTRATION**

10.1 Appointment and Composition of Committee. The Compensation Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan) shall be comprised of at least two (2) directors, all of whom shall be Non-Employee Directors who meet the requirements set forth in Rule 16b-3 under the Exchange Act, and shall administer the Plan (except as otherwise permitted herein). Any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership as provided in any charter of the Committee or Rule 16b-3 under the Exchange Act. Notwithstanding the foregoing or any other provision of the Plan, (a) the Board, acting by a majority of its members in office, shall, upon the recommendation of the Committee, approve or disapprove the granting of each Award; and (b) the Board may at any time and from time to time, in its sole discretion, exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or any successor rule require the action of the Committee.

10.2 Duties and Powers of Committee. It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan and any Award Agreement, and to adopt such rules for the administration, interpretation, and application of the Plan as are not inconsistent therewith, to interpret, amend, or revoke any such rules and to amend any Award Agreement provided that the rights or obligations of the Holder of the Award that is the subject of any such Award Agreement are not affected adversely by such amendment, unless the consent of the Holder is obtained or such amendment is otherwise permitted under Section 11.10 of the Plan. Any such grant under the Plan need not be the same with respect to each Holder. Any such interpretations and rules with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code.

10.3 Action by the Committee. Unless otherwise established by the Board or in any charter of the Committee, a majority of the Committee shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

10.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement, and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties; provided, however, that the Board, in its sole discretion, may overrule and/or reverse any interpretation, decision, or determination of the Committee except with respect to matters which under Rule 16b-3 under the Exchange Act or any successor rule are required to be determined in the sole discretion of the Committee.

**ARTICLE 11**  
**CHANGE IN CONTROL AND MISCELLANEOUS PROVISIONS**

11.1 Amendment, Suspension, or Termination of the Plan. Except as otherwise provided in this Section 11.1, the Plan may be wholly or partially amended or otherwise modified, suspended, or terminated at any time or from time to time by the Board. However, without approval of the Company's shareholders given within twelve (12) months before or after the action by the Committee, no action of the Committee may, except as provided in Section 11.2 of the Plan, increase the maximum number of shares that may be issued under the Plan. Except as provided in Section 11.10 of the Plan, no amendment, suspension, or termination of the Plan shall, without the consent of the Holder, impair any rights or obligations under any Award theretofore granted, unless the Award itself otherwise expressly so provides. No Awards may be granted during any period of suspension or after termination of the Plan, and in no event may any Award be granted under the Plan after the tenth (10th) anniversary of the Effective Date.

11.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company, and Other Corporate Events.

(a) *Reorganization.* Unless an Award Agreement provides for a specific treatment, upon adoption by the requisite holders of the outstanding shares of Common Stock of any plan of dissolution, liquidation, reorganization, merger, consolidation, or sale of all or substantially all of the assets of the Company to another corporation, the Committee, in its sole discretion, and on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions whenever the Committee determines that such action is appropriate in order to facilitate such transaction, prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any outstanding Award under the Plan, or to give effect to any change in applicable laws, regulations, or principles, and any such action taken by the Committee may be taken with respect to one or more outstanding Awards or with respect to one or more categories of Awards (such as all unvested Options) in any combination, and may take effect prior to or concurrently with and conditioned upon the occurrence of such transaction, and such action may be take effect automatically or upon the request of any Holder:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights as of the date of the occurrence of the transaction; or (B) the replacement of such Award with other rights or property selected by the Committee in its sole discretion having an aggregate value equal to the amount that could have been attained upon the exercise of such Award or realization of the Holder's rights had such Award been currently exercisable or payable or fully vested;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or substituted for by equivalent options, rights, or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To provide that such Award shall be exercisable or payable or vested or unvested with respect to all shares covered thereby, on the same terms as if the transaction did not occur, notwithstanding anything to the contrary in the Plan; or

(iv) To provide that such Award shall become fully vested and exercisable immediately prior to the consummation of such transaction.

At least thirty (30) days prior to the anticipated effective date of the transaction, the Committee shall provide written notice to each Holder of an Award (or successor in interest) stating that (i) the transaction is anticipated, (ii) the Committee's determination with respect to each outstanding Award pursuant to this Section 11.2 and (iii) such instructions with respect to the Award and/or the exercise thereof as the Committee deems appropriate.

If an Award Agreement provides for immediate vesting upon a reorganization or other event specified in Section 11.2, then that provision shall govern and control the Award and the Committee's discretion as set forth in this Section 11.2 shall be disregarded.

(b) *Adjustment Upon Changes in Capitalization.* If the outstanding shares of Common Stock of the Company are increased, decreased, or changed into or exchanged for a different number or kind of shares or securities of the Company, through a reorganization, merger, recapitalization, reclassification, stock split, stock dividend, stock consolidation, or otherwise, without consideration to the Company, an appropriate and proportionate adjustment shall be made in the number and kind of shares as to which Awards may be granted. A corresponding adjustment changing the number or kind of shares covered by an Award and the exercise prices per share allocated to unexercised Options, or portions thereof, which shall have been granted prior to any such change, shall likewise be made. Such adjustments shall be made without change in the total price applicable to the unexercised portion of any Option, but with a corresponding adjustment in the price for each Option. Adjustments under this Section shall be made by the Committee, whose determination as to what adjustments shall be made, and the extent thereof, shall be final and conclusive. No fractional shares of stock shall be issued or made available under the Plan on account of such adjustments, and fractional share interests shall be disregarded, except that they may be accumulated.

(c) *Compliance with Section 422.* No adjustment or action described in this Section 11.2 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to violate Section 422(b)(1) of the Code. Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemption conditions of Rule 16b-3 under the Exchange Act unless the Committee determines that the Award is not to comply with such exemption conditions.

(d) *Authority to Engage in Corporate Transaction.* The existence of the Plan, the Award Agreement, and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants, or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(e) *Compliance With Section 409A.* No action shall be taken under this Section 11.2 which shall cause an Award to fail to comply with Section 409A of the Code or the Treasury Regulations thereunder, to the extent applicable to such Award.

(f) *Exercise Prior to Corporate Transaction.* In the event of any pending stock dividend, stock split, Change in Control, combination or exchange of shares, distribution (other than normal cash dividends) of Company assets to stockholders, or any other change that affects the shares of Common Stock or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Company in its sole discretion may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the consummation of any such transaction.

11.3 Adoption and Approval of Plan by Shareholders. The Plan will become effective on the Effective Date; provided, however, that the Plan will be approved by the holders of at least a majority of the Company's outstanding shares of Common Stock (excluding shares of Common Stock issued pursuant to the Plan), consistent with applicable laws, within twelve (12) months before or after the Effective Date (the "Initial Shareholder Approval"). Upon the Effective Date, the Board may grant Awards pursuant to the Plan; provided, however, that: (i) no Awards of Restricted Stock may be granted or shares of Common Stock issued by the Company under the Plan prior to the Initial Shareholder Approval of the Plan; (ii) no Option may be exercised prior to the Initial Shareholder Approval; (iii) no Option granted pursuant to an increase in the number of shares of Common Stock approved by the Board shall be exercised prior to the time such increase has been approved by the holders of at least a majority of the Company's outstanding shares of Common Stock at the time; (iv) in the event that Initial Shareholder Approval is not obtained within the time period provided herein, all Awards granted hereunder shall be canceled, any shares of Common Stock issued pursuant to any Award shall be canceled and any purchase of shares of Common Stock issued hereunder shall be rescinded; and (v) Awards granted pursuant to an increase in the number of shares of Common Stock approved by the Board which increase is not timely approved by stockholders shall be canceled, any shares of Common Stock issued pursuant to any such Awards shall be canceled, and any purchase of shares of Common Stock subject to any such Award shall be rescinded.

11.4 No Shareholders Rights. Except as otherwise provided herein, a Holder shall have none of the rights of a shareholder with respect to shares of Common Stock covered by any Award until the Holder becomes the record owner of such shares of Common Stock.

11.5 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting, or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

11.6 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary: (a) to establish any other forms of incentives or compensation for Employees or Directors of the Company or any Subsidiary; or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

11.7 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan, and the issuance and delivery of shares of Common Stock and the payment of money under the Plan or under Awards granted hereunder are subject to compliance with all applicable federal, state, local, and foreign laws, rules and regulations (including but not limited to state, federal and foreign securities law and margin requirements) and to such approvals by any listing, regulatory, or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan and Awards granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules, and regulations.

11.8 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

11.9 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted, and enforced under the internal laws of the State of California without regard to conflicts of laws thereof.

11.10 Deferral of Awards; Section 409A.

(a) *Deferral of Awards*. Notwithstanding anything to the contrary elsewhere in the Plan, the Committee may establish one or more programs under the Plan to permit selected Holders the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Holder to payment or receipt of shares of Common Stock or other consideration under an Award. The Committee may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, shares, or other consideration so deferred, and such other terms, conditions, rules, and procedures that the Committee deems advisable for the administration of any such deferral program, including compliance with Section 409A of the Code.

(b) *Section 409A*. If the Committee determines that an Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may take any action that the Committee determines to be necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award; or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under Section 409A of the Code.

11.11 No Rights to Awards. No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Eligible Individuals, Holders, or any other persons uniformly.

11.12 Unfunded Status of Awards. The Plan is intended to be an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company or any Subsidiary.

11.13 Indemnification. To the extent allowable pursuant to applicable law, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company’s Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

11.14 Relationship to Other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare, or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

11.15 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

11.16 Savings Clause. If any provision of the Plan is deemed invalid, the invalidity shall not affect other provisions of the Plan, which shall be given effect.

\* \* \* \* \*

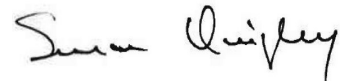
## SECRETARY'S CERTIFICATE OF ADOPTION

### 2025 Equity Incentive Award Plan

I, the undersigned, do hereby certify that:

1. I am the duly elected or appointed and acting Secretary of United Security Bancshares; and
2. The foregoing United Security Bancshares 2025 Equity Incentive Award Plan was duly adopted by the Board of Directors of United Security Bancshares at a meeting duly called as required by law and convened on the 25th day of February, 2025.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 25th day of February, 2025.

A handwritten signature in cursive script, appearing to read "Sue Quigley".

Sue Quigley, Secretary

Exhibit A

**NO OPTION GRANTED UNDER THE PLAN MAY BE EXERCISED UNLESS AND UNTIL THE PLAN HAS BEEN APPROVED BY THE HOLDERS OF AT LEAST A MAJORITY OF THE OUTSTANDING SHARES OF UNITED SECURITY BANCSHARES**

**OPTIONEES TO WHOM INCENTIVE STOCK OPTIONS ARE GRANTED MUST MEET CERTAIN HOLDING PERIOD AND EMPLOYMENT REQUIREMENTS FOR FAVORABLE TAX TREATMENT.**

**UNLESS OTHERWISE STATED, ALL TERMS DEFINED IN THE PLAN SHALL HAVE THE SAME MEANING HEREIN AS SET FORTH IN THE PLAN.**

**UNITED SECURITY BANCSHARES  
STOCK OPTION AGREEMENT  
2025 EQUITY INCENTIVE AWARD PLAN**

**[ ] Incentive Stock Option**

**[ ] Non-Qualified Stock Option**

THIS STOCK OPTION AGREEMENT is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between United Security Bancshares (the "Company") and \_\_\_\_\_ ("Optionee") pursuant to the United Security Bancshares 2025 Equity Incentive Award Plan as in effect and as amended from time to time ("Plan") with reference to the following:

WHEREAS, pursuant to the Plan the Board of Directors or its delegated Compensation Committee has authorized the grant to Optionee of an Option to purchase all or any part of \_\_\_\_\_ (\_\_\_\_\_) authorized but unissued shares of the Company's Common Stock, at the price of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per share, such Option to be for the term and upon the terms and conditions hereinafter stated;

NOW, THEREFORE, in consideration of the mutual covenants and premises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. Grant of Option. Pursuant to said action of the Board of Directors or its Compensation Committee and pursuant to authorizations granted by all appropriate regulatory and governmental agencies, the Company hereby grants to Optionee the option to purchase, upon and subject to the terms and conditions of the Plan, which is incorporated in full herein by this reference, all or any part of \_\_\_\_\_ (\_\_\_\_\_) shares of the Company's Common Stock at the price of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per share. For purposes of this Agreement and the Plan, the date of grant shall be \_\_\_\_\_, 20\_\_\_\_. At the date of grant, Optionee does not own/owns stock possessing more than 10% of the total combined voting power of all classes of capital stock of the Company or any Subsidiary.

The Option granted hereunder is/is not intended to qualify as an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. Exercisability. Subject to the provisions of Paragraph 4 hereof, this Option shall be vested and exercisable as to \_\_\_\_\_ shares of Common Stock on \_\_\_\_\_, 20\_\_\_\_; as to \_\_\_\_\_ shares of Common Stock on \_\_\_\_\_, 20\_\_\_\_; as to \_\_\_\_\_ shares of Common Stock on \_\_\_\_\_, 20\_\_\_\_; as to \_\_\_\_\_ shares of Common Stock on \_\_\_\_\_, 20\_\_\_\_; and as to \_\_\_\_\_ shares of Common Stock on \_\_\_\_\_, 20\_\_\_\_. Subject to the provisions of Paragraph 4 hereof, this Option shall remain exercisable as to all of such shares of Common Stock until \_\_\_\_\_, 20\_\_\_\_ (but not later than ten (10) years from the date hereof), at which time it shall expire in its entirety, unless this Option has expired or terminated earlier in accordance with the provisions hereof or of the Plan. Shares of Common Stock as to which this Option become exercisable may be purchased at any time prior to the expiration of this Option.

3. Exercise of Option. This Option may be exercised by written notice delivered to the Company stating the number of shares of Common Stock with respect to which this Option is being exercised, together with payment as provided in Section 9.1 of the Plan. Upon exercise, Optionee shall make appropriate arrangements and shall be responsible for the withholding of all federal and state income taxes then due, if any.



4. Cessation of Affiliation. Except as provided in Paragraph 5 hereof, if, for any reason other than Optionee's disability or death, Optionee ceases to be employed by or affiliated with the Company or a Subsidiary, this Option shall expire three (3) months thereafter or on the date specified in Paragraph 2 hereof, whichever is earlier. During such period after cessation of employment or affiliation, this Option shall be exercisable only as to those increments, if any, which had become exercisable as of the date on which the Optionee ceased to be employed by or affiliated with the Company or Subsidiary, and any Options or increments which had not become exercisable as of such date shall expire and terminate automatically on such date.

5. Termination for Cause. If Optionee's employment by or affiliation with the Company or a Subsidiary is terminated for Cause (as defined in the Plan), this Option shall expire immediately/ on the expiration date specified in Paragraph 2 hereof, or thirty (30) days after termination for cause, whichever is earlier, unless reinstated by the Compensation Committee within thirty (30) days of such termination by giving written notice of such reinstatement to Optionee. In the event of such reinstatement, Optionee may exercise this Option only to such extent, for such time, and upon such terms and conditions as if Optionee had ceased to be employed by or affiliated with the Company or a Subsidiary upon the date of such termination for a reason other than cause, disability or death.

6. Disability or Death of Optionee. If Optionee becomes disabled or dies while employed by or affiliated with the Company or a Subsidiary, or during the three-month period referred to in Paragraph 4 hereof, this Option shall continue in effect until the later of the day specified in Paragraph 2 hereof or for one (1) year if the Option is an Incentive Stock Option. After Optionee's disability or death but before such expiration, the person or persons to whom Optionee's rights under this Option shall have passed by order of a court of competent jurisdiction or by will or the applicable laws of descent and distribution, or the executor, administrator or conservator of Optionee's estate, shall have the right to exercise this Option to the extent that increments, if any, had become exercisable as of the date on which Optionee ceased to be employed by or affiliated with the Company or a Subsidiary. For purposes hereof, "disability" shall be determined in good faith by the Board of Directors or its Compensation Committee.

7. Reorganization. Upon a reorganization or other event set forth in Section 11.2(a) of the Plan, the acceleration of vesting of this Option shall be subject to the Committee's discretion, as set forth in Section 11.2(a).

8. Non-transferability. This Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during Optionee's lifetime only by Optionee.

9. Employment. This Agreement shall not obligate the Company or a Subsidiary to employ Optionee for any period, nor shall it interfere in any way with the right of the Company or a Subsidiary to increase or reduce Optionee's compensation.

10. Privileges of Stock Ownership. Optionee shall have no rights as a stockholder with respect to the shares of Common Stock unless and until said shares of Common Stock are issued to Optionee as provided in the Plan. No Option may be exercised prior to the approval of the Plan by the holders of at least a majority of the outstanding shares of Common Stock of the Company within twelve (12) months before or after the Effective Date of the Plan and in the event that such approval of the Plan is not obtained within the time period provided herein, all such Options granted hereunder shall be canceled, any shares of Common Stock issued pursuant to the exercise of any Option shall be canceled, and any purchase price of shares of Common Stock issued hereunder shall be rescinded.

11. Incorporation of Plan. This Award Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the award provided hereunder), all of which terms and provisions are made a part of and incorporated in this Award Agreement as if they were expressly set forth herein. Any capitalized terms not defined in this Award Agreement shall have the meaning as is ascribed thereto in the Plan. In the event of a conflict between the terms of this Award Agreement and the terms of the Plan, the terms of the Plan shall control and the conflicting provisions contained herein shall be disregarded.

12. Entire Agreement; Amendment. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. This Agreement may only be modified or amended by a writing signed by both the Company and the Optionee.

13. Notices. Any notice which may be required or permitted under this Agreement shall be in writing and shall be delivered in person, or via facsimile transmission, overnight courier service, or certified mail, return receipt requested, postage prepaid, properly addressed as follows:

13.1 If such notice is to the Company, to the attention of the Chief Financial Officer, United Security Bancshares, 2126 Inyo Street, Fresno, CA 93721, or at such other address as the Company, by notice to the Optionee, shall designate in writing from time to time.

13.2 If such notice is to the Optionee, at his or her address as shown on the Company's records, or at such other address as the Optionee, by notice to the Company, shall designate in writing from time to time.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws thereof. The issuance of the Common Stock pursuant to this Agreement shall be subject to, and shall comply with, any applicable requirements of any federal and state securities laws, rules, and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Exchange Act, and the respective rules and regulations promulgated thereunder) and any other law or regulation applicable thereto. The Company shall not be obligated to issue any of the Common Stock pursuant to this Agreement if such issuance would violate any such requirements.

15. Binding Agreement; Assignment. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

17. Legend The transfer of shares of Common Stock made to satisfy any payment for the settlement of the Option shall be effectuated by an appropriate entry on the books of the Company, the issuance of certificates representing such shares, and/or other appropriate means as determined by the Committee. In addition to any legend required by applicable law, any such certificates issued representing the shares of Common Stock shall contain a legend substantially in the following form:

THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF THE UNITED SECURITY BANCSHARES 2025 EQUITY INCENTIVE AWARD PLAN AND THE STOCK OPTION AGREEMENT RELATING TO THE SHARES ENTERED INTO BETWEEN THE REGISTERED OWNER AND UNITED SECURITY BANCSHARES. COPIES OF SUCH PLAN AND STOCK OPTION AGREEMENT ARE ON FILE IN THE OFFICES OF UNITED SECURITY BANCSHARES.

18. Headings. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

19. Further Assurances. Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated hereunder.

20. Severability. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality, or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality, or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

UNITED SECURITY BANCSHARES

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Optionee

\_\_\_\_\_  
Signature

ACKNOWLEDGEMENT:

I hereby acknowledge receipt of a copy of this Agreement as well as a copy of the 2025 Equity Incentive Award Plan.

Optionee

\_\_\_\_\_

Exhibit B

**NO AWARDS OF RESTRICTED STOCK MAY BE GRANTED UNDER THE PLAN UNLESS  
AND UNTIL THE PLAN HAS BEEN APPROVED BY THE HOLDERS OF AT LEAST A  
MAJORITY OF THE OUTSTANDING SHARES OF UNITED SECURITY BANCSHARES**

**UNITED SECURITY BANCSHARES  
RESTRICTED STOCK AWARD AGREEMENT  
2025 EQUITY INCENTIVE AWARD PLAN**

Participant	Award Date	Total Shares Granted
-------------	------------	----------------------

**Type of Award:**      ☐ Time-Based                      ☐ Performance-Based

THIS AWARD AGREEMENT (this “Award Agreement”), dated as of the Award Date specified above, is entered into by and between United Security Bancshares (the “Company”) and the Participant specified above, pursuant to the United Security Bancshares 2025 Equity Incentive Award Plan as in effect and as amended from time to time (“Plan”) with reference to the following:

WHEREAS, pursuant to the Plan, the Board of Directors or its delegated Compensation Committee has determined that it would be in the best interests of the Company to grant the Restricted Stock provided herein to the Participant;

NOW, THEREFORE, in consideration of the mutual covenants and premises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1.      Incorporation By Reference; Plan Document Receipt. This Award Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the award provided hereunder), all of which terms and provisions are made a part of and incorporated in this Award Agreement as if they were expressly set forth herein. Any capitalized term not defined in this Award Agreement shall have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of a conflict between the terms of this Award Agreement and the terms of the Plan, the terms of the Plan shall control.

2.      Grant of Restricted Share Award. The Company hereby grants to the Participant, as of the Award Date specified above, the quantity of Restricted Stock specified above. Except as otherwise provided by Section 11.2(b) of the Plan, the Participant agrees and understands that nothing contained in this Award Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant’s stockholder interest in the Company for any reason.

3.      Vesting.

3.1 If this is a Time-Based Award, the Restricted Stock subject to this Award Agreement shall become unrestricted, fully vested, and non-forfeitable in the numbers and on the Vesting Dates presented below, provided:

- a. if, on the Award Date, the Participant is an employee of the Company and/or one of its Subsidiaries, the Participant is employed on the Vesting Date, as presented below, by the Company and/or one of its Subsidiaries, or
- b. if, on the Award Date, the Participant is a director of the Company and/or one of its Subsidiaries, the Participant is serving as a director on the Vesting Date, as presented below, of the Company and/or one of its Subsidiaries.

Vesting Date	Quantity of Restricted Stock
TOTAL	

3.2 If this is a Performance-Based Award, the Restricted Stock subject to this Award Agreement shall become unrestricted, fully vested, and non-forfeitable in the numbers and on the Vesting Dates presented below, provided:

- a. if, on the Award Date, the Participant is an employee of the Company and/or one of its Subsidiaries, the Participant is employed on the Vesting Date, as presented below, by the Company and/or one of its Subsidiaries, or
- b. if, on the Award Date, the Participant is a director of the Company and/or one of its Subsidiaries, the Participant is serving as a director on the Vesting Date, as presented below, of the Company and/or one of its Subsidiaries;

AND

the Performance Criteria specified below are achieved.

[Insert Performance Criteria]

3.3 If the Participant's employment with or director service to the Company and/or its Subsidiaries, as applicable, terminates for any reason other than a Change in Control prior to the vesting of all or any portion of the Restricted Stock awarded under this Award Agreement, such Restricted Stock shall immediately be canceled and the Participant (and the Participant's estate, designated beneficiary, or other legal representative) shall forfeit any rights or interests in and with respect to any such Restricted Stock.

3.4 If the Participant's employer ceases to be a Subsidiary of the Company, that event shall be deemed to constitute a termination of employment under Section 3.3 above.

4. Rights as Shareholder; Dividends. Upon the Award Date, the Participant shall be entitled to all of the rights of a shareholder of the Company including, without limitation, the right to vote such shares and receive all dividends or other distributions paid with respect to such shares. Notwithstanding the foregoing, any dividends or other distributions shall be subject to the same restrictions on transferability as the shares of Restricted Stock with respect to which they were paid. Nothing in this Award Agreement shall interfere with or limit in any way the right of the Company or any of its Affiliates to terminate the Participant's employment or engagement at any time (with or without cause), nor confer upon the Participant any right to continue to be employed or engaged by the Company or any Affiliate for any period of time or to continue the Participant's present (or any other) rate of compensation or benefits. In the event of any termination of the Participant's employment or engagement with the Company or an Affiliate (including any termination of your employment or engagement by the Company or an Affiliate without cause), any portion of the Restricted Stock that was not previously vested shall be forfeited, except as otherwise provided in this Award Agreement or in the Plan. Nothing in this Award Agreement shall confer upon the Participant any right to be selected again as a Participant under the Plan, and nothing in the Plan or this Award Agreement shall provide for any adjustment to the quantity of Restricted Stock upon the occurrence of subsequent events, except as provided in Section 11.2 of the Plan.

5. Non-transferability. Restricted Share Awards, and any rights and interests with respect thereto, issued under this Award Agreement and the Plan shall not, prior to vesting, be sold, exchanged, transferred, assigned, or otherwise disposed of in any way by the Participant (or any beneficiary(ies) of the Participant), other than by testamentary disposition by the Participant or the laws of descent and distribution. Any such Restricted Stock, and any rights and interests with respect thereto, shall not, prior to vesting, be pledged, encumbered, or otherwise hypothecated in any way by the Participant (or any beneficiary(ies) of the Participant) and shall not, prior to vesting, be subject to execution, attachment, or similar legal process. Any attempt to sell, exchange, transfer, assign, pledge, encumber, or otherwise dispose of or hypothecate in any way any of the Restricted Stock, or the levy of any execution, attachment, or similar legal process upon the Restricted Stock, contrary to the terms and provisions of this Award Agreement and/or the Plan shall be null and void and without legal force or effect.

6. Legend. The Company may, upon request, issue the Participant a certificate representing unvested Restricted Stock. The administrative costs and risk of loss of such certificated shares are the sole responsibility of the Participant. In addition to

any legend required by applicable law, any certificates issued representing the Restricted Stock shall contain a legend substantially in the following form:

THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF THE UNITED SECURITY BANCSHARES 2025 EQUITY INCENTIVE AWARD PLAN AND THE RESTRICTED STOCK AWARD AGREEMENT RELATING TO THE SHARES ENTERED INTO BETWEEN THE REGISTERED OWNER AND UNITED SECURITY BANCSHARES. COPIES OF SUCH PLAN AND AWARD AGREEMENT ARE ON FILE IN THE OFFICES OF UNITED SECURITY BANCSHARES.

7. Entire Agreement; Amendment. This Award Agreement contains the entire agreement between the parties hereto with respect to the subject matter contained herein and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. This Award Agreement may only be modified or amended by a writing signed by both the Company and the Participant.

8. Notices. Any notice which may be required or permitted under this Award Agreement shall be in writing and shall be delivered in person, or via facsimile transmission, overnight courier service, or certified mail, return receipt requested, postage prepaid, properly addressed as follows:

8.1 If such notice is to the Company, to the attention of the Chief Financial Officer, United Security Bancshares, 2126 Inyo Street, Fresno, CA 93721, or at such other address as the Company, by notice to the Participant, shall designate in writing from time to time.

8.2 If such notice is to the Participant, at his or her address as shown on the Company's records, or at such other address as the Participant, by notice to the Company, shall designate in writing from time to time.

9. Governing Law. This Award Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws thereof. The issuance of the Common Stock pursuant to this Award Agreement shall be subject to, and shall comply with, any applicable requirements of any federal and state securities laws, rules, and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Exchange Act, and the respective rules and regulations promulgated thereunder) and any other law or regulation applicable thereto. The Company shall not be obligated to issue any of the Common Stock pursuant to this Award Agreement if such issuance would violate any such requirements.

10. Binding Agreement; Assignment. This Award Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns.

11. Counterparts. This Award Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

12. Headings. The titles and headings of the various sections of this Award Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Award Agreement.

13. Further Assurances. Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Award Agreement and the Plan and the consummation of the transactions contemplated hereunder.

14. Severability. The invalidity or unenforceability of any provisions of this Award Agreement in any jurisdiction shall not affect the validity, legality, or enforceability of the remainder of this Award Agreement in such jurisdiction or the validity, legality, or enforceability of any provision of this Award Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

15. Incorporation of Plan. This Award Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the award provided hereunder), all of which terms and provisions are made a part of and incorporated in this Award Agreement as if they were expressly set forth herein. Any capitalized terms not defined in this Award Agreement shall have the meaning as is ascribed thereto in the Plan. In the event of a conflict between the terms of this Award Agreement and the terms of the Plan, the terms of the Plan shall control and the conflicting provisions contained herein shall be disregarded.

16. Reorganization. Upon a reorganization or other event set forth in Section 11.2(a) of the Plan, the acceleration of vesting of this Award Agreement shall be subject to the Committee's discretion, as set forth in Section 11.2(a).

17. Employment. This Award Agreement shall not obligate the Company or a Subsidiary to employ Participant for any period, nor shall it interfere in any way with the right of the Company or a Subsidiary to increase or reduce Participant's compensation.

18. Section 83(b) Election. If Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(b) of the Code, the Participant is required to file the 83(b) Election Form (as prescribed by the Internal Revenue Service) (the "IRS") within thirty (30) days after the date of transfer of the Restricted Stock to the Participant and a copy of the 83(b) Election Form should be provided to the Company at the same time as the Participant files the 83(b) Election Form with the IRS. Participant is urged to consult the Participant's personal tax advisor before making an 83(b) Election to discuss the consequences thereof and consider whether such an election is advisable under the circumstances and to complete the 83(b) Election Form.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Company has caused this Award Agreement to be executed by its duly authorized officer, and the Participant has hereunto set his/her hand, all as of the Award Date specified above.

UNITED SECURITY BANCSHARES

PARTICIPANT

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Signature

Title: \_\_\_\_\_

ACKNOWLEDGEMENT:

I hereby acknowledge receipt of a copy of this Award Agreement as well as a copy of the 2025 Equity Incentive Award Plan.

PARTICIPANT

\_\_\_\_\_  
Signature



**Exhibit C**

**NO AWARDS OF RESTRICTED STOCK UNITS MAY BE GRANTED UNDER THE PLAN  
UNLESS AND UNTIL THE PLAN HAS BEEN APPROVED BY THE HOLDERS OF AT LEAST  
A MAJORITY OF THE OUTSTANDING SHARES OF UNITED SECURITY BANCSHARES**

**UNITED SECURITY BANCSHARES  
RESTRICTED STOCK UNIT AWARD AGREEMENT  
2025 EQUITY INCENTIVE AWARD PLAN**

Participant	Award Date	Total Restricted Stock Units Granted	Entitlement to Dividend Equivalent Rights
			<input type="checkbox"/> Yes <input type="checkbox"/> No

**Type of Award:**      ☐ Time Based                      ☐ Performance Based

THIS AWARD AGREEMENT (this “Award Agreement”), dated as of the Award Date specified above, is entered into by and between United Security Bancshares (the “Company”) and the Participant specified above, pursuant to the United Security Bancshares 2025 Equity Incentive Award Plan as in effect and as amended from time to time (“Plan”) with reference to the following:

WHEREAS, pursuant to the Plan, the Board of Directors or its delegated Compensation Committee has determined that it would be in the best interests of the Company to grant the Restricted Stock Units provided herein to the Participant;

NOW, THEREFORE, in consideration of the mutual covenants and premises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. Incorporation By Reference; Plan Document Receipt. This Award Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the award provided hereunder), all of which terms and provisions are made a part of and incorporated in this Award Agreement as if they were expressly set forth herein. Any capitalized term not defined in this Award Agreement shall have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of a conflict between the terms of this Award Agreement and the terms of the Plan, the terms of the Plan shall control.

2. Grant of Restricted Stock Units. The Company hereby grants to the Participant, as of the Award Date specified above, the number of Restricted Stock Units specified above. Participant acknowledges that this Restricted Stock Unit Award shall be evidenced by a bookkeeping entry on the Company’s books and records, that no funds shall be set aside or earmarked to reflect this Award, and that Participant shall have no rights as a shareholder with respect to the shares of the Company’s Common Stock underlying this Award. Except as otherwise provided by Section 11.2(b) of the Plan, the Participant agrees and understands that nothing contained in this Award Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant’s stockholder interest in the Company for any reason.

3. Vesting.

3.1 If this is a Time-Based Award, the Restricted Stock Units subject to this Award Agreement shall become fully vested and the Company shall issue either (A) one (1) share of its Common Stock for each Restricted Stock Unit on the Vesting Dates presented below or (B) an amount in cash equal to the product of (i) the Fair Market Value of a share of Common Stock on the Vesting Date and (ii) the number of Restricted Stock Units vesting on that date, or a combination of (A) and (B), at the discretion of the Company, provided:

- a. if, on the Award Date, the Participant is an employee of the Company and/or one of its Subsidiaries, the Participant is employed on the Vesting Date, as presented below, by the Company and/or one of its Subsidiaries, or

- b. if, on the Award Date, the Participant is a director of the Company and/or one of its Subsidiaries, the Participant is serving as a director on the Vesting Date, as presented below, of the Company and/or one of its Subsidiaries.

Vesting Date	Number of Restricted Stock Units
TOTAL	

3.2 If this is a Performance-Based Award, the Restricted Stock Units subject to this Award Agreement shall become fully vested and the Company shall issue either (A) one (1) share of its Common Stock for each Restricted Stock Unit on the Vesting Dates presented below or (B) an amount in cash equal to the product of (i) the Fair Market Value of a share of Common Stock on the Vesting Date and (ii) the number of Restricted Stock Units vesting on that date, or a combination of (A) and (B), at the discretion of the Company, provided:

- a. if, on the Award Date, the Participant is an employee of the Company and/or one of its Subsidiaries, the Participant is employed on the Vesting Date, as presented below, by the Company and/or one of its Subsidiaries, or
- b. if, on the Award Date, the Participant is a director of the Company and/or one of its Subsidiaries, the Participant is serving as a director on the Vesting Date, as presented below, of the Company and/or one of its Subsidiaries;

AND

the Performance Criteria specified below are achieved.

[Insert Performance Criteria]

3.3 If the Participant's employment with or director service to the Company and/or its Subsidiaries, as applicable, terminates for any reason other than a Change in Control prior to the vesting of all or any portion of the Restricted Stock Units awarded under this Award Agreement, such Restricted Stock Units shall immediately be canceled and the Participant (and the Participant's estate, designated beneficiary, or other legal representative) shall forfeit any rights or interests in and with respect to any such Restricted Stock Units.

3.4 If the Participant's employer ceases to be a Subsidiary of the Company, that event shall be deemed to constitute a termination of employment under Section 3.3 above.

4. Non-transferability. Restricted Stock Unit Awards, and any rights and interests with respect thereto, issued under this Award Agreement and the Plan shall not, prior to vesting, be sold, exchanged, transferred, assigned, or otherwise disposed of in any way by the Participant (or any beneficiary(ies) of the Participant), other than by testamentary disposition by the Participant or the laws of descent and distribution. Any such Restricted Stock Units, and any rights and interests with respect thereto, shall not, prior to vesting, be pledged, encumbered, or otherwise hypothecated in any way by the Participant (or any beneficiary(ies) of the Participant) and shall not, prior to vesting, be subject to execution, attachment, or similar legal process. Any attempt to sell, exchange, transfer, assign, pledge, encumber, or otherwise dispose of or hypothecate in any way any of the Restricted Stock Units, or the levy of any execution, attachment, or similar legal process upon the Restricted Stock Units, contrary to the terms and provisions of this Award Agreement and/or the Plan shall be null and void and without legal force or effect.

5. Entire Agreement; Amendment. This Award Agreement contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. This Award Agreement may only be modified or amended by a writing signed by both the Company and the Participant.

6. Legend. The transfer of shares of Common Stock made to satisfy any payment for the settlement of the Restricted Stock Units shall be effectuated by an appropriate entry on the books of the Company, the issuance of certificates representing such shares, and/or other appropriate means as determined by the Committee. In addition to any legend required by applicable

law, any such certificates issued representing the shares of Common Stock shall contain a legend substantially in the following form:

THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF THE UNITED SECURITY BANCSHARES 2025 EQUITY INCENTIVE AWARD PLAN AND THE RESTRICTED STOCK UNIT AWARD AGREEMENT RELATING TO THE SHARES ENTERED INTO BETWEEN THE REGISTERED OWNER AND UNITED SECURITY BANCSHARES. COPIES OF SUCH PLAN AND RESTRICTED STOCK UNIT AWARD AGREEMENT ARE ON FILE IN THE OFFICES OF UNITED SECURITY BANCSHARES.

7. Notices. Any notice which may be required or permitted under this Award Agreement shall be in writing and shall be delivered in person, or via facsimile transmission, overnight courier service, or certified mail, return receipt requested, postage prepaid, properly addressed as follows:

7.1 If such notice is to the Company, to the attention of the Chief Financial Officer, United Security Bancshares, 2126 Inyo Street, Fresno, CA 93721, or at such other address as the Company, by notice to the Participant, shall designate in writing from time to time.

7.2 If such notice is to the Participant, at his or her address as shown on the Company's records, or at such other address as the Participant, by notice to the Company, shall designate in writing from time to time.

8. Governing Law. This Award Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws thereof. The issuance of the Common Stock pursuant to this Award Agreement shall be subject to, and shall comply with, any applicable requirements of any federal and state securities laws, rules, and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Exchange Act, and the respective rules and regulations promulgated thereunder) and any other law or regulation applicable thereto. The Company shall not be obligated to issue any of the Common Stock pursuant to this Award Agreement if such issuance would violate any such requirements.

9. Binding Agreement; Assignment. This Award Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns.

10. Counterparts. This Award Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

11. Headings. The titles and headings of the various sections of this Award Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Award Agreement.

12. Further Assurances. Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Award Agreement and the Plan and the consummation of the transactions contemplated hereunder.

13. Severability. The invalidity or unenforceability of any provisions of this Award Agreement in any jurisdiction shall not affect the validity, legality, or enforceability of the remainder of this Award Agreement in such jurisdiction or the validity, legality, or enforceability of any provision of this Award Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

14. Incorporation of Plan. This Award Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the award provided hereunder), all of which terms and provisions are made a part of and incorporated in this Award Agreement as if they were expressly set forth herein. Any capitalized terms not defined in this Award Agreement shall have the meaning as is ascribed thereto in the Plan. In the event of a conflict between the terms of this Award Agreement and the terms of the Plan, the terms of the Plan shall control and the conflicting provisions contained herein shall be disregarded.

15. Reorganization. Upon a reorganization or other event set forth in Section 11.2(a) of the Plan, the acceleration of vesting of this Award Agreement shall be subject to the Committee's discretion, as set forth in Section 11.2(a).

16. Employment. This Award Agreement shall not obligate the Company or a Subsidiary to employ Participant for any period, nor shall it interfere in any way with the right of the Company or a Subsidiary to increase or reduce Participant's compensation.

IN WITNESS WHEREOF, the Company has caused this Award Agreement to be executed by its duly authorized officer, and the Participant has hereunto set his/her hand, all as of the Award Date specified above.

UNITED SECURITY BANCSHARES

PARTICIPANT

\_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGEMENT:

I hereby acknowledge receipt of a copy of this Award Agreement as well as a copy of the 2025 Equity Incentive Award Plan.

PARTICIPANT

\_\_\_\_\_  
Signature



Shareowner Services  
P.O. Box 64945  
St. Paul, MN 55164-0945

Address Change? Mark box, sign, and indicate changes below: ☐

TO VOTE BY INTERNET OR  
TELEPHONE, SEE REVERSE SIDE  
OF THIS PROXY CARD.

**TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW,  
SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.**

**The Board of Directors Recommends a Vote "FOR" all the nominees listed and "FOR" Proposals 2, 3, 4, and 5.**

1. Election of directors:
- |                       |                     |                    |                                   |  |
|-----------------------|---------------------|--------------------|-----------------------------------|--|
| 01 Stanley J. Cavalla | 05 Nabeel Mahmood   | 08 Brian Tkacz     | <input type="checkbox"/> Vote FOR | <input type="checkbox"/> Vote WITHHELD |
| 02 Tom Ellithorpe     | 06 Kenneth D. Newby | 09 Dora Westerlund | all nominees                      | from all nominees                      |
| 03 Jagroop Gill       | 07 Susan Quigley    | 10 Dennis R. Woods | (except                           |  |
| 04 Heather Hammack    |                     |                    | as marked)                        |  |

⬇ Please fold here – Do not separate ⬇

(Instructions: To withhold authority to vote for any indicated nominee,  
write the number(s) of the nominee(s) in the box provided to the right.)

- |  |                              |                                  |                                  |
|--|------------------------------|----------------------------------|----------------------------------|
| 2. Approval of the United Securities Bancshares 2025 Equity Incentive Award Plan.  | <input type="checkbox"/> For | <input type="checkbox"/> Against | <input type="checkbox"/> Abstain |
| 3. Approval of an amendment to the Company's Articles of Incorporation to increase the number of authorized common shares from 20,000,000 to 50,000,000. | <input type="checkbox"/> For | <input type="checkbox"/> Against | <input type="checkbox"/> Abstain |
| 4. Ratification of Moss Adams LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2025.           | <input type="checkbox"/> For | <input type="checkbox"/> Against | <input type="checkbox"/> Abstain |
| 5. A non-binding advisory vote to approve the executive compensation of our named executive officers.  | <input type="checkbox"/> For | <input type="checkbox"/> Against | <input type="checkbox"/> Abstain |
| 6. Transacting such other business as may properly come before the Shareholder Meeting and any adjournments or postponements thereof.                    | <input type="checkbox"/> For | <input type="checkbox"/> Against | <input type="checkbox"/> Abstain |

In their discretion, the proxy holders are authorized to vote upon such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

**Please Sign and Date Below.**

The Board of Directors recommends a vote "FOR" each of the directors named above in Item 1 and "FOR" Items 2, 3, 4, and 5. The proxy confers authority to vote and shall be voted in accordance with such recommendation unless a contrary instruction is indicated, in which case, the shares represented by the proxy will be voted in accordance with such instruction. If no instruction is specified with respect to the matter to be acted upon, the shares represented by the proxy will be voted in accordance with the recommendations of management. If any other business is presented at the meeting, this proxy confers authority to and shall be voted in accordance with the recommendations of management. This proxy also vests discretionary authority to cumulate votes.

Date \_\_\_\_\_

Signature(s) in Box

(Please date this proxy and sign your name exactly as it appears on your stock certificate. Executors, administrators, trustees, etc. should give their full title. If a corporation, please sign in full corporate name by the president or other authorized officer. If a partnership, please sign in partnership name by an authorized person. All joint owners should sign.)

**United Security Bancshares**  
**ANNUAL MEETING OF SHAREHOLDERS**

**May 21, 2025**  
**6:00 p.m. (PDT)**

**United Security Bancshares**  
**Corporate Office**  
**2126 Inyo Street**  
**Fresno, California**

**United Security Bancshares**

**Proxy**

**This proxy is solicited on behalf of the Board of Directors.** The undersigned hereby appoints Dennis Woods, David Kinross, and Robert Oberg as proxy holders with full power of substitution, to represent, vote and act with respect to all shares of common stock of United Security Bancshares which the undersigned would be entitled to vote at the meeting of shareholders to be held on May 21, 2025 at 6:00 p.m. (PDT), at United Security Bancshares' corporate office, located at 2126 Inyo Street, Fresno, California, or any adjournments thereof, with all the powers the undersigned would possess if personally present as indicated on the reverse side hereof.

This proxy is solicited on behalf of the Board of Directors and may be revoked prior to its exercise by filing with the secretary of United Security Bancshares a duly executed proxy bearing a later date or an instrument revoking this proxy or by attending the meeting and voting in person.

**Vote by Internet, Telephone or Mail**  
**24 Hours a Day, 7 Days a Week**

Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.



**INTERNET/MOBILE**

[www.proxypush.com/ubfo](http://www.proxypush.com/ubfo)  
Use the Internet to vote your proxy  
until 11:59 p.m. (PDT)  
on May 20, 2025.



**PHONE**

**1-866-883-3382**  
Use a touch-tone telephone to vote  
your proxy until 11:59 p.m. (PDT)  
on May 20, 2025.



**MAIL**

Mark, sign and date your proxy  
card and return it in the  
postage-paid envelope provided.

**If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.**

**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)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (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):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**SUPPLEMENT TO THE PROXY STATEMENT  
FOR THE ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 21, 2025**

**The date of this Supplement is April 18, 2025**

This supplement, dated April 18, 2025 (this “Supplement”), supplements the Definitive Proxy Statement filed on Schedule 14A with the U.S. Securities and Exchange Commission on April 7, 2025 (the “Proxy Statement”), initially mailed or furnished to shareholders on or about April 7, 2025, by United Security Bancshares (the “Company”) for the Company’s 2025 Annual Meeting of Shareholders to be held on Wednesday, May 21, 2025 at 6:00 p.m., Pacific Daylight Time (PDT) (the “Meeting”). This Supplement clarifies the effect of abstentions and broker non-votes. All other information in the Proxy Statement remains unchanged.

**Revision to Proxy Statement**

The last paragraph under the subsection entitled “What vote is required to approve each proposal, and what is the effect of withholding authority to vote, broker non-votes, and abstentions?” under the section entitled “INFORMATION ABOUT THE ANNUAL MEETING AND VOTING” on page 4 of the Proxy Statement is hereby amended and restated as follows:

Assuming a quorum has been established at the Meeting, California law requires the affirmative vote of a majority of the shares represented and voting at the Meeting to adopt a proposal (other than the election of directors), unless the vote of a greater number is required by law or by our Articles of Incorporation. Abstentions and broker non-votes are not treated as shares voting on any proposal. Therefore, abstentions and broker non-votes will have the same effect as votes cast AGAINST any proposal except for the proposal for the election of directors. ~~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.

**This Supplement should be read together with the Proxy Statement. From and after the date of this Supplement, any references to the “Proxy Statement” are to the Proxy Statement as amended and supplemented by this Supplement. If you have already returned your proxy or voting instruction card or provided voting instructions, you do not need to take any action unless you wish to change your vote.**



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
**FORM 10-K**

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024.

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_.

Commission file number: 000-32987

**UNITED SECURITY BANCSHARES**

(Exact name of registrant as specified in its charter)

CALIFORNIA

91-2112732

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

2126 Inyo Street, Fresno, California

93721

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (888) 683-6030

Securities registered pursuant to Section 12(b) of the Act: Common Stock, no par value UBFO Nasdaq  
(Title of Class) (Trading Symbol) (Exchange)

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrants knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a small reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Small reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Aggregate market value of the Common Stock held by non-affiliates as of the last business day of the registrant's most recently completed second fiscal quarter - June 30, 2024: \$104,165,322

Shares outstanding as of February 28, 2025: 17,255,505

#### DOCUMENTS INCORPORATED BY REFERENCE

The information required by Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K will be found in the Company's definitive proxy statement for its 2025 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, and such information is incorporated herein by this reference.

**UNITED SECURITY BANCSHARES**  
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## PART 1

Certain matters discussed or incorporated by reference in this Annual Report on Form 10-K (this “Report”) including, but not limited to, those described in “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations,” are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. All statements contained in this Report that are not clearly historical in nature are forward-looking, and the words “anticipate,” “assume,” “intend,” “believe,” “forecast,” “expect,” “estimate,” “plan,” “continue,” “will,” “should,” “look forward” and similar expressions are generally intended to identify forward-looking statements. You should not place undue reliance on these statements as they involve risks, uncertainties, and contingencies, many of which are beyond our control, which may cause actual results, performance, or achievements to differ materially from those expressed in them. Factors that might cause such differences include, but are not limited to:

- adverse developments with respect to U.S. or global economic conditions and other uncertainties, including the impact of supply chain disruptions, inflationary pressures, labor shortages, and global conflict and unrest;
- geopolitical and domestic political developments that can increase levels of political and economic unpredictability, contribute to rising energy and commodity prices, and increase the volatility of financial markets;
- the current administration’s rapid-fire policy pronouncements, executive orders and imposition of tariffs (and the threat thereof) create an unpredictable regulatory landscape and have increased market volatility and disruptions that could affect the availability and cost of capital, the valuation of our assets, the stability of our funding sources, and the financial health and operations of our borrowers, particularly our borrowers connected to agriculture;
- the impact of natural disasters, droughts, earthquakes, floods, wildfires, terrorist attacks, health epidemics, and threats of war or actual war, including current military actions involving the Russian Federation and Ukraine and the conflict in the Middle East, which may impact the local economy and/or the condition of real estate collateral;
- changes in general economic and financial market conditions, either nationally or locally;
- fiscal policies of the U.S. government, including interest rate policies of the Board of Governors of the Federal Reserve System and the resulting impact on the Company’s interest-rate sensitive assets and liabilities;
- changes in banking laws or regulations and government policies that could lead to a tightening of credit and/or a requirement that the Company raise additional capital;
- increased competition in the Company’s markets, impacting the ability to execute its business plans;
- continued or increasing competition from other financial institutions, credit unions, and non-bank financial services companies, many of which are subject to different regulations than the Company is, and the Company’s response to competitive pressure;
- loss of, or inability to attract, key personnel;
- unanticipated deterioration in the loan portfolio, credit losses, and the sufficiency of the allowance for credit losses;
- the ability to grow the loan portfolio due to constraints on concentrations of credit;
- challenges arising from unsuccessful attempts to expand into new geographic markets, products, or services;
- the impact of technological changes and the ability to develop and maintain secure and reliable electronic communication systems, including failures in or breaches of the Company’s operational and/or security systems or infrastructure, and the Company’s ability to identify and address cyber-security risks such as data security breaches, “denial of service” attacks, “hacking” and identity theft, and other attacks on the Company’s information technology systems or on the third-party vendors who perform functions for the Company;
- the failure to maintain effective controls over financial reporting;
- risks related to the sufficiency of liquidity, including the quality and quantity of the Company’s deposits and the ability to attract and retain deposits and other sources of funding and liquidity;
- adverse developments in the financial services industry generally, such as the bank failures in 2023 and 2024 and any related impact on depositor behavior or investor sentiment;
- the possibility that the recorded goodwill could become impaired which may have an adverse impact on earnings and capital;
- asset/liability matching risks; and
- changes in accounting policies or procedures.

Therefore, the information set forth therein should be carefully considered when evaluating the business prospects of the Company.

## **Item 1 - Business**

### ***General***

United Security Bancshares is a California corporation incorporated in March 2001 and is registered with the Board of Governors of the Federal Reserve System (FRB) as a bank holding company under the Bank Holding Company Act of 1956, as amended (BHCA). The common stock of United Security Bancshares is listed on Nasdaq under the symbol “UBFO.”

United Security Bank was chartered under the laws of the State of California in 1987 as a commercial bank. On June 12, 2001, United Security Bank reorganized into the bank holding company form of ownership and thereby became the wholly-owned subsidiary of United Security Bancshares and each share of United Security Bank stock was exchanged for a share of United Security Bancshares stock on a one-for-one basis. The principal business of United Security Bancshares is to serve as the holding company for United Security Bank.

References to the “Bank” refer to United Security Bank together with its wholly-owned subsidiary, York Monterey Properties. References to “we,” “us,” or the “Company” refer to United Security Bancshares together with its subsidiaries on a consolidated basis. References to the “Holding Company,” refer to United Security Bancshares, the parent company, on a stand-alone basis.

### ***United Security Bank***

The Bank is a California state-chartered bank headquartered in Fresno, California. At December 31, 2024, the Bank operates three branches (including its main office), one construction lending office, and one commercial lending office in Fresno, California and one branch each in Oakhurst, Caruthers, San Joaquin, Firebaugh, Coalinga, Bakersfield, Taft, Campbell, Mendota, and Fowler, California. The Bank has Interactive Teller Machines (ITMs) at all branch locations and nine off-site ITMs at non-branch locations. In addition, the Holding Company and the Bank have administrative headquarters located at 2126 Inyo Street, Fresno, California, 93721.

### ***York Monterey Properties, Inc.***

York Monterey Properties, Inc. (YMP) was incorporated in California on April 17, 2019, for the purpose of holding specific parcels of real estate acquired by the Bank through, or in lieu of, foreclosures in Monterey County. These properties exceeded the 10-year regulatory holding period for other real estate owned, or “OREO.” YMP was funded with a \$250,000 cash investment and the transfer of those parcels by the Bank to YMP. In December 2021, \$805,000 in additional funding was transferred to YMP to fund estimated expenses over a five-year period. As of December 31, 2024, these properties are included within the consolidated balance sheets as part of “other real estate owned.”

### ***USB Capital Trust II***

During July 2007, the Company formed USB Capital Trust II as a wholly-owned special purpose entity for the purpose of issuing Trust Preferred Securities. USB Capital Trust II is a Variable Interest Entity and a deconsolidated entity pursuant to current accounting standards related to variable interest entities. On July 23, 2007, USB Capital Trust II issued \$15 million in Trust Preferred Securities. These securities have a thirty-year maturity and bear a floating rate of interest (repricing quarterly) of 1.29% over the forward 3-month SOFR rate. Interest is payable quarterly.

Concurrent with the issuance of the Trust Preferred Securities, USB Capital Trust II used the proceeds of the Trust Preferred Securities offering to purchase a like amount of junior subordinated debentures (TRUPs) issued by the Company. The Company pays interest on the junior subordinated debentures to USB Capital Trust II, which represents the sole source of dividend distributions to the holders of the Trust Preferred Securities. During 2015, \$3.0 million of the \$15.0 million principal balance of the subordinated debentures related to the Trust Preferred Securities was purchased by the Bank and subsequently purchased by the Company from the Bank. The Company redeemed the \$3.0 million in par value of the subordinated debentures, resulting in a remaining contractual principal balance of \$12.0 million since year-end 2015. The Company may redeem the junior subordinated debentures at any time at par.

The following discussion of services should be read in conjunction with “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

## ***Bank Services***

The Bank offers a full range of commercial banking services primarily to the business and professional community and individuals located in Fresno, Madera, Kern, and Santa Clara Counties, including a variety of deposit instruments including personal and business checking accounts and savings accounts, interest-bearing negotiable order of withdrawal (NOW) accounts, money market accounts, and time certificates of deposit. Most deposits are comprised of accounts from individuals and from small- and medium-sized, business-related sources.

The Bank also offers a full complement of lending products, including real estate loans, real estate construction loans, commercial and industrial loans, agricultural loans, and installment loans.

Real estate mortgage loans are secured by deeds of trust primarily on commercial property. The repayment of real estate mortgage loans generally is from the cash flow of the borrower. Commercial and industrial loans are diversified by industry. Loans may be originated in the Bank's market area, purchased, or participated with other financial institutions outside the market area. A substantial portion of commercial and industrial loans are secured by accounts receivable, inventory, leases, or other collateral. The remainder are unsecured. However, extensions of credit are predicated on the financial capacity of the borrower to repay. Repayment of commercial loans is generally from the cash flow of the borrower. Real estate construction loans consist of loans to residential and commercial contractors, which are secured by single-family residential or multi-family properties. All real estate loans have established equity requirements. The repayment of real estate construction loans is generally from long-term mortgages with other lending institutions. Agricultural loans are generally secured by land, equipment, inventory, and receivables. Repayment of agricultural loans is generally from the expected cash flow of the borrower.

While the Bank has a high concentration of commercial real estate loans, it is not in the business of making residential mortgage loans to individuals. The residential mortgage loan portfolio is primarily comprised of purchased fixed-rate 30-year residential mortgage pools. The Bank does not originate, or have in the loan portfolio, any subprime, Alt-A, or option adjustable-rate loans. The Bank does originate interest-only loans which are generally revolving lines of credit to commercial and agricultural businesses or for real estate development where the borrowers business may be seasonal or cash flows may be restricted until the completion of the project.

Loan participations are purchased from and sold to other financial institutions. The underwriting standards for loan participations and purchases are the same as non-participated loans, and are subject to the same limitations, collateral requirements, and borrower requirements.

In the normal course of business, the Bank makes various loan commitments, including granting customers collateralized and uncollateralized lines of credit, and incurs certain contingent liabilities. Due to the nature of the business of the Bank's customers, there is no absolute predictability to the utilization of unused loan commitments, including collateralized and uncollateralized lines of credit, and, therefore, it is not possible to forecast the extent to which these commitments will be exercised within the current year. While no assurance can be provided, it is not believed that any such utilization will constitute a material liquidity demand.

In addition to the loan and deposit services discussed above, the Bank also offers a wide range of specialized services designed to attract and service the needs of commercial customers and account holders. These services include online banking, mobile banking, safe deposit boxes, wire transfers, ITM services, payroll direct deposit, cashier's checks, and cash management services. While the Bank does not operate a trust department, arrangements with correspondent banks for trust services can be requested.

## ***Competition and Market Share***

The banking business in California as well as the Bank's market area is highly competitive with respect to both loans and deposits. The Bank competes for loans and deposits with other commercial banks, savings and loan associations, money market funds, credit unions, and other financial institutions. The Bank competes for loans and deposits by offering competitive interest rates and by seeking to provide a higher level of personalized service than is generally offered by larger competitors. Regulatory restrictions on interstate bank branching and acquisitions and on the provision of certain financial services, such as securities underwriting and insurance, have been reduced or eliminated. The availability of online and mobile banking services continues to expand. Changes in laws and regulations governing the financial services industry cannot be predicted; however, past legislation has served to intensify the competitive environment. Many of the major commercial banks operating in the

Bank's market areas offer certain services, such as trust and wealth management services, which the Bank does not offer directly. In addition, banks with larger capitalization have larger lending limits and are thereby able to serve larger customers.

The Bank's primary market areas are Fresno, Madera, Santa Clara, and Kern County, California. There are 53 FDIC-insured financial institutions competing for business in those areas. The following table sets forth information regarding deposit market share and ranking by county as of June 30, 2024, which is the most current information available.

	Rank	Share
Fresno County	9th	4.18%
Madera County	5th	8.48%
Kern County	14th	0.66%
Santa Clara County	39th	0.01%
Total of Fresno, Madera, Kern, and Santa Clara Counties	18th	0.53%

### ***Supervision and Regulation***

Banking is a complex, highly regulated industry. Federal and state laws and the regulations of the federal and state bank regulatory agencies govern most aspects of a bank's business, including capital adequacy ratios, reserves against deposits, limitations on the nature and amount of loans which may be made, the location of branch offices, borrowings, and dividends. The primary goals of banking laws and regulations are to maintain a safe and sound banking system, to protect depositors and the FDIC's insurance fund, and to facilitate the conduct of sound monetary policy. In furtherance of these goals, Congress and the States have created several largely autonomous regulatory agencies and enacted numerous laws that govern banks, bank holding companies, and the financial services industry. Consequently, the growth and earnings performance of the Company and the Bank can be affected not only by management decisions and general economic conditions, but also by the requirements of applicable state and federal statutes, regulations, and the policies of various governmental regulatory authorities, including:

- The Federal Deposit Insurance Corporation, or FDIC,
- The California Department of Financial Protection and Innovation, or DFPI,
- The Federal Reserve Board, or FRB.

Changes in applicable law or regulations, and in their application by the regulatory agencies, whether as the result of changes in the political climate or otherwise, cannot be predicted and may have a material effect on the business, operations, and financial results of the Company or the Bank.

Described below are elements of selected laws and regulations applicable to the Company and/or the Bank. The descriptions are not intended to be complete and are qualified in their entirety by reference to the full text of the statutes and regulations described.

#### ***Dodd-Frank Wall Street Reform and Consumer Protection Act***

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was enacted in 2010, significantly revised and expanded the rulemaking, supervisory and enforcement authority of the federal bank regulatory agencies. The numerous rules and regulations being promulgated pursuant to the Dodd-Frank Act are impacting banks' operations and compliance costs. Provisions of the Dodd-Frank Act include:

- revisions in the deposit insurance assessment base for FDIC insurance and the permanent increase in deposit insurance coverage to \$250,000;
- reduced interchange fees on debit card transactions;
- interest payments on business checking accounts;
- the removal of barriers to interstate branching; and
- required disclosure and shareholder advisory votes on executive compensation.

Other provisions of the Dodd-Frank Act include:

- *Capital Requirements.* The Dodd-Frank Act: increased the minimum Tier 1 capital ratio from 4.00% to 6.00% of risk-weighted assets; created a new category and required 4.50% of risk-weighted assets ratio for "common equity Tier 1" as a subset of Tier 1 capital limited to common equity; established a minimum non-risk-based leverage



ratio set at 4.00%, eliminating a 3.00% exception for higher rated banks; changed the permitted composition of Tier 1 capital to exclude trust preferred securities (unless issued prior to May 19, 2010 by a bank holding company with less than \$15 billion in assets), mortgage servicing rights and certain deferred tax assets and included unrealized gains and losses on available for sale debt and equity securities; added an additional capital conservation buffer of 2.5% of risk-weighted assets over each of the required capital ratios, which must be met to avoid limitations on the ability to pay dividends, repurchase shares or pay discretionary bonuses; changed the risk weights of certain assets for purposes of calculating the risk-based capital ratios for high volatility commercial real estate acquisition, development and construction loans, certain past due non-residential mortgage loans and certain mortgage-backed and other securities exposures.

- *Deposit Insurance.* The Dodd-Frank Act broadened the base for FDIC insurance assessments. Assessments are now based on the average consolidated total assets less tangible equity capital of a financial institution. The Dodd-Frank Act requires the FDIC to increase the reserve ratio of the Deposit Insurance Fund to 1.35% of insured deposits and eliminates the requirement that the FDIC pay dividends to insured depository institutions when the reserve ratio exceeds certain thresholds.
- *Corporate Governance.* The Dodd-Frank Act directed the federal banking regulators to promulgate rules prohibiting excessive compensation paid to executives of depository institutions and their holding companies with assets in excess of \$1.0 billion.
- *Interstate Branching.* The Dodd-Frank Act authorized national and state banks to establish branches in other states to the same extent as a bank chartered by that state would be permitted to branch.
- *Consumer Financial Protection Bureau.* The Dodd-Frank Act created an independent federal agency called the Consumer Financial Protection Bureau (CFPB), which has been granted broad rulemaking, supervisory, and enforcement powers under various federal consumer financial protection laws, including the Equal Credit Opportunity Act, Truth in Lending Act, Real Estate Settlement Procedures Act, Fair Credit Reporting Act, Fair Debt Collection Practices Act, the Consumer Financial Privacy provisions of the GLBA, and certain other statutes. The CFPB has examination and primary enforcement authority with respect to depository institutions with \$10 billion or more in assets. Smaller institutions are subject to rules promulgated by the CFPB but are still examined and supervised by their federal banking regulators for consumer compliance purposes. The CFPB has authority to prevent unfair, deceptive or abusive practices in connection with the offering of consumer financial products. The Dodd-Frank Act authorized the CFPB to establish certain minimum standards for the origination of residential mortgages including a determination of the borrower's ability to repay. In addition, the Dodd-Frank Act allows borrowers to raise certain defenses to foreclosure if they receive any loan other than a "qualified mortgage" as defined by the CFPB. The Dodd-Frank Act permits states to adopt consumer protection laws and standards that are more stringent than those adopted at the federal level and, in certain circumstances, permits state attorneys general to enforce compliance with both the state and federal laws and regulations.
- *Final Volcker Rule.* In December 2013, the federal bank regulatory agencies adopted final rules that implemented a part of the Dodd-Frank Act commonly referred to as the "Volcker Rule." The final rules were amended in October 2019. Under these rules and subject to certain exceptions, banking entities, including the Bank, are restricted from engaging in activities that are considered proprietary trading and from sponsoring or investing in certain entities, including hedge or private equity funds that are considered "covered funds." Banks that do not have significant trading activities, such as the Bank, will be assumed to operate under a presumption of compliance.

The Dodd-Frank Act also resulted in the creation of a new systemic risk oversight body, the Financial Stability Oversight Council to oversee and coordinate the efforts of the primary U.S financial regulatory agencies in establishing regulations to address financial stability matters.

The Dodd-Frank Act was enacted under the administration of former President Barack Obama. In 2018, the subsequent administration, under President Donald Trump, rolled back key pieces of the Dodd-Frank Act as part of its efforts to loosen regulatory restrictions on financial institutions including, but not limited to, easing the "Volcker Rule," stress tests, and other constraints on financial institutions. In response to the banking crisis of 2023, the Biden administration expressed a commitment to reemphasize restrictions on financial institutions which were loosened during the previous administration. However, due to a divided congress, Biden was unable to pass legislation strengthening banking regulations. Under the new Trump administration, it is believed that banking regulations may be loosened further. Less than a month into his term, he took steps to further lessen the Consumer Financial Protection Bureau (CFPB), a key provision of the Dodd-Frank Act, and has indicated further deregulation is in order. The Company cannot predict which provisions of the Dodd-Frank Act will be repealed, put in to effect, delayed, or enforced and, therefore, cannot predict the effect, if any, that the Dodd-Frank Act and regulations promulgated thereunder or actions initiated by the Biden administration will have on its future results of operations and financial condition.



## ***The Company***

### *General*

The Company is a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, and is registered with, and regulated and examined by, the Board of Governors of the Federal Reserve System, or FRB. The Company is subject to regulation by the Securities and Exchange Commission (SEC) and to the disclosure and regulatory requirements of the Securities Act of 1933, as amended (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In addition, as the Company lists its common stock on Nasdaq, it is subject to the listing standards and rules of Nasdaq.

### *Dodd-Frank Act*

The Dodd-Frank Act codified existing FRB policy requiring the Company to act as a source of financial strength to the Bank, and to commit resources to support the Bank in circumstances where it might not otherwise do so. However, because the Gramm-Leach-Bliley Act (GLBA) provides for functional regulation of financial holding company activities by various regulators, the GLBA prohibits the FRB from requiring payment by a holding company to a depository institution if the functional regulator of the depository institution objects to the payment. In those cases, the FRB could instead require the divestiture of the depository institution and impose operating restrictions pending the divestiture. As a result of the Dodd-Frank Act, non-bank subsidiaries of a holding company that engage in activities permissible for an insured depository institution must be examined and regulated in a manner that are at least as stringent as if the activities were conducted by the lead depository institution of the holding company.

### *Bank Holding Company Liquidity*

As a legal entity, separate and distinct from the Bank, the Company must rely on its own resources to pay its operating expenses and dividends to its shareholders. In addition to raising capital on its own behalf or borrowing from external sources, the Company may also obtain funds from dividends paid by, and fees charged for services provided to, the Bank. However, statutory and regulatory constraints on the Bank may restrict or totally preclude the payment of dividends by the Bank to the Company.

### *Transactions with Affiliates and Insiders*

The Company and any subsidiaries it may purchase or organize are deemed to be affiliates of the Bank within the meaning of Sections 23A and 23B of the Federal Reserve Act, and the FRB’s Regulation W. Under Sections 23A and 23B and Regulation W, loans by the Bank to affiliates, investments by them in affiliates’ stock, and taking affiliates’ stock as collateral for loans to any borrower is limited to 10% of the Bank’s capital, in the case of any one affiliate, and is limited to 20% of the Bank’s capital, in the case of all affiliates. In addition, transactions between the Bank and any affiliates must be on terms and conditions that are consistent with safe and sound banking practices and substantially the same, or at least as favorable to the Bank, as those prevailing at the time for comparable transactions with or involving non-affiliates. In particular, a bank and its subsidiaries generally may not purchase from an affiliate a low-quality asset, as defined in the Federal Reserve Act. These restrictions also prevent a bank holding company and a bank subsidiary’s other affiliates from borrowing from the bank subsidiary unless the loans are secured by marketable collateral of designated amounts.

The Company and the Bank are also subject to certain restrictions with respect to engaging in the underwriting, public sale and distribution of securities.

The Federal Reserve Act and FRB Regulation O place limitations and conditions on loans or extensions of credit to a bank or bank holding company’s executive officers, directors and principal shareholders; any company controlled by any such executive officer, director or shareholder; or any political or campaign committee controlled by such executive officer, director or principal shareholder. Additionally, such loans or extensions of credit must comply with loan-to-one-borrower limits; require prior full board approval when aggregate extensions of credit to the person exceed specified amounts; must be made on substantially the same and follow credit-underwriting procedures no less stringent than those prevailing at the time for comparable transactions with non-insiders; must not involve more than the normal risk of repayment, or present other unfavorable features; and must not exceed the bank’s unimpaired capital and unimpaired surplus in the aggregate.

### *Limitations on Business and Investment Activities*

Under the BHCA, a bank holding company must obtain the FRB's approval before: (i) directly or indirectly acquiring more than 5% ownership or control of any voting shares of another bank or bank holding company; (ii) acquiring all or substantially all of the assets of another bank; (iii) or merging or consolidating with another bank holding company.

The FRB may allow a bank holding company to acquire banks located in any state of the United States without regard to whether the acquisition is prohibited by the law of the state in which the target bank is located. In approving interstate acquisitions however, the FRB must give effect to applicable state laws limiting the aggregate amount of deposits that may be held by the acquiring bank holding company and its insured depository institutions in the state in which the target bank is located, provided that those limits do not discriminate against out-of-state depository institutions or their holding companies, and state laws which require that the target bank have been in existence for a minimum period of time, not to exceed five years, before being acquired by an out-of-state bank holding company.

In addition to owning or managing banks, bank holding companies may own subsidiaries engaged in certain businesses that the FRB has determined to be "so closely related to banking as to be a proper incident thereto." The Holding Company, therefore, is permitted to engage in a variety of banking-related businesses.

Additionally, qualifying bank holding companies making an appropriate election to the FRB may engage in a full range of financial activities, including insurance, securities, and merchant banking. The Company has not elected to qualify for these financial services.

Federal law prohibits a bank holding company and any subsidiary banks from engaging in certain tie-in arrangements in connection with the extension of credit. Thus, for example, the Bank may not extend credit, lease or sell property, or furnish any services, or fix or vary the consideration for any of the foregoing on the condition that:

- the customer must obtain or provide some additional credit, property, or services from or to the Bank other than a loan, discount, deposit or trust services;
- the customer must obtain or provide some additional credit, property, or service from or to the Company or any subsidiaries; or
- the customer must not obtain some other credit, property, or services from competitors, except reasonable requirements to assure soundness of credit extended.

### *Capital Adequacy*

Bank holding companies must maintain minimum levels of capital under the FRB's risk-based capital adequacy guidelines. If capital falls below minimum guideline levels, a bank holding company, among other things, may be denied approval to acquire or establish additional banks or non-bank businesses.

The FRB's risk-based capital adequacy guidelines, discussed in more detail below in the section entitled "The Bank - Capital Standards," assign various risk percentages or weights to different categories of assets and capital is measured as a percentage of risk-weighted assets. Under the terms of the guidelines, bank holding companies are expected to meet capital adequacy guidelines based both on total risk-weighted assets and on total assets, without regard to risk weights.

The risk-based guidelines are minimum requirements. Higher capital levels will be required if warranted by the particular circumstances or risk profiles of individual organizations. For example, the FRB's capital guidelines contemplate that additional capital may be required to take adequate account of, among other things, interest rate risk, or the risks posed by concentrations of credit, nontraditional activities or securities trading activities. Moreover, any banking organization experiencing or anticipating significant growth or expansion into new activities, particularly under the expanded powers under the GLBA, would be expected to maintain capital ratios, including tangible capital positions, well above the minimum levels.

### *Limitations on Dividend Payments*

As applicable to the Company, California Corporations Code Section 500 provides that neither the Company nor any of its subsidiaries shall make a distribution to the Company's shareholders unless the board of directors has determined in good faith that either:

- The amount of retained earnings of the Company immediately prior to the distribution equals or exceeds the sum of (A) the amount of the proposed distribution plus (B) the preferential dividends arrears amount; or

- Immediately after the distribution, the value of the Company's assets would equal or exceed the sum of its total liabilities plus the preferential rights amount.

Additionally, the FRB's policy regarding dividends provides that a bank holding company should not pay cash dividends exceeding its net income for the past year or which can only be funded in ways that weaken the bank holding company's financial health, such as by borrowing. The FRB also possesses enforcement powers over bank holding companies and their non-bank subsidiaries to prevent or remedy actions that represent unsafe or unsound practices or violations of applicable statutes and regulations.

### *Securities Registration and Listing*

The Company's common stock is registered with the SEC under the Exchange Act and, as a result, is subject to the information, proxy solicitation, insider trading, corporate governance, and other disclosure requirements and restrictions of the Exchange Act, as well as the Securities Act, both administered by the SEC. The Company is required to file annual, quarterly and other current reports with the SEC. The SEC maintains an Internet site, <http://www.sec.gov>, where SEC filings may be accessed. The SEC filings are also available on the Bank's website at <http://investors.unitedsecuritybank.com/Docs>.

The Company's common stock is listed on Nasdaq and trades under the symbol "UBFO." The Company is subject to Nasdaq standards for listed companies. Nasdaq has adopted corporate governance rules, which are intended to allow shareholders and investors to more easily and efficiently monitor the performance of companies and their directors.

## **The Bank**

### *General*

As a California state-chartered bank and a member of the FRB, the Bank is subject to regulation, supervision and regular examination by the FRB and the DFPI. The Bank is subject to California laws insofar as they are not preempted by federal banking law. Deposits of the Bank are insured by the FDIC up to the applicable limits in an amount up to \$250,000 per customer and, as such, the Bank is subject to the applicable provisions of the Federal Deposit Insurance Act and the regulations of the FDIC. As a consequence of the extensive regulation of commercial banking activities in California and the United States, the Bank's business is particularly susceptible to changes in California and federal legislation and regulation, which may have the effect of increasing the cost of doing business, limiting permissible activities or increasing competition.

### *Capital Standards*

Federal regulations require FDIC-insured depository institutions, including the Bank, to maintain adequate capital based on the size, asset composition, and complexity of the institution. Generally, FDIC-insured depository institutions must maintain several minimum capital ratios: a common equity tier 1 capital to risk-based assets ratio; a tier 1 capital to risk-based assets ratio; a total capital to risk-based assets; and a tier 1 capital to total assets leverage ratio. These ratios involve complex calculations of various categories of capital and various categories of assets. Failure to meet minimum capital requirements can initiate certain mandates and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the institution's financial condition and results of operations.

Effective January 1, 2020, pursuant to the Economic Growth, Regulatory Relief, and Consumer Protection Act, enacted in May 2018, the Federal regulatory agencies adopted simplified capital requirements for certain qualifying "community" banking organizations. Depository institutions and depository institution holding companies that have less than \$10 billion in total consolidated assets and meet other qualifying criteria, including a leverage ratio (equal to tier 1 capital divided by average total consolidated assets) of greater than nine percent, are eligible to opt into the community bank leverage ratio framework. Qualifying community banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than nine percent are considered to have satisfied the applicable risk-based and leverage capital requirements in the agencies' capital rules and are considered to have met the "well capitalized" ratio requirements. Institutions that cease meeting the qualifying criteria have two calendar quarters within which to re-qualify, so long as the institution maintains a leverage ratio of greater than eight percent during the grace period.

The Company and the Bank met the criteria and adopted the community bank leverage ratio framework during 2020.

As of December 31, 2024, the Company and the Bank were "well capitalized" under the applicable standards. The actual capitalization ratios for the Bank and the Company as of December 31, 2024 can be found at "[Note 22 - Regulatory Matters](#)" to

the consolidated financial statements.

### *Prompt Corrective Action*

The Federal Deposit Insurance Corporation Improvement Act (FDICIA) requires each federal banking agency to take prompt corrective action to resolve the problems of insured depository institutions, including but not limited to those that fall below one or more prescribed minimum capital ratios. Pursuant to FDICIA, the FRB promulgated regulations defining the following five categories in which an insured depository institution will be placed, based on the level of its capital ratios:

Under the regulations, a bank shall be deemed to be:

- “well capitalized” if it has a total risk-based capital ratio of 10% or more, has a Tier 1 risk-based capital ratio of 8% or more, has a common equity Tier 1 capital ratio of 6.5% or more, has a Tier 1 leverage capital ratio of 5% or more, and is not subject to specified requirements to meet and maintain a specific capital level for any capital measure;
- “adequately capitalized” if it has a total risk-based capital ratio of 8% or more, a Tier 1 risk-based capital ratio of 6% or more and a leverage capital ratio of 4% or more (3% under certain circumstances) and does not meet the definition of “well capitalized”;
- “undercapitalized” if it has a total risk-based capital ratio that is less than 8%, a Tier 1 risk-based capital ratio that is less than 4%, or a leverage capital ratio that is less than 4% (3% under certain circumstances);
- “significantly undercapitalized” if it has a total risk-based capital ratio that is less than 6%, a Tier 1 risk-based capital ratio that is less than 3% or a leverage capital ratio that is less than 3%; and
- “critically undercapitalized” if it has a ratio of tangible equity to total assets that is equal to or less than 2%.

A bank’s category is determined solely for the purpose of applying prompt corrective action regulations, and the capital category may not constitute an accurate representation of the bank’s overall financial condition or prospects for other purposes.

While these benchmarks have not changed, due to market turbulence, the regulators have strongly encouraged and, in many instances, required, banks and bank holding companies to achieve and maintain higher ratios as a matter of safety and soundness.

Banks are prohibited from paying dividends or management fees to controlling persons or entities if, after making the payment, the bank would be “undercapitalized,” that is, the bank fails to meet the required minimum level for any relevant capital measure. Asset growth and branching restrictions apply to “undercapitalized” banks. Banks classified as “undercapitalized” are required to submit acceptable capital plans guaranteed by its holding company, if any. Broad regulatory authority was granted with respect to “significantly undercapitalized” banks, including forced mergers, growth restrictions, ordering new elections for directors, forcing divestiture by its holding company, if any, requiring management changes, and prohibiting the payment of bonuses to senior management. Even more severe restrictions are applicable to “critically undercapitalized” banks. Restrictions for these banks include the appointment of a receiver or conservator. All of the federal banking agencies have promulgated substantially similar regulations to implement this system of prompt corrective action.

A bank, based upon its capital levels, that is classified as “well capitalized,” “adequately capitalized” or “undercapitalized” may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for a hearing, determines that an unsafe or unsound condition, or an unsafe or unsound practice, warrants such treatment. Further, a bank that otherwise meets the capital levels to be categorized as “well capitalized,” will be deemed to be “adequately capitalized,” if the bank is subject to a written agreement requiring that the bank maintain specific capital levels. At each successive lower capital category, an insured bank is subject to more restrictions. The federal banking agencies, however, may not treat an institution as “critically undercapitalized” unless its capital ratios actually warrant such treatment.

Banking organizations that meet the criteria and have adopted the community bank leverage ratio framework, such as the Company and the Bank, are deemed to be “well capitalized” for “prompt corrective action” purposes.

In addition to measures taken under the prompt corrective action provisions, commercial banking organizations, such as the Bank, may be subject to potential enforcement actions by the federal or state banking agencies for unsafe or unsound practices in conducting their businesses or for violations of any law, rule, regulation or any condition imposed in writing by the agency or any written agreement with the agency. Enforcement actions may include the imposition of a conservator or receiver, the issuance of a cease-and-desist order that can be judicially enforced, the termination of insurance for deposits (in the case of a depository institution), the imposition of civil money penalties, the issuance of directives to increase capital, the issuance of formal and informal agreements, and the issuance of removal and prohibition orders against institution-affiliated parties.

### *Brokered Deposit Restrictions*

While well-capitalized institutions are not subject to limitations on brokered deposits, adequately-capitalized institutions must obtain an FDIC waiver prior to accepting, renewing, or rolling over brokered deposits and are subject to restrictions on the rates paid on such deposits. Undercapitalized institutions are generally not permitted to accept, renew, or roll over brokered deposits. As of December 31, 2024, the Bank was deemed to be “well-capitalized” and, therefore, eligible to accept brokered deposits.

### *Limitations on Dividend Payments*

California law restricts the amount available for cash dividends the Bank may pay to the Company. Under California law, funds available for cash dividend payments by a bank are restricted to the lesser of: (1) retained earnings; or (2) the bank’s net income for its last three fiscal years (less any distributions to shareholders made during such period). Cash dividends may also be paid out of the greater of: (i) net income for a bank’s last preceding fiscal year; (ii) a bank’s retained earnings; or (iii) net income for a bank’s current fiscal year, upon the prior approval of the DFPI. If the DFPI finds that the stockholders’ equity of a bank is not adequate or that the payment of a dividend would be unsafe or unsound for the bank, the DFPI may order the bank not to pay any dividends.

### *Premiums for Deposit Insurance*

The FDIC insures deposits up to \$250,000 per qualified account. The FDIC utilizes a risk-based assessment system to set quarterly insurance premium assessments which categorizes banks into four risk categories based on capital levels and supervisory “CAMELS” ratings and names them Risk Categories I, II, III and IV. The CAMELS rating system is based upon an evaluation of the six critical elements of an institution’s operations: Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity to risk. This rating system is designed to take into account and reflect all significant financial and operational factors financial institution examiners assess in their evaluation of an institution’s performance.

The Federal Deposit Insurance Act required the FDIC to maintain a reserve ratio of the FDIC’s deposit insurance fund at not less than 1.35% of insured deposits and to adopt a restoration plan to achieve the statutory minimum within eight years if the ratio falls below 1.35%. During 2020 the reserve ratio fell below 1.35% to 1.30% due to extraordinary growth in insured deposits and, accordingly, in September 2020, the FDIC adopted a restoration plan providing for FDIC monitoring deposit balance trends, potential losses, and other factors that affect the reserve ratio, while maintaining the current schedule of assessment rates for all insured institutions. Under the restoration plan, the FDIC is to provide updates at least semi-annually. In setting the assessments, the FDIC is required to offset the effect of the higher reserve ratio against insured depository institutions with total consolidated assets of less than \$10 billion. Assessments are based on the average consolidated total assets less average tangible equity capital of a financial institution rather than on its insured deposits. The semi-annual update as of March 31, 2022, showed a decline of four basis points to 1.23%. As a result, on October 20, 2022, the FDIC adopted an amendment to the restoration plan resulting in a uniform increase in the base deposit insurance assessment of two basis points beginning with the first quarter of 2023 in order to meet the requirement of 1.35% by September 30, 2028. On November 16, 2023, the FDIC adopted a final rule to implement a special assessment to recover the loss to the Deposit Insurance Fund associated with protecting uninsured depositors following the closure of Silicon Valley Bank and Signature Bank. Under the final rule, the assessment base for an insured depository institution will be equal to the institution’s estimated uninsured deposits as of December 31, 2022, adjusted to exclude the first \$5 billion in estimated uninsured deposits.

The FDIC is authorized to terminate a depository institution’s deposit insurance upon a finding by the FDIC that the institution’s financial condition is unsafe or unsound or that the institution has engaged in unsafe or unsound practices or has violated any applicable rule, regulation, order or condition enacted or imposed by the institution’s regulatory agency. The termination of deposit insurance would result in the forced closure of the Bank which would have a material adverse effect on the Company’s business, financial condition, and results of operations.

### *Safety and Soundness Standards*

The federal banking agencies have adopted guidelines designed to assist the federal banking agencies in identifying and addressing potential safety and soundness concerns before capital becomes impaired. The guidelines set forth operational and managerial standards relating to: (i) internal controls, information systems and internal audit systems; (ii) loan documentation; (iii) credit underwriting; (iv) asset growth; (v) earnings; and (vi) compensation, fees and benefits. In addition, the federal banking agencies have also adopted safety and soundness guidelines with respect to asset quality and earnings standards. These guidelines provide nine standards for establishing and maintaining a system to identify problem assets and prevent those assets from deteriorating.



### *Federal Home Loan Bank System*

The Bank is a member of the Federal Home Loan Bank of San Francisco (FHLB-SF). Among other benefits, each Federal Home Loan Bank (FHLB) serves as a reserve or central bank for its members within its assigned region. Each FHLB is financed primarily from the sale of consolidated obligations of the FHLB system. Each FHLB makes available loans or advances to its members in compliance with the policies and procedures established by the Board of Directors of the individual FHLB. The FHLB-SF utilizes a single class of stock with a par value of \$100 per share, which may be issued, exchanged, redeemed and repurchased only at par value. As an FHLB member, the Bank is required to own FHLB –SF capital stock in an amount equal to the greater of:

- a membership stock requirement with an initial cap of \$25 million (100% of “membership asset value” as defined), or
- an activity-based stock requirement (based on percentage of outstanding advances).

The FHLB – SF capital stock is redeemable with five year’s written notice, subject to certain conditions. At December 31, 2024, the Bank owned 67,374 shares of the FHLB-SF capital stock valued at \$6,737,400.

### *Federal Reserve Bank*

The FRB no longer requires depository institutions to maintain non-interest bearing reserves at specified levels against their transaction accounts and non-personal time deposits.

As a member of the Federal Reserve Bank, the Bank is required to subscribe to the stock of the Federal Reserve Bank of San Francisco in an amount equal to 6% of the Bank’s capital and surplus of which 3% must be paid in and 3% is subject to call by the Board of Governors of the Federal Reserve System. Capital stock shares may not be transferred or hypothecated. The capital stock of the Federal Reserve Bank is divided into shares of \$100 each.

At December 31, 2024, the Bank owned 38,908 shares of FRB-SF stock with paid-in capital totaling \$1,945,400.

### *Consumer Regulation*

The Company is subject to a number of federal and state consumer protection laws that extensively govern relationships with customers. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Truth in Savings Act, the Electronic Fund Transfer Act, the Expedited Funds Availability Act, the Home Mortgage Disclosure Act, the Fair Housing Act, the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act, the Service Members Civil Relief Act, and these laws’ respective state-law counterparts, as well as state usury laws and laws regarding unfair and deceptive acts and practices. Violations of applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys’ fees. Federal bank regulators, state attorneys general and state and local consumer protection agencies may also seek to enforce consumer protection requirements and obtain these and other remedies, including regulatory sanctions, customer rescission rights, action by the state and local attorneys general in each jurisdiction in which we operate, and civil money penalties. Failure to comply with consumer protection regulations may result in the failure to obtain required bank regulatory approval for merger or acquisition transactions or other transactions where approval is not required.

The CFPB has broad rulemaking, supervisory, and enforcement powers under various federal consumer financial protection laws. The CFPB is also authorized to engage in consumer financial education, track consumer complaints, request data, and promote the availability of financial services to underserved consumers and communities. The CFPB has broad supervisory, examination, and enforcement authority over various consumer financial products and services, including the ability to require reimbursements and other payments to customers for alleged legal violations and to impose significant penalties, as well as injunctive relief that prohibits lenders from engaging in allegedly unlawful practices. The CFPB also has the authority to obtain cease and desist orders providing for affirmative relief or monetary penalties. State regulation of financial products and potential enforcement actions could also adversely affect business, financial condition, or results of operations. For example, on November 29, 2021, the DFPI proposed rules under the California Consumer Financial Protection Law to allow the DFPI to require businesses that provide financial products such as debt settlement, student debt relief, education financing, and wage-based advances to register with the DFPI and provide records to facilitate the oversight of the registrants in their interaction with consumers in California. The DFPI’s expanding its authority to have an increased emphasis on consumer protection that may be viewed as an effort to create a state-run equivalent of the CFPB.

### *USA PATRIOT Act*

The PATRIOT Act, designed to deny terrorists and others the ability to obtain access to the United States financial system, has significant implications for depository institutions, brokers, dealers, and other businesses involved in the transfer of money. The PATRIOT Act, as implemented by various federal regulatory agencies, requires the Company and the Bank to establish and implement policies and procedures with respect to, among other matters, anti-money laundering, compliance, suspicious activity and currency transaction reporting and due diligence on customers and prospective customers. The PATRIOT Act and its underlying regulations permit information sharing for counter-terrorist purposes between federal law enforcement agencies and financial institutions, as well as among financial institutions, subject to certain conditions, and require the FRB, the FDIC and other federal banking agencies to evaluate the effectiveness of an applicant in combating money laundering activities when considering a bank holding company acquisition and/or a bank merger.

The Bank regularly evaluates and continues to enhance the systems and procedures to continue to comply with the PATRIOT Act and other anti-money laundering initiatives. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing, or to comply with all of the relevant laws or regulations, could have serious legal, strategic, and reputational consequences for the institution and result in material fines and sanctions.

### *ANTI-MONEY LAUNDERING ACT OF 2020*

The Anti-Money Laundering Act of 2020 (AML Act) was enacted effective January 1, 2021 and presents the most comprehensive revisions and enhancements to anti-money laundering and counter terrorism laws since the Currency and Foreign Transactions Reporting Act of 1970 and the USA PATRIOT Act of 2001 (BSA). The impact of the new legislation will not be fully known until required regulations are adopted and implemented, but the AML Act represents significant changes and reaffirms and broadens the government's oversight and commitment to addressing the illicit activities and financing of terrorism.

Many of the provisions of the AML Act deal with the operations of the federal agencies primarily responsible for addressing terrorism financing and the safeguarding of the national security of the United States, such as the U.S. Treasury and its Financial Crimes Enforcement Network (FinCEN), including the requirement for FinCEN to engage anti-money laundering (AML) and terrorist financing investigations experts and the requirement to facilitate information sharing with other federal and state and even foreign law enforcement agencies. On June 30, 2021, FinCEN issued the first government-wide priorities for anti-money laundering and countering the financing of terrorism to encourage banks to incorporate the priorities into their risk-based BSA compliance programs. The priorities identified were:

- (i) corruption;
- (ii) cybercrime and cybersecurity;
- (iii) terrorist financing;
- (iv) fraud;
- (v) transnational crime organizations;
- (vi) drug trafficking;
- (vii) human trafficking; and
- (viii) proliferation financing through support networks.

The AML Act also expands the reach of federal AML laws by extending their applicability to a broader range of industries, such as entities involved in futures, precious metals, precious stones and jewels, antiquities, and cryptocurrency. On September 24, 2021, FinCEN issued proposed rules to include a person engaged in the trade of antiquities under the definition of "financial institution" subjecting such person to regulations prescribed by the Secretary of the Treasury.

The AML Act aims to balance the burdens imposed by reporting on financial institutions and the benefits derived by Federal law enforcement agencies. The AML Act requires a review of currency transaction and suspicious activity reports submitted by financial institutions to determine to what extent the reporting can be streamlined and made more useful. Included is the obligation to review the dollar thresholds for reporting currency transactions and to establish automated processes for filing simple, non-complex categories of reports. It calls for greater integration between financial institution systems and the electronic filing system to allow for automatic population of report fields and the submission of transaction data.

Other provisions of the AML Act enhance enforcement. The Act provides protection for financial institutions keeping open a customer's account or transaction at the request of a federal law enforcement agency or at the request of a state or local agency with the concurrence of FinCEN and increases civil penalties for financial institutions and persons violating the recordkeeping and reporting obligations. Persons found to have committed repeated "egregious violations" may be barred from serving on boards of directors of financial institutions and fined in an amount that is equal to the profit gained by such person by reason of such violation. If that person is a partner, director, officer or employee of a financial institution, that person may be ordered to

repay any bonus paid to that person, irrespective of the amount of the bonus or how it was calculated. New criminal penalties have been created for concealing from or misrepresenting to a financial institution any material facts concerning:

- (i) the ownership or control of assets involved in a monetary transaction involving a senior foreign political figure in amounts exceeding \$1 million; or
- (ii) the source of funds in a monetary transaction involving an entity found to be a primary money laundering concern.

The AML Act also authorize the Treasury to pay whistleblower awards leading to fines or forfeitures of at least \$50,000 up to the lower of \$150,000 or 25% of the fine or forfeiture and allows for the payment to whistleblowers of up to 30% of the fine or forfeiture.

One of the most significant portions of the AML Act is The Corporate Transparency Act (CTA), which will requires the reporting of certain information regarding “beneficial owners” of “reporting companies” to a confidential FinCEN database. Reporting companies are defined as any corporation, limited liability company or other entity formed in the U.S. under the laws of a state or Indian Tribe or registered as a foreign entity to do business in the U.S., other than those specifically excluded, such as:

- (i) companies reporting or with a class of securities registered with the SEC under the Securities Act of 1934;
- (ii) banks, bank holding companies, and credit unions;
- (iii) money transmitters, registered broker-dealers, registered investment advisors, and investment companies;
- (iv) public utilities and insurance companies;
- (v) 503(c)(3) entities;
- (vi) entities that employ more than 20 employees, have reported gross receipts or sales to the Internal Revenue Service in excess of \$5.0 million in the prior year, and have an operating presence in the U.S.; and
- (vii) certain “inactive” entities.

A beneficial owner is any individual who directly, or indirectly exercises substantial control over an entity or owns or controls 25% or more of the ownership interest of an entity. The reporting company is required to provide FinCEN with the legal name, date of birth, current resident or business address, and an acceptable identification number of the beneficial owner. In 2022, FinCEN issued a final rule requiring the reporting of beneficial ownership information by entities “created” or “doing business” in the United States before January 1, 2024, beginning January 1, 2025. Recently, the Trump administration through the Treasury Department indicated it would not seek enforcement of the required beneficial ownership reporting.

Under the CTA, the Treasury is to minimize the burden on reporting companies and ensure the information deposited in the database is maintained in the strictest confidence and made available for inspection or disclosure by FinCEN only for the purposes set forth in the AML Act and only to:

- (i) federal agencies engaged in national security, intelligence or law enforcement;
- (ii) state, local or Tribal law enforcement agencies, subject to authorization by a court of competent jurisdiction;
- (iii) financial institutions subject to customer due diligence requirements with the consent of the reporting company;
- (iv) requests by a federal or other appropriate regulatory agency;
- (v) certain Treasury officials for tax administration purposes;
- (vi) authorized federal agencies on behalf of a properly recognized foreign authority.

During 2022, FinCEN issued proposed regulations for a pilot program to permit financial institutions to share suspicious activity information with their foreign branches, subsidiaries and affiliates to combat illicit finance risks under the AML Act.

The foregoing is only a summary of selected provisions of the AML Act. Given that regulations implementing the new AML Act are being proposed but have not yet been adopted or implemented, the Company cannot determine at this time the effect, if any, the AML Act will have on the Company’s future results of operations or financial condition.

#### *Office of Foreign Assets Control (“OFAC”) Regulation*

The United States has imposed economic sanctions that affect transactions with designated foreign countries, designated nationals, and others. These rules are based on their administration by OFAC. The OFAC-administered sanctions targeting designated countries take many different forms. Generally, however, they contain one or more of the following elements: (i) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on “U.S. persons” engaging in financial transactions relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked assets (e.g.,



property and bank deposits) cannot be paid out, withdrawn, set off, or transferred in any manner without a license from OFAC. Failure to comply with these sanctions could have serious legal, strategic, and reputational consequences, and result in civil money penalties on the Company and the Bank.

### *Community Reinvestment Act*

The Community Reinvestment Act (CRA) generally requires the Bank to identify the communities it serves and to make loans and investments, offer products, make donations in, and provide services designed to meet the credit needs of these communities. The CRA also requires the Bank to maintain comprehensive records of its CRA activities to demonstrate how we are meeting the credit needs of the Bank's communities. These documents are subject to periodic examination by the FRB. During these examinations, the FRB rates such institutions' compliance with CRA as "Outstanding," "Satisfactory," "Needs to Improve" or "Substantial Noncompliance." The CRA requires the FRB to take into account the record of a bank in meeting the credit needs of all of the communities served, including low- and moderate-income neighborhoods, in determining such rating. Failure of an institution to receive at least a "Satisfactory" rating could inhibit such institution or its holding company from undertaking certain activities, including acquisitions. The Bank received a CRA rating of "Satisfactory" as of its most recent examination. In the case of a bank holding company, such as the Company, when applying to acquire a bank, savings association, or a bank holding company, the FRB will assess the CRA record of each depository institution of the applicant bank holding company in considering the application.

On October 24, 2023, the FRB and FDIC released a joint final rule to amend the CRA with the following objectives: promoting greater access to credit, investment, and banking services in low- and moderate-income (LMI) communities; adjusting to industry changes, such as the rise of internet and mobile banking; ensuring clearer and more consistent CRA regulations; and customizing CRA evaluations and data collection based on bank size and type. In March 2024, bank regulators issued an interim final rule to delay the effective date of certain provisions from April 1, 2024, to January 1, 2026. The Company continues to monitor challenges to the CRA regulations raised by various trade groups and stakeholders, as it relates to the Bank.

### *Customer Information Privacy and Cybersecurity*

The FRB and other bank regulatory agencies have adopted guidelines for safeguarding confidential, personal, and non-public customer information. These guidelines require each financial institution, under the supervision and ongoing oversight of its board of directors or an appropriate committee thereof, to create, implement, and maintain a comprehensive written information security program designed to ensure the security and confidentiality of customer information, protect against any anticipated threats or hazard to the security or integrity of such information, and protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer. We have adopted a customer information security program to comply with these requirements.

In March 2015, federal regulators issued two related statements regarding cybersecurity. One statement indicates that financial institutions should design multiple layers of security controls to establish lines of defense and to ensure that their risk management processes also address the risk posed by compromised customer credentials, including security measures to reliably authenticate customers accessing internet-based services of the financial institution. The other statement indicates that a financial institution's management is expected to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the institution's operations after a cyber-attack involving destructive malware. A financial institution is also expected to develop appropriate processes to enable recovery of data and business operations and address rebuilding network capabilities and restoring data if the institution or its critical service providers fall victim to this type of cyber-attack. If we fail to observe the regulatory guidance, we could be subject to various regulatory sanctions, including financial penalties.

In July 2023, the SEC adopted new rules to enhance and standardize disclosures regarding cybersecurity risk management, strategy, governance, and incidents by public companies. There are two main components:

- Material cybersecurity incidents must be filed on Form 8-K within four business days of a determination that a cybersecurity incident is material.
- Annual disclosure of cybersecurity risk management, strategy, and governance must be disclosed on Form 10-K. The Company's cybersecurity disclosure can be found in [Item 1C. Cybersecurity](#).

### *Privacy*

The GLBA and the California Financial Information Privacy Act require financial institutions to implement policies and

procedures regarding the disclosure of non-public personal information about consumers to non-affiliated third parties. In general, the statutes require disclosures to consumers on policies and procedures regarding the disclosure of such non-public personal information and, except as otherwise required by law, prohibit disclosing such information except as provided in the Bank's policies and procedures. We have implemented privacy policies addressing these restrictions that are distributed regularly to all existing and new customers of the Bank.

### *Bank Merger Act*

The Bank Merger Act grants the FDIC and other bank regulatory agencies the authority to review and approve or deny proposed bank mergers. It is part of the broader regulatory framework designed to ensure that such transactions do not harm competition, financial stability, or public interest. Understanding the regulatory framework of the Bank Merger Act ensures that the Company and the Bank are prepared for any potential changes in the competitive landscape, including shifts in market dynamics or new entrants that could arise from future mergers in the industry.

In September 2024, the FDIC issued a final statement of policy outlining its approach to reviewing Bank Merger Act applications for FDIC-supervised institutions, including the Bank. This policy establishes higher expectations for the statutory factors the FDIC must consider when evaluating such applications. Additionally, in September 2024, the DOJ withdrew its 1995 Bank Merger Guidelines and introduced the 2024 Banking Addendum, clarifying that it will evaluate competition concerns related to bank and bank holding company mergers using the 2023 Merger Guidelines and the 2024 Banking Addendum. This analysis may involve considering theories of harm and relevant markets not addressed by the 1995 guidelines, which primarily focused on deposit and branch concentrations. Recently, the FDIC board of directors approved a proposal to revoke that policy statement, reverting on an interim basis to guidelines published in 2008 for consideration of bank mergers, and indicated the FDIC was conducting a broader reevaluation of its bank merger review process. The proposed revocation is currently open for public comment until April 10, 2025.

### *Other Aspects of Banking Law*

The Bank is subject to federal statutory and regulatory provisions covering, among other things, security procedures, management interlocks, funds availability and truth-in-savings. There are also a variety of federal statutes that regulate acquisitions of control and the formation of bank holding companies, and the activities beyond owning banks that are permissible.

Moreover, additional initiatives may be proposed or introduced before Congress, the California Legislature, and other government bodies in the future which, if enacted, may further alter the structure, regulation, and competitive relationship among financial institutions and may subject the bank holding companies and banks to increased supervision and disclosure, compliance costs and reporting requirements. In addition, the various bank regulatory agencies often adopt new rules and regulations and policies to implement and enforce existing legislation. Bank regulatory agencies have been very aggressive in responding to concerns and trends identified in examinations, and this has resulted in the increased issuance of enforcement actions to financial institutions requiring action to address credit quality, liquidity and risk management, capital adequacy, compliance with the Bank Secrecy Act, as well as other safety and soundness concerns.

It cannot be predicted whether, or in what form, any such legislation or regulatory changes in policy may be enacted or the extent to which the Bank's businesses would be affected thereby. In addition, the outcome of examinations, any litigation, or any investigations initiated by state or federal authorities may result in necessary changes in the Bank's operations and increased compliance costs.

### *Human Capital*

The Company employed 114 full-time equivalent staff as of December 31, 2024. The employees are not represented by a collective bargaining unit, and the Company believes its relationship with its employees is good.

The Company's ability to attract, retain, and develop employees is a key to its success. We provide competitive pay that is consistent with the employee's position and experience. Annual increases in compensation are based on merit, which is documented throughout internal systems and communicated at the time of review and upon promotion or transfer. Certain employees participate in the Company's performance-based incentive programs, which may include additional bonus and incentive compensation and equity-based awards. Certain benefits are subject to eligibility, vesting, and performance requirements. Employee performance is measured formally at least annually.

Our employees' health, wellness, and safety are a priority to the Company. Employees receive a comprehensive benefits package that includes paid time off, sick time, Company matching contributions of 100% up to 4% of salary contributions to a

qualified retirement plan, and other health and wellness benefits including participation in Company paid or subsidized medical, dental, term-life, accidental death and dismemberment, long-term disability insurance, and employee assistance programs.

The Company's code of ethics prohibits discrimination or harassment. The Company requires all employees to agree to the code of ethics and participate in harassment prevention training annually.

### ***Available Information***

The Company files periodic reports and other reports under the Securities Exchange Act of 1934 with the Securities and Exchange Commission. These reports, as well as the Company's Code of Ethics, are posted and are available at no cost on the Company's website at <http://www.unitedsecuritybank.com> as soon as reasonably practical after the Company files such reports with the SEC. The Company's periodic and other reports filed with the SEC are also available at the SEC's website (<http://www.sec.gov>).

### **Item 1A - Risk Factors**

Not required for smaller reporting companies.

### **Item 1B - Unresolved Staff Comments**

The Company had no unresolved staff comments at December 31, 2024.

### **Item 1C - Cybersecurity**

- Management of the Company's wholly-owned subsidiary, United Security Bank (Bank), reports to the Board of Directors, or an appropriate committee of the board, at least annually. This report describes the overall status of the information security program and the Bank's compliance with these guidelines.
- The report discusses material matters related to the information security program, addressing issues such as: risk assessment; risk management and control decisions; service provider arrangements; results of testing; security breaches or violations and management's responses; and recommendations for changes in the information security program.
- The intent of this report is to communicate the overall status of the information security program, including any updates to the program components.
- In regard to cybersecurity threats and controls, the information security program addresses the Bank's cybersecurity strategy.
- Cybersecurity is an element of information security. Information security deals with information, regardless of its format – paper documents, digital and intellectual property, and verbal or visual communications.
- Cybersecurity focuses on protecting digital assets from intentional attacks. These assets include networks, computer hardware/software, and information that is processed, stored, or transported by networked systems and devices.
- The Information Security Program was initially designed, and is regularly updated, to comply with the following laws and regulations:
  - The Gramm-Leach-Bliley Act (GLBA) regarding protection of nonpublic personal information,
  - The Federal Financial Institutions Examination Council's "Interagency Guidelines Establishing Information Security Standards,"
  - Supplemental federal and state banking regulations and guidelines regarding protection of nonpublic customer information, as applicable to this program.
- Oversight of the Bank's cybersecurity program is the responsibility of the IT Committee of the Board of Directors. This committee is also responsible for approving the program's budget and staffing. Management of the program is the responsibility of the Bank's information security officer.
- To ensure appropriate segregation of duties, the information security officer is independent of IT operations staff and reports to the Bank's chief risk officer. The information security officer is responsible for responding to security events by ordering emergency actions to protect the institution and its customers from imminent loss of information; managing the negative effects on the confidentiality, integrity, availability, or value of information; and minimizing the disruption or degradation of critical services.
- The IT Committee of the Board of Directors meets bi-monthly, or as needed, to review risks resulting from cybersecurity threats.
- Testing is conducted annually using external third-party penetration testing and internal vulnerability assessments.

While cybersecurity risks have the potential to materially affect the Company's business, financial condition, and results of operations, the Company does not believe that risks from cybersecurity threats or attacks, including as a result of any previous cybersecurity incidents, have materially affected the Company, including its business strategy, results of operations or financial

condition. However, the sophistication of cyber threats continues to increase, and the Company’s cybersecurity risk management and strategy may be insufficient or may not be successful in protecting against all cyber incidents. Accordingly, no matter how well designed or implemented the Company’s controls are, it will not be able to anticipate all cyber security breaches. Preventative measures cannot provide absolute security and may not be sufficient in all circumstances or mitigate all potential risks, and the Company may not be able to implement effective preventive measures against cyber security breaches in a timely manner.

## Item 2 - Properties

The Company provides traditional banking services through 13 branches and two loan production offices located primarily throughout California’s Central Valley. Bank branches are located in Fresno, Madera, Kern, and Santa Clara Counties. The Company also has nine remote ITM locations. Both loan production offices are housed at branch facilities in Fresno County. The administration building is located in Fresno, California, and does not provide branch services.

At December 31, 2024, the Company held leases for seven of the branches and the nine remote ITM locations, and owned the remaining six branches. The Company also owns its headquarters in Fresno, California. Most of the leases have renewal options and, in management’s opinions, all properties are adequately covered by insurance. The Company considers its existing facilities to be sufficient for current and future use. Please see “[Note 5 - Premises and equipment](#)” and “[Note 9 - Leases](#)” in the “Notes to Consolidated Financial Statements” for further detail.

## Item 3 - Legal Proceedings

From time to time, the Company is party to claims and legal proceedings arising in the ordinary course of business. At this time, the Company is not aware of any pending legal proceedings to which it is a party or of which any of its property is the subject, nor is the Company aware of any such proceedings known to be contemplated by governmental entities, which proceedings will have a material adverse effect on the financial condition or results of operations of the Company.

## Item 4 - Mine Safety Disclosures

Not applicable.

## PART II

## Item 5 - Market for the Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

### Trading History

The Company’s common stock trades on The Nasdaq Global Select Market and is traded under the symbol UBFO. At December 31, 2024, there were approximately 502 record holders of common stock. This does not reflect the number of persons or entities who hold their stock in nominee or street name through various brokerage firms.

*The following table sets forth the high and low closing sales prices by quarter for the common stock, for the years ended December 31, 2024, and 2023.*

Quarter	Closing Prices		Volume
	High	Low	
4th Quarter 2024	\$ 10.31	\$ 8.14	1,587,500
3rd Quarter 2024	\$ 8.91	\$ 7.07	2,016,700
2nd Quarter 2024	\$ 7.53	\$ 7.12	661,000
1st Quarter 2024	\$ 8.28	\$ 7.15	971,000
4th Quarter 2023	\$ 8.65	\$ 7.10	1,587,900
3rd Quarter 2023	\$ 7.61	\$ 6.46	1,456,200
2nd Quarter 2023	\$ 6.87	\$ 5.52	1,308,300
1st Quarter 2023	\$ 8.32	\$ 6.16	1,978,100

## Dividends

The Company's shareholders are entitled to dividends when and if declared by the Board of Directors out of funds legally available therefore. Dividends paid to shareholders are subject to restrictions set forth in the California General Corporation Law, which provides that a California corporation may make a distribution, including paying dividends on its capital stock, from retained earnings to the extent that the retained earnings exceed (a) the amount of the proposed distribution plus (b) the amount, if any, of dividends in arrears on shares with preferential dividend rights. Alternatively, a California corporation may make a distribution, if, immediately after the distribution, the value of its assets equals or exceeds the sum of (a) its total liabilities plus (b) the liquidation preference of any shares which have a preference upon dissolution over the rights of shareholders receiving the distribution. As a bank holding company without significant assets other than its equity position in the Bank, the ability to pay dividends to shareholders depends primarily upon dividends received from the Bank. Such dividends paid by the Bank to the Company are subject to certain limitations. See "[Item 7 - Management's Discussion and Analysis of Financial and Results of Operations - Liquidity and Capital Resources - Capital and Dividends.](#)"

Cash dividends declared during 2024 and 2023 are as follows:

2024			2023		
Date Declared	Date Paid	Dividend Amount	Date Declared	Date Paid	Dividend Amount
March 26, 2024	April 22, 2024	\$0.12	March 28, 2023	April 21, 2023	\$0.11
June 25, 2024	July 23, 2024	\$0.12	June 27, 2023	July 24, 2023	\$0.12
September 24, 2024	October 23, 2024	\$0.12	September 26, 2023	October 25, 2023	\$0.12
December 17, 2024	January 17, 2025	\$0.12	December 18, 2023	January 19, 2021	\$0.12

The amount and payment of dividends to our shareholders are set by the Board of Directors with numerous factors being taken into consideration including but not limited to earnings, financial condition, and the need for capital for expanded growth and general economic conditions. No assurance can be given that cash or stock dividends will be paid in the future.

## Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth securities authorized for issuance under equity compensation plans as of December 31, 2024. All of our equity compensation plans have been approved by the shareholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (column (a))	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	75,000	\$ 9.54	205,085
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	75,000	\$ 9.54	205,085

Under the United Security Bancshares 2015 Equity Incentive Award Plan (2015 Plan), we are authorized to issue restricted stock awards and units. Restricted stock awards and restricted stock units are not included in the total in column (a). At December 31, 2024, there were 15,538 unvested restricted stock awards and 145,453 shares of restricted stock units issued and outstanding.

A complete description of the above plans is included in "Item 8 - [Note 12 - Stock-Based Compensation to the Consolidated Financial Statements](#)," and is hereby incorporated by reference.

## Recent Sales of Unregistered Securities and Use of Proceeds from Registered Securities

On September 1, 2023, the Company issued 169 fully vested shares of its common stock to a former non-employee director in lieu of cash compensation for directors' fees. This grant reflects director compensation for a portion of the second quarter of 2023. The number of shares received in lieu of cash was calculated based on the closing price of the Company's common stock on September 1, 2023, which was \$7.21 per share. The shares of common stock issued to the former non-employee director



contain a Rule 144 restrictive legend and are exempt from registration in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended, as a transaction by an issuer not involving a public offering.

We believed that Section 4(a)(2) was available because: (i) the issuance did not involve underwriters, underwriting discounts, or commissions, (ii) the shares issued are restricted stock with transfer restrictions, (iii) no sales were made by general solicitation or advertising, and (iv) the sales were made to an accredited investor.

### ***Purchases of Equity Securities by the Issuer and Affiliated Purchasers***

On April 25, 2017, the Company's Board of Directors approved the repurchase of up to \$3 million of the outstanding common stock of the Company. The duration of the program is open-ended and the timing of purchases will depend on market conditions. The Company did not repurchase any common shares under the stock repurchase plan during the years ended December 31, 2024, and 2023.

### **Item 6 - [Reserved]**

### **Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations**

**The following discussion and analysis of the Company's financial condition and results of operations should be read together with the consolidated financial statements and related notes included in this report.**

#### **Overview**

##### ***The Company***

United Security Bancshares, a California corporation, is a bank holding company registered under the BHCA with corporate headquarters located in Fresno, California. The principal business of United Security Bancshares is to serve as the holding company for its wholly-owned subsidiary, United Security Bank. References to the "Bank" refer to United Security Bank together with its wholly-owned subsidiary, York Monterey Properties, Inc. References to the "Company" refer to United Security Bancshares together with its subsidiaries on a consolidated basis. References to the "Holding Company" refer to United Security Bancshares, the parent company, on a stand-alone basis. The Bank currently has 13 banking branches, which provide banking services in Fresno, Madera, Kern, and Santa Clara counties in the state of California. In addition to full-service branches, the Bank has several stand-alone ATM machines within its geographic footprint.

##### ***Executive Summary***

During 2024, the Company focused on its strategy of serving the banking needs of its customers and retaining deposit balances in a competitive deposit rate environment.

##### ***2024 Financial Summary and 2023 Comparison***

- Net interest margin decreased to 4.26% at December 31, 2024 compared to 4.29% at December 31, 2023.
- Annualized average cost of deposits was 0.96% for the year ended December 31, 2024, compared to 0.64% for the year ended December 31, 2023.
- Net income decreased to \$14.8 million for the year ended December 31, 2024 compared to \$19.8 million during the year ended December 31, 2023.
- Interest and fees on loans increased \$1.1 million to \$55.2 million for the year ended December 31, 2024.
- Interest expense increased 25.73% to \$13.9 million, as a result of increases in deposit interest expense offset by decreases in short-term borrowing costs, compared to \$11.1 million for the year ended December 31, 2023.
- The total fair value of the junior subordinated debentures (TRUPs) changed by \$368,000 during the year ended December 31, 2024. A loss of \$614,000 was recorded through the income statement and a gain of \$246,000 was recorded through accumulated other comprehensive income. The total fair value of TRUPs changed by \$270,000 during the year ended December 31, 2023. A gain of \$274,000 was recorded through the income statement and a loss of \$544,000 was recorded through accumulated other comprehensive income.
- The Company recorded a provision for credit losses of \$3.0 million for the year ended December 31, 2024, compared to a provision for credit losses of \$1.5 million for the previous year.
- Noninterest expense increased 8.96% to \$28.3 million, compared to \$26.0 million for the year ended December 31, 2023.

- Annualized return on average assets (“ROAA”) decreased to 1.22%, compared to 1.57% for the year ended December 31, 2023.
- Annualized return on average equity (“ROAE”) decreased to 11.52%, compared to 17.05% for the year ended December 31, 2023.
- Total loans, net of unearned fees, increased 0.9% to \$928.5 million, compared to \$920.0 million at December 31, 2023.
- Total deposits increased 5.3% to \$1.06 billion, compared to \$1.00 billion at December 31, 2023.

### ***Current Trends Affecting Results of Operations and Financial Position***

The Company’s overall operations are impacted by a number of factors, including not only interest rates and margin spreads, which impact the results of operations, but also the composition of the Company’s balance sheet. One of the primary strategic goals of the Company is to maintain a mix of assets that will generate a reasonable rate of return without undue risk, and to finance those assets with a low-cost and stable source of funds. Liquidity and capital resources must also be considered in the planning process to mitigate risk and allow for growth.

Because the Bank primarily conducts banking operations in California’s Central Valley, its operations and cash flows are subject to changes in the economic condition of the Central Valley. Our business results are dependent in large part upon the business activity, population, income levels, deposits, and real estate activity in the Central Valley, and declines in economic conditions can have adverse material effects upon the Bank. In addition, the Central Valley remains largely dependent on agriculture. A downturn in agriculture and agricultural-related business could indirectly and adversely affect the Company as many borrowers and customers are involved in, or are impacted to some extent by, the agricultural industry. While a great number of our borrowers are not directly involved in agriculture, they would likely be impacted by difficulties in the agricultural industry since many jobs in our market areas are ancillary to the regular production, processing, marketing, and sale of agricultural commodities. The agricultural industry has been affected by declines in prices and changes in yields of various crops and other agricultural commodities. Weaker prices could reduce the cash flows generated by farms and the value of agricultural land in our local markets and thereby increase the risk of default by our borrowers or reduce the foreclosure value of agricultural land and equipment that serve as collateral for our loans. In particular, farm income has seen recent declines and, in line with the downturn in farm income, farmland prices are coming under pressure. Additionally, the Trump administration’s potential for abrupt policy shifts, and in particular impacts on the market from tariffs (and threats thereof), may cause fluctuations in market conditions, impacting our investment portfolio, lending activities, and overall financial performance, and those of our borrowers. Such impacts may be exacerbated in the agriculture industry, which could directly impact the financial health and operations of our borrowers.

The state of California periodically experiences severe droughts resulting in significantly reduced water allocations for farmers in the Central Valley. Due to these water issues, the impact on businesses and consumers located in the Company’s market areas is not possible to quantify. In response, the California state legislature passed the Sustainable Groundwater Management Act with the purpose of promoting better local and regional management of groundwater use and sustainable groundwater management in California by 2042. The local districts began to develop, prepare, and implement the Groundwater Sustainability Plans in 2020. The effect of such plans on Central Valley agriculture, if any, is still unknown.

The Company’s earnings are impacted by monetary and fiscal policies of the United States government and its agencies. The FRB has, and is likely to continue to have, an important impact on the operating results of depository institutions through its power to implement national monetary policy, among other things, to curb inflation or combat a recession. The FRB affects the levels of bank loans, investments and deposits through its control over the issuance of United States government securities, its regulation of the discount rate applicable to member banks, and its influence over reserve requirements to which member banks are subject. Due to declines in inflation rates during 2024, the FOMC lowered interest rates three times beginning in September 2024 for a total reduction of 100 basis points. The FRB December 2024 statement regarding further interest rate cuts for 2025 indicated that rates would likely be cut at a slower pace due to revised inflation forecasts and downward revisions to the unemployment rate.

Inflation may negatively affect the market value of investment securities and lead to increased interest expense on deposits and higher costs for borrowings as well as increased labor costs due to higher wages. Additionally, increased inflation levels could lead to higher oil and gas prices, which may negatively impact the net operating income of borrowers and affect their ability to repay their loans.

Elevated inflation and expectations for elevated future inflation can adversely impact economic growth, consumer and business confidence, and our financial condition and results. In addition, elevated inflation may cause unexpected changes in monetary policies and actions which may adversely affect consumer confidence, the economy, and our financial condition and results.

Supply chain constraints and a tightening of labor markets could potentially exacerbate inflation and sustain it at elevated levels, even as growth slows. The risk of sustained high inflation would likely be accompanied by monetary policy tightening with potential negative effects on various elevated asset classes.

The Company continually evaluates its strategic business plan as economic and market factors change in its market area. Balance sheet management, enhancing revenue sources, and maintaining market share will continue to be of primary importance.

### **Results of Operations**

The following table sets forth selected historical consolidated financial information for each of the years in the three-year period ended December 31, 2024. The selected financial data should be read in conjunction with the consolidated financial statements as of December 31, 2024 and 2023, and the related Notes to Consolidated Financial Statements contained in “[Item 8 - Financial Statements and Supplementary Data](#).”



(In thousands, except per-share data and ratios)	For the Years Ended December 31,		
	2024	2023	2022
<u>Summary of Year-to-Date Earnings:</u>			
Interest income	\$ 60,751	\$ 60,377	\$ 49,257
Interest expense	13,901	11,056	3,195
Net interest income	46,850	49,321	46,062
Provision for credit losses	2,963	1,460	1,802
Net interest income after provision for credit losses	43,887	47,861	44,260
Noninterest income	4,713	5,569	1,838
Noninterest expense	28,280	25,954	24,039
Income before provision for income taxes	20,320	27,476	22,059
Provision for income taxes	5,537	7,680	6,373
Net income	<u>\$ 14,783</u>	<u>\$ 19,796</u>	<u>\$ 15,686</u>
<u>Per Share Data:</u>			
Net income - Basic	\$ 0.86	\$ 1.16	\$ 0.92
Net income - Diluted	\$ 0.86	\$ 1.16	\$ 0.92
Weighted average common shares outstanding - Basic	17,188,384	17,114,214	17,040,241
Weighted average common shares outstanding - Diluted	17,199,817	17,125,186	17,061,833
Book value per share	\$ 7.51	\$ 7.14	\$ 6.59
<u>Financial Position at Year End:</u>			
Total assets	\$ 1,211,718	\$ 1,211,045	\$ 1,299,193
Total net loans	912,416	904,384	969,996
Total deposits	1,057,622	1,004,477	1,165,484
Total shareholders' equity	130,362	122,542	112,463
<u>Selected Financial Ratios:</u>			
Return on average assets	1.22 %	1.57 %	1.16 %
Return on average equity	11.52 %	17.05 %	13.75 %
Average equity to average assets	10.60 %	9.20 %	8.46 %
Net interest margin (1)	4.26 %	4.29 %	3.69 %
Allowance for credit losses as a percentage of total nonperforming assets	93.29 %	95.15 %	52.16 %
Net charge-offs to net loans	0.28 %	0.25 %	0.39 %
Loan-to-deposit ratio	87.79 %	91.59 %	84.10 %
Net charge-offs to average loans	0.28 %	0.24 %	0.10 %
Nonaccrual loans to total loans	1.31 %	1.24 %	1.48 %
Allowance for credit losses as a percentage of nonaccrual loans	131.55 %	136.77 %	70.01 %
Allowance for credit losses as a percentage of period-end loans	1.72 %	1.70 %	1.04 %
Dividend payout ratio	56.35 %	40.67 %	47.82 %

(1) Fully taxable-equivalent

Net income for the year ended December 31, 2024 was \$14.8 million, or \$0.86 per basic and diluted share, compared to \$19.8 million, or \$1.16 per basic and diluted share, for the year ended December 31, 2023. The decrease of \$5.0 million between December 31, 2023 and December 31, 2024 is primarily the result of increases in interest paid on deposits and increases in the provision for credit losses, offset by increases in loan and fee income. The decrease is also due to the change in fair value of TRUPS resulting from a gain of \$274,000 recorded for the year ended December 31, 2023 compared to a loss of \$614,000

recorded for the year ended December 31, 2024. Interest income increased by \$374,000, or 0.6%, between December 31, 2023 and December 31, 2024. The provision for income taxes decreased by \$2.1 million, or 27.9%.

Return on average assets was 1.22% for the year ended December 31, 2024 compared to 1.57% for the year ended December 31, 2023. Return on average equity was 11.52% for the year ended December 31, 2024 compared to 17.05% for the year ended December 31, 2023.

The lower return on average assets experienced by the Company between 2024 and 2023 was the result of decreases in income due to the higher interest rates reflected in interest expenses and a decrease in average assets. Decreases in the return on average equity were the result of decreases in net income outpacing growth in shareholder's equity. The growth in equity is affected by our dividend payout ratio as well as changes in accumulated other comprehensive income.

### ***Net Interest Income***

Net interest income, the most significant component of earnings, is the difference between the interest and fees received on earning assets and the interest paid on interest-bearing liabilities. Earning assets consist primarily of loans and, to a lesser extent, investments in securities issued by federal, state and local authorities, and corporations, as well as interest-bearing deposits and overnight investments in federal funds loaned to other financial institutions. These earning assets are funded by a combination of interest-bearing and noninterest-bearing liabilities, primarily customer deposits, and may include short-term and long-term borrowings.

Net interest income before the provision for credit losses was \$46.9 million for the year ended December 31, 2024, representing a decrease of \$2.5 million, or 5.0%, compared to net interest income before the provision for credit losses of \$49.3 million for the year ended December 31, 2023. Market rate increases reflected in increased deposit expenses, partially offset by increased loan interest income, led to decreases in the net interest margin, as shown in the table below. The net interest margin decreased to 4.26% for the year ended December 31, 2024, compared to 4.29% for the year ended December 31, 2023.

### Distribution of Average Assets, Liabilities and Shareholders' Equity:

The following table summarizes the distribution of average assets, liabilities and shareholders' equity, as well as interest income and yields earned on average interest-earning assets and interest expense and rates paid on average interest-bearing liabilities, presented on a tax-equivalent basis for the years indicated:

(Dollars in thousands)	2024			2023		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
<b>Assets:</b>						
Interest-earning assets:						
Loans and leases (1) (2)	\$ 925,993	\$ 55,236	5.97 %	\$ 942,135	\$ 54,183	5.75 %
Investment securities (at fair value)	168,740	5,209	3.09 %	201,958	5,870	2.91 %
Interest-bearing deposits in FRB	5,901	306	5.19 %	6,187	324	5.24 %
Total interest-earning assets	1,100,634	\$ 60,751	5.52 %	1,150,280	\$ 60,377	5.25 %
Allowance for credit losses	(15,727)			(15,759)		
Noninterest-earning assets:						
Nonaccrual loans	11,906			13,300		
Cash and due from banks	33,457			34,811		
Premises and equipment, net	8,986			9,390		
Accrued interest receivable	7,267			7,329		
Other real estate owned	4,582			4,582		
Other assets	59,879			60,927		
Total average assets	\$ 1,210,984			\$ 1,264,860		
<b>Liabilities and Shareholders' Equity:</b>						
Interest-bearing liabilities:						
NOW accounts	\$ 125,295	\$ 746	0.60 %	\$ 137,007	\$ 307	0.22 %
Money market accounts	321,776	6,541	2.03 %	311,654	4,244	1.36 %
Savings accounts	116,900	129	0.11 %	119,312	132	0.11 %
Time deposits	75,756	2,163	2.86 %	83,126	2,075	2.50 %
Other borrowings	62,212	3,506	5.64 %	63,183	3,499	5.54 %
Junior subordinated debentures	12,464	816	6.55 %	12,464	799	6.41 %
Total interest-bearing liabilities	714,403	\$ 13,901	1.95 %	726,746	\$ 11,056	1.52 %
Noninterest-bearing liabilities:						
Noninterest-bearing checking	358,212			410,673		
Accrued interest payable	388			274		
Other liabilities	9,677			10,770		
Total average liabilities	1,082,680			1,148,463		
Total average shareholders' equity	128,304			116,397		
Total average liabilities and shareholders' equity	\$ 1,210,984			\$ 1,264,860		
Interest income as a percentage of average earning assets			5.52 %			5.25 %
Interest expense as a percentage of average earning assets			1.26 %			0.96 %
Net interest margin			4.26 %			4.29 %

(1) Loan interest income includes loan costs of approximately \$903 for the year ended December 31, 2024 and loan costs of approximately \$297 for the year ended December 31, 2023.

(2) Average loans do not include nonaccrual loans but do include interest income recovered from previously charged-off loans.

The prime rate decreased from 8.50% for the year ended 2023 to 7.50% for the year ended 2024. Future increases or decreases will affect rates for both interest income and expense and the resultant net interest margin.

Both net interest income and net interest margin are affected by changes in the amount and mix of interest-earning assets and interest-bearing liabilities, referred to as "volume change." Both are also affected by changes in yields on interest-earning assets and rates paid on interest-bearing liabilities, referred to as "rate change." The following table sets forth the changes in interest income and interest expense for each major category of interest-earning asset and interest-bearing liability, and the amount of change attributable to volume and rate changes for the years ended December 31, 2024, and 2023.

# Rate and Volume Analysis:

(In thousands)	2024 compared to 2023		
	Total	Rate	Volume
Increase (decrease) in interest income:			
Loans	\$ 1,053	\$ 1,992	(939)
Investment securities	(661)	348	(1,009)
Interest-bearing deposits in FRB	(18)	(3)	(15)
Total interest income	374	2,337	(1,963)
Increase (decrease) in interest expense:			
Interest-bearing demand accounts	2,737	2,753	(16)
Savings accounts	(3)	—	(3)
Time deposits	86	280	(194)
Other borrowings	7	61	(54)
Subordinated debentures	18	18	—
Total interest expense	2,845	3,112	(267)
Decrease in net interest income	\$ (2,471)	\$ (775)	(1,696)

The net interest margin decreased in 2024 due to increases in deposit costs, partially offset by increases in loan portfolio yields and investment securities yields. The increase in deposit costs was primarily a result of the higher rates paid on purchased brokered deposits. The increases in loan yields are a result of the repricing of variable-rate loans and higher rates on loan originations. Investment yields increased due to increases in rates on floating-rate investment securities. The yield on the loan portfolio was 6.0% for the year ended December 31, 2024, compared to 5.8% for the year ended December 31, 2023. For the year ended December 31, 2024, total interest income increased approximately \$374,000, or 0.6%, compared to the year ended December 31, 2023, reflective of increases of \$1.1 million in loan interest income, offset by decreases of \$661,000 in investment income. Average interest-earning assets decreased approximately \$49.6 million between 2024 and 2023 while the rate on interest-earning assets increased 27.0 basis points between the two periods. The decrease in average earning assets between 2024 and 2023 was the result of decreases of \$33.2 million in investment securities due to maturities and paydowns, and decreases of \$17.5 million in loans.

For the year ended December 31, 2024, total interest expense increased approximately \$2.8 million, or 25.7%, compared to the year ended December 31, 2023, due to increased expenses on deposits and short-term borrowings. Between the two periods, average interest-bearing liabilities decreased by \$12.3 million, while the average rates paid on these liabilities increased by 43 basis points. At December 31, 2024, the Company held \$100.3 million in brokered deposits. These brokered deposits were purchased in order to reduce short-term borrowings, fund loan growth, and offset deposit runoff as part of the Bank's cash management strategy. The Company held no brokered deposits at December 31, 2023.

The following table summarizes the year-to-date averages of the components of interest-earning assets as a percentage of total interest-earning assets, and the components of interest-bearing liabilities as a percentage of total interest-bearing liabilities:

	Year-to-Date Average	
	2024	2023
Loans	84.13 %	82.11 %
Investment securities available for sale	15.33 %	17.36 %
Interest-bearing deposits in FRB	0.54 %	0.53 %
Total earning assets	100.00 %	100.00 %
NOW accounts	17.55 %	18.90 %
Money market accounts	45.04 %	42.98 %
Savings accounts	16.36 %	16.46 %
Time deposits	10.60 %	11.46 %
Other borrowings	8.71 %	8.71 %
Subordinated debentures	1.74 %	1.49 %
Total interest-bearing liabilities	100.00 %	100.00 %

### **Provision for Credit Losses**

Provisions for credit losses are determined on the basis of management's periodic credit review of the loan portfolio, consideration of past loan loss experience, current and future economic conditions, and other pertinent factors. After reviewing these factors, management, at times, makes adjustments in order to maintain an allowance for credit losses adequate for the coverage of estimated losses inherent in the loan portfolio. Based on the condition of the loan portfolio, management believes the allowance is appropriate to cover risk elements in the loan portfolio.

For the year ended December 31, 2024, a \$3.0 million provision was made to the allowance for credit losses. A provision totaling \$1.5 million was made for the year ended December 31, 2023.

The allowance for credit losses increased to 1.72% of total loans at December 31, 2024, compared to 1.70% at December 31, 2023. The provisions of \$3.0 million recorded in 2024 and \$1.5 million recorded in 2023, were primarily the result of both charge-offs within the student loan portfolio and adjustments in qualitative factors related to economic uncertainties. For further discussion, refer to ["Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Asset Quality and Allowance for Credit Losses."](#)

### **Noninterest Income**

The following table summarizes significant components of noninterest income for the years indicated:

(In thousands)	2024	% of Total	2023	% of Total
Customer service fees	\$ 2,918	61.91 %	\$ 2,918	52.40 %
Increase in cash surrender value of bank-owned life insurance	551	11.69 %	557	10.00 %
Gain on proceeds from bank-owned life insurance	573	12.16 %	907	16.29 %
(Loss) gain on fair value of junior subordinated debentures	(614)	(13.03)%	274	4.92 %
Gain on sale of assets	11	0.23 %	—	— %
Other	1,274	27.04 %	913	16.39 %
Total	\$ 4,713	100.00 %	\$ 5,569	100.00 %

Noninterest income consists primarily of fees and commissions earned on services provided to banking customers, fair value adjustments to the value of TRUPs, and, to a lesser extent, loss on sales of Company assets and other miscellaneous income.

Noninterest income for the year ended December 31, 2024 decreased \$856,000, or 15.4%, when compared to 2023. Customer service fees, the primary component of noninterest income, totaled \$2.9 million for both periods. The decrease in noninterest income of \$856,000 between the two periods is primarily the result of changes in the fair value of TRUPs. A loss of \$614,000

was recorded during the year ended 2024 compared to a gain of \$274,000 recorded during 2023. The change in the fair value of TRUPs was primarily caused by fluctuations in the SOFR yield curve. Gains on proceeds from bank-owned life insurance totaled \$573,000 for the year ended December 31, 2024 and \$907,000 for the year ended December 31, 2023. Included in other income are increases of \$228,000 in miscellaneous income and \$140,000 in dividends from FHLB.

### ***Noninterest Expense***

*The following table sets forth the components of total noninterest expense in dollars and as a percentage of average earning assets for the years ended December 31, 2024, and 2023:*

<i>(Dollars in thousands)</i>	2024		2023	
	Amount	% of Average Earning Assets	Amount	% of Average Earning Assets
Salaries and employee benefits	\$ 13,884	1.26 %	\$ 13,157	1.14 %
Occupancy expense	3,686	0.33 %	3,739	0.33 %
Data processing	1,114	0.10 %	784	0.07 %
Professional fees	5,265	0.48 %	4,366	0.38 %
Regulatory assessments	697	0.06 %	727	0.06 %
Director fees	436	0.04 %	438	0.04 %
Other	3,198	0.29 %	2,743	0.24 %
Total	<u>\$ 28,280</u>	<u>2.57 %</u>	<u>\$ 25,954</u>	<u>2.26 %</u>

Noninterest expense increased \$2.3 million, or 9.0%, between the years ended December 31, 2024, and 2023. The net increase in noninterest expense between the comparative periods is primarily the result of increases in salaries and employee benefits, professional fees, and data processing expense. The increase in salaries and employee benefits for the year are related to increased salary expense, stock compensation expense, and group insurance costs. Increases in professional fees are related to increases in service contracts and legal expenses while increases in data processing expenses are related to core processing expenses.

### ***Income Taxes***

The provision for income taxes is impacted to some degree by permanent taxable differences between income reported for book purposes and income reported for tax purposes, as well as certain tax credits which are not reflected in the statements of operations and comprehensive income. As pretax income or loss amounts become greater, the impact of these differences becomes less significant and is reflected as a variance in the effective tax rate for the periods presented. In general, the permanent differences and tax credits affecting tax expense have a positive impact and tend to reduce the effective tax rates shown in the statements of income and comprehensive income. The effective tax rate for the year ended December 31, 2024, was 27.2% compared to 28.0% for the year ended December 31, 2023. The decrease in the tax rate between the two periods is due to a permanent adjustment related to salary accruals.

## Financial Condition

The following table sets forth key financial data as of and for the years ended:

(dollars in thousands)	December 31,			
	2024	2023	\$ Change	% Change
Due from Federal Reserve Bank (FRB)	\$ 24,411	\$ 207	\$ 24,204	11692.8 %
Loans, net of unearned income	\$ 912,416	\$ 904,384	\$ 8,032	1.0 %
Investment securities	\$ 160,708	\$ 184,620	\$ (23,912)	(13.0)%
Total assets	\$ 1,211,718	\$ 1,211,045	\$ 673	0.1 %
Total deposits	\$ 1,057,622	\$ 1,004,477	\$ 53,145	5.3 %
Total liabilities	\$ 1,081,356	\$ 1,088,503	\$ (7,147)	(0.7)%
Average interest-earning assets	\$ 1,100,634	\$ 1,150,280	\$ (49,646)	(4.3)%
Average interest-bearing liabilities	\$ 714,403	\$ 726,746	\$ (12,343)	(1.7)%

Net loans increased due to organic growth and credit line draws. Investment securities decreased due to principal repayments and treasury-security maturities. Both overnight interest-bearing deposits in the Federal Reserve Bank and federal funds sold and total deposits increased due to increases in interest-bearing deposits. Included in the increase in interest-bearing deposits are \$100.3 million in purchased brokered deposits.

### Loans

The Company's primary business is that of acquiring deposits and making loans, with the loan portfolio representing the largest component of earning assets. Gross loans totaled \$930.2 million at December 31, 2024, an increase of \$8.9 million, or 1.0%, from \$921.3 million at December 31, 2023. During 2024, average loans decreased 1.9% compared to the year ended December 31, 2023. Average loans totaled \$937.9 million and \$955.4 million for the years ended December 31, 2024 and 2023, respectively.

The following table sets forth the amounts of loans, net of unearned income, outstanding by category and the category percentages as of the year-end dates indicated:

(In thousands)	2024		2023		Change
	Dollar Amount	% of Loans	Dollar Amount	% of Loans	
Commercial and industrial	\$ 63,715	6.9 %	\$ 53,347	5.8 %	\$ 10,368
Real estate mortgage	666,694	71.8 %	646,709	70.3 %	\$ 19,985
Real estate construction & development	111,145	12.0 %	127,944	13.9 %	\$ (16,799)
Agricultural	49,462	5.3 %	49,795	5.4 %	\$ (333)
Installment and student loans	37,446	4.0 %	42,247	4.6 %	\$ (4,801)
Total loans	<u>\$ 928,462</u>	<u>100.0 %</u>	<u>\$ 920,042</u>	<u>100.0 %</u>	<u>\$ 8,420</u>

Loan volume continues to be highest in what has historically been the Bank's primary lending emphasis: real estate mortgage and construction lending. Total loans increased 0.9% during 2024. Real estate construction and development loans decreased 13.1%, commercial and industrial loans increased 19.4%, agricultural loans decreased 0.7%, installment loans decreased 11.4%, and real estate mortgage loans increased 3.1%.

The real estate mortgage loan portfolio, totaling \$666.7 million at December 31, 2024, consists of commercial real estate, residential mortgages, and home equity loans. Commercial real estate loans have remained a significant percentage of total loans over the past year, amounting for 45.2% and 42.0% of the total loan portfolio at December 31, 2024 and December 31, 2023, respectively. Commercial real estate balances increased to \$419.4 million at December 31, 2024 from \$386.1 million at December 31, 2023. Commercial real estate loans are generally a mix of short- to medium-term, fixed- and floating-rate instruments and are mainly secured by commercial income and multi-family residential properties. Residential mortgage loans are generally 30-year amortizing loans with an average life of six to eight years. These loans totaled \$247.2 million, or 26.6%, of the portfolio at December 31, 2024, and \$260.5 million, or 28.3%, of the portfolio at December 31, 2023. Real estate



mortgage loans in total increased \$20.0 million, or 3.1%, during 2024. The home equity loan portfolio totaled \$24,000 at December 31, 2024, and \$36,000 at December 31, 2023.

Real estate construction and development loans, representing 12.0% and 13.9% of total loans at December 31, 2024 and December 31, 2023, respectively, consist of loans for residential and commercial construction projects, as well as land acquisition and development, or land held for future development. Loans in this category are secured by real estate including improved and unimproved land, as well as single-family residential, multi-family residential, and commercial properties in various stages of completion. All real estate loans have established equity requirements. Repayment of construction loans generally comes from long-term mortgages with other lending institutions obtained at project completion or from the sale of the constructed homes to individuals.

Purchased loan participations totaled \$3.6 million at December 31, 2024 compared to \$9.2 million at December 31, 2023. Loan participations sold increased from \$4.16 million, or 0.5%, of the portfolio at December 31, 2023, to \$4.21 million, or 0.5%, at December 31, 2024.

At December 31, 2024, approximately 48.8% of commercial and industrial loans have floating rates and, although some may be secured by real estate, many are secured by accounts receivable, inventory, and other business assets. Construction loans are generally short-term, floating-rate obligations, which consist of both residential and commercial projects. Agricultural loans, are primarily short-term, floating-rate loans for crop financing.

Included in installment loans at December 31, 2024 are \$33.9 million in unsecured student loans made to medical and pharmacy school students in the U.S. and Caribbean, all of whom are U.S. citizens. Student loans decreased \$4.6 million from the balance of \$38.5 million reported at December 31, 2023, due to paydowns, consolidations with other lenders, and charge-offs. The outstanding balance of student loans for students who are either in school or a grace period and have not begun repayment totaled \$792,000 at December 31, 2024. Accrued interest on student loans that are in school or a grace period totaled \$575,000 at December 31, 2024. At December 31, 2024, there were 690 loans within repayment, deferment, and forbearance which represented \$19.6 million, \$10.0 million, and \$3.5 million in outstanding balances, respectively. Student loans have not been purchased or originated since 2019.

Repayment of the unsecured student loans is premised on the medical and pharmacy students graduating and becoming high-income earners. Under program guidelines, repayment terms can vary per borrower; however, repayment occurs on average within 10 to 20 years. Additional repayment capacity is provided by non-student, co-borrowers for roughly one-third of the portfolio. The average student loan balance per borrower as of December 31, 2024, was approximately \$113,200. Loan interest rates are variable and currently range from 6.00% to 12.875%.

At December 31, 2024, \$19.6 million of student loans were in repayment compared to \$20.8 million as of December 31, 2023. Accrued interest on student loans totaled \$3.6 million and \$3.5 million as of December 31, 2024, and 2023, respectively. At December 31, 2024, the reserve against the student loan portfolio totaled \$7.0 million. During the year ended December 31, 2024, \$328,000 in accrued interest receivable was reversed, due to charge-offs of \$2.8 million. At December 31, 2023, the reserve totaled \$6.3 million and \$252,000 in accrued interest was reversed due to charge-offs of \$2.6 million.

*The following table sets forth the Bank's student loan portfolio activity from December 31, 2023 and December 31, 2024:*

*(In thousands)*

Balance as of December 31, 2022	\$ 42,131
Capitalized Interest	3,712
Payments Received	(1,660)
Loan Consolidations/Payoffs	(3,102)
Loans Charged-off	(2,588)
Balance as of December 31, 2023	38,493
Capitalized Interest	2,611
Payments Received	(1,301)
Loan Consolidations/Payoffs	(3,072)
Loans Charged-off	(2,842)
Balance as of December 31, 2024	\$ 33,889



Student Loan Finance Corporation (ZuntaFi) is the third-party servicer for the student loan portfolio. ZuntaFi provides servicing for the student loan portfolio, including application administration, processing, approval, documenting, funding, and collection of current and charged off balances. They also provide file custodial responsibilities. Except in cases where applicants/loans do not meet program requirements, or extreme delinquency, ZuntaFi provides complete program management. ZuntaFi is paid a monthly servicing fee based on the principal balance outstanding. This servicing fee is presented as part of professional fees within noninterest expense.

*The following table sets forth the maturities of the Bank's loan portfolio, net of unearned fees, at December 31, 2024. Amounts presented are shown by maturity dates rather than repricing periods:*

<i>(In thousands)</i>	<b>Due in one year or less</b>	<b>Due between one to five years</b>	<b>Due between five to 15 years</b>	<b>Due after 15 years</b>	<b>Total</b>
Commercial and agricultural	\$ 60,829	\$ 44,194	\$ 8,152	\$ —	\$ 113,175
Real estate construction & development	76,638	31,884	2,623	—	111,145
Real estate – mortgage	26,302	264,205	145,163	231,025	666,695
All other loans	1,120	2,438	33,889	—	37,447
<b>Total loans</b>	<b>\$ 164,889</b>	<b>\$ 342,721</b>	<b>\$ 189,827</b>	<b>\$ 231,025</b>	<b>\$ 928,462</b>

For the years ended December 31, 2024 and 2023, the average yield on loans was 6.0% and 5.8%, respectively. Rate floors are occasionally used to mitigate interest rate risk if interest rates fall, as well as to compensate for additional credit risk under current market conditions. The loan portfolio is generally comprised of short-term or floating-rate loans that adjust in alignment to changes in market rates of interest.

At December 31, 2024 and 2023, approximately 29.4% and 31.7%, respectively, of the loan portfolio consisted of floating-rate instruments, with the majority of those tied to the prime rate.

*The following table sets forth the contractual maturities of the Bank's fixed- and floating-rate loans at December 31, 2024. Amounts presented are shown by maturity dates rather than repricing periods, and do not consider renewals or prepayments of loans:*

<i>(In thousands)</i>	<b>Due in one year or less</b>	<b>Due between one to five years</b>	<b>Due between five to 15 years</b>	<b>Due after 15 years</b>	<b>Total</b>
<b>Loans with fixed rates:</b>					
Commercial and industrial	\$ 8,019	\$ 22,005	\$ 2,611	\$ —	\$ 32,635
Real estate mortgage	26,073	231,683	59,567	221,640	538,963
Real estate construction & development	43,724	17,755	2,623	—	64,102
Agricultural	7,764	10,264	3,424	—	21,452
Installment and student loans	506	2,436	—	—	2,942
<b>Total loans with fixed rates</b>	<b>86,086</b>	<b>284,143</b>	<b>68,225</b>	<b>221,640</b>	<b>660,094</b>
<b>Loans with variable rates:</b>					
Commercial and industrial	22,941	8,079	60	—	31,080
Real estate mortgage	229	32,521	85,596	9,385	127,731
Real estate construction & development	32,914	14,129	—	—	47,043
Agricultural	22,105	3,848	2,057	—	28,010
Installment and student loans	614	—	33,890	—	34,504
<b>Total loans with variable rates</b>	<b>78,803</b>	<b>58,577</b>	<b>121,603</b>	<b>9,385</b>	<b>268,368</b>
<b>Total Loans</b>	<b>\$ 164,889</b>	<b>\$ 342,720</b>	<b>\$ 189,828</b>	<b>\$ 231,025</b>	<b>\$ 928,462</b>

## Securities

The following table sets forth certain information regarding carrying values and percentage of total carrying value of available-for-sale securities for the years indicated:

(In thousands)	December 31, 2024		December 31, 2023	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
<b>Available-for-sale:</b>				
U.S. Government agencies	\$ 2,644	1.7 %	\$ 6,156	3.4 %
U.S. Government sponsored entities and agencies collateralized by mortgage obligations	78,881	50.1 %	88,184	48.6 %
Corporate bonds	33,490	21.3 %	32,123	17.7 %
Municipal bonds	42,367	26.9 %	42,365	23.4 %
U.S. Treasury securities	—	— %	12,438	6.9 %
Total available-for-sale	<u>\$ 157,382</u>	<u>100.0 %</u>	<u>\$ 181,266</u>	<u>100.0 %</u>

As of December 31, 2024, and 2023, there were no securities classified as held-to-maturity.

The contractual maturities of investment securities as well as yields based on carrying value of those securities at December 31, 2024 are shown below. Actual cash flows may differ from contractual maturities because issuers have the right to call or prepay obligations with or without call or prepayment penalties.

(Dollars in thousands)	One year or less		Between one to five years		Between five to 10 years		After 10 years		Total	
	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)
<b>Available-for-sale:</b>										
U.S. Government agencies	\$ —	— %	\$ 1,096	5.47 %	\$ 1,467	5.63 %	\$ —	— %	\$ 2,563	5.56 %
U.S. Government sponsored entities & agencies collateralized by mortgage obligations	—	— %	3,482	3.47 %	2,548	2.41 %	72,930	2.66 %	78,960	2.69 %
Corporate bonds	5,266	4.34 %	18,263	3.88 %	9,961	4.13 %	—	— %	33,490	4.03 %
Municipal bonds	98	1.16 %	9,890	1.43 %	32,381	1.83 %	—	— %	42,369	1.74 %
Total amortized cost	<u>\$ 5,364</u>	<u>4.28 %</u>	<u>\$32,731</u>	<u>3.15 %</u>	<u>\$46,357</u>	<u>2.48 %</u>	<u>\$ 72,930</u>	<u>2.66 %</u>	<u>\$157,382</u>	<u>2.77 %</u>
(1) Weighted average yields are not computed on a tax-equivalent basis										

At December 31, 2024, and 2023, available-for-sale securities with an amortized cost of approximately \$90.7 million and \$94.3 million, respectively (fair value of \$77.8 million and \$82.9 million, respectively) were pledged as collateral for public funds and FHLB borrowings.

During the year ended December 31, 2024, the Company recognized unrealized losses of \$28,000 related to marketable equity securities within the consolidated statements of income, compared to unrealized gains of \$39,000 during the year ended December 31, 2023.

## Deposits

The Bank attracts commercial deposits primarily from local businesses and professionals, as well as retail checking accounts, savings accounts, and time deposits. Core deposits, consisting of all deposits other than time deposits of \$250,000 or more and brokered deposits, continue to provide the foundation for the Bank's principal sources of funding and liquidity. Core deposits amounted to 87.4% and 97.6% of the total deposit portfolio at December 31, 2024, and 2023, respectively. The Bank held \$100.3 million in brokered deposits at December 31, 2024. These brokered deposits were purchased in order to reduce short-term borrowings, fund loan growth, and offset deposit runoff as part of the Bank's cash management strategy. The Bank held no brokered deposits at December 31, 2023.

The following table sets forth the year-end amounts of deposits and balances as a percentage of total deposits by category for the years indicated:

(In thousands)	December 31,				
	2024		2023		Change
Noninterest-bearing deposits	\$ 360,152	34.05 %	\$ 403,225	40.14 %	\$ (43,073)
Interest-bearing deposits:					
NOW and money market accounts	504,466	47.70 %	406,857	40.50 %	\$ 97,609
Savings accounts	114,648	10.84 %	122,547	12.20 %	\$ (7,899)
Time deposits:					
Under \$250,000	45,141	4.27 %	48,098	4.79 %	\$ (2,957)
\$250,000 and over	33,215	3.14 %	23,750	2.36 %	\$ 9,465
Total interest-bearing deposits	697,470	65.95 %	601,252	59.86 %	\$ 96,218
Total deposits	\$ 1,057,622	100.00 %	\$ 1,004,477	100.00 %	\$ 53,145

The Bank's deposit base consists of two major components represented by noninterest-bearing (demand) deposits and interest-bearing deposits. Interest-bearing deposits consist of time certificates, NOW and money market accounts, and savings deposits. During the year ended December 31, 2024, total time deposits increased 9.1%, NOW and money market deposits increased 24.0%, noninterest-bearing deposits decreased 10.7%, and savings accounts decreased 6.4%. The \$100.3 million in purchased brokered deposits are included in NOW and money market account totals.

On a year-to-date average basis, total deposits decreased \$63.8 million, or 6.0%, between the years ended December 31, 2023 and December 31, 2024. Interest-bearing deposits decreased by \$11.4 million, or 1.7%, and noninterest-bearing deposits decreased \$52.5 million, or 12.8%, during 2024. On average, time deposit balances decreased 8.9%, NOW accounts decreased 8.5%, money market accounts increased 3.2%, and savings accounts decreased 2.0% between December 31, 2023, and December 31, 2024.

The following table sets forth the average deposits and average rates paid on those deposits for the years ended December 31, 2024, and 2023:

(Dollars in thousands)	2024		2023	
	Average Balance	Yield	Average Balance	Yield
Interest-bearing deposits:				
NOW and money market accounts	\$ 447,071	1.63 %	\$ 448,661	1.01 %
Savings	116,900	0.11 %	119,312	0.11 %
Time deposits	75,756	2.86 %	83,126	2.50 %
Total interest-bearing deposits	639,727		651,099	
Noninterest-bearing deposits	358,212		410,673	
Total deposits	\$ 997,939		\$ 1,061,772	

The following table set forth estimated total deposits exceeding the FDIC insurance limits for the years indicated:

(Dollars in thousands)	December 31,	
	2024	2023
Uninsured deposits	\$ 524,116	\$ 523,971

The following table set forth estimated time deposits exceeding the FDIC insurance limits for the years indicated:

December 31, 2024					
(Dollars in thousands)	Three months of less	Over three months through six months	Over six months through 12 months	Over 12 months	Total
Uninsured time deposits (1)	\$ 2,142	\$ 7,946	\$ 2,201	\$ 10,002	\$ 22,291

December 31, 2023					
(Dollars in thousands)	Three months of less	Over three months through six months	Over six months through 12 months	Over 12 months	Total
Uninsured time deposits (1)	\$ 1,379	\$ 1,186	\$ 1,891	\$ 6,792	\$ 11,248

(1) Represents amount over insurance limit

### Short-Term Borrowings

The Bank has access to short-term borrowings which may consist of federal funds purchased, discount window borrowings, securities sold under agreements to repurchase (“repurchase agreements”), and Federal Home Loan Bank (FHLB) advances as alternatives to retail deposit funds. Collateralized and uncollateralized lines of credit have been established with several correspondent banks. The FRB discount window, as well as a securities dealer, may also be accessed as needed.

Funds may be borrowed in the future as part of the Company’s asset/liability strategy, and may be used to acquire assets as deemed appropriate by management for investment purposes or for capital utilization purposes. Federal funds purchased represent temporary overnight borrowings from correspondent banks and are generally unsecured. Repurchase agreements are collateralized by mortgage backed securities and securities of U.S. Government agencies, and generally have maturities of one to six months, but may have longer maturities if deemed appropriate. FHLB advances are collateralized by investments in securities and certain qualifying mortgage loans and typically have maturities of one to three months. Additionally, borrowings collateralized by pledged loans may be secured from the Federal Reserve Bank of San Francisco (FRB). Credit lines are subject to periodic review by the credit lines grantors relative to the Company’s financial statements. Lines of credit may be modified or revoked at any time.

Lines of credit with the FRB of \$499.1 million and \$463.5 million, as well as FHLB lines of credit totaling \$135.6 million and \$128.9 million were available at December 31, 2024, and 2023, respectively. In addition, the Company maintains a \$50 million uncollateralized line of credit with Pacific Coast Bankers Bank, a \$20 million uncollateralized line of credit with Zion’s Bank, and a \$20 million uncollateralized line of credit with US Bank. At December 31, 2024, the Bank held no short-term borrowings. At December 31, 2023, short-term borrowings totaled \$62.0 million and were comprised of a \$60.0 million secured, short-term loan from FHLB and an unsecured, overnight borrowing of \$2.0 million from PCBB. These lines of credit generally have interest rates tied to the Federal Funds rate or are indexed to short-term U.S. Treasury rates or SOFR.

### Asset Quality and Allowance for Credit Losses

Lending money is the principal business activity, and ensuring appropriate evaluation, diversification, and control of credit risks is a primary management responsibility. Losses are implicit in lending activities and the amount of such losses will vary, depending on the risk characteristics of the loan portfolio as affected by local economic conditions and the financial experience of borrowers.

The Company adopted ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*, effective January 1, 2023, and utilizes a current expected credit loss (CECL) methodology which relies on segmenting the loan portfolio into pools with similar risks, tracking the performance of the pools over time, and using the data to determine pool loss experience. The allowance for credit losses on most loans is measured on a collective (pool) basis for loans with similar characteristics. The Company estimates the appropriate level of allowance for credit losses for collateral-dependent loans by evaluating them separately. A loan is evaluated individually when it does not share similar risk characteristics with the pool being evaluated. The Company also uses the CECL model to calculate the allowance for credit losses on off-balance sheet credit exposures, such as undrawn amounts on lines of credit. While the allowance for credit losses on loans is reported as a contra-asset, the allowance for credit losses on off-balance sheet credit exposure is reported as a liability.

The eight segments of the loan portfolio are as follows (subtotals are provided as needed to allow the reader to reconcile the amounts to loan classifications reported elsewhere in this report):

Loan Segments for Allowance for Credit Loss Analysis (In thousands)	December 31,	
	2024	2023
Commercial and business loans	\$ 63,653	\$ 53,273
Government program loans	62	74
Total commercial and industrial	63,715	53,347
Real estate – mortgage:		
Commercial real estate	419,422	386,134
Residential mortgages	247,248	260,539
Home improvement and home equity loans	24	36
Total real estate mortgage	666,694	646,709
Real estate construction and development	111,145	127,944
Agricultural	49,462	49,795
Installment and student loans	37,446	42,247
Total loans	<u>\$ 928,462</u>	<u>\$ 920,042</u>

#### Individually-Evaluated Loans and Specific Reserves:

The following table summarizes the components of individually-evaluated loans and their related specific reserves:

(In thousands)	December 31, 2024		December 31, 2023	
	Balance	Allowance	Balance	Allowance
Real estate construction and development	\$ 12,185	\$ —	\$ 11,390	\$ —
Agricultural	390	—	451	14
Total individually-evaluated loans	<u>\$ 12,575</u>	<u>\$ —</u>	<u>\$ 11,841</u>	<u>\$ 14</u>

Individually-evaluated loans increased \$734,000 to \$12.6 million at December 31, 2024 compared to \$11.8 million at December 31, 2023, and included three real estate construction and development loans and one agricultural loan. There was no reserve for individually-evaluated loans at December 31, 2024, due to the value of the collateral securing those loans. Included in the balance of specific reserves at December 31, 2023, was \$14,000 allocated to one agricultural loan.

#### Collateral-Dependent Loans

A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral.

The following table presents the recorded investment in collateral-dependent loans by type of loan:

(Dollars in thousands)	December 31, 2024		December 31, 2023	
	Amount	Number of Collateral-Dependent Loans	Amount	Number of Collateral-Dependent Loans
Real estate construction and development loans	\$ 12,185	3	\$ 11,390	3
Agricultural loans	390	1	390	1
Total	<u>\$ 12,575</u>	<u>4</u>	<u>\$ 11,780</u>	<u>4</u>

### Credit Quality Indicators for Outstanding Student Loans:

The following table summarizes the credit quality indicators for outstanding student loans as of:

(In thousands, except number of loans)	December 31, 2024			December 31, 2023		
	Number of Loans	Principal Amount	Accrued Interest	Number of Loans	Principal Amount	Accrued Interest
School	26	\$ 692	\$ 512	44	\$ 1,242	\$ 734
Grace	3	100	63	18	473	296
Repayment	406	19,647	324	444	20,833	289
Deferment	219	9,954	2,593	237	10,163	2,022
Forbearance	65	3,496	133	98	5,782	133
Total	719	\$ 33,889	\$ 3,625	841	\$ 38,493	\$ 3,474

Included in installment loans are \$33.9 million and \$38.5 million in student loans at December 31, 2024 and December 31, 2023, respectively, made to medical and pharmacy school students. As of December 31, 2024, and December 31, 2023, the reserve against the student loan portfolio totaled \$7.0 million and \$6.3 million, respectively. Loan interest rates on the student loan portfolio range from 6.00% to 12.875% and 6.00% to 13.25% at December 31, 2024, and December 31, 2023, respectively.

The following table provides a summary of the Company's allowance for credit losses, provisions made to that allowance, and charge-off and recovery activity affecting the allowance for the years indicated:

(Dollars in thousands)	December 31,	
	2024	2023
Total loans, net of deferred loan fees, outstanding at end of period before deducting allowances for credit losses	\$ 928,462	\$ 920,042
Average net loans outstanding during period	925,993	942,135
Balance of allowance at beginning of period	15,658	16,549
Loans charged off:		
Installment and student loans	(2,862)	(2,588)
Recoveries of loans previously charged off:		
Real estate	6	55
Commercial, industrial & agricultural	1	2
Installment and student loans	224	210
Total loan recoveries	231	267
Net loans charged off	(2,631)	(2,321)
Provision charged to operating expense	3,019	1,430
Balance of allowance for credit losses at end of period (1)	\$ 16,046	\$ 15,658
Net loan charge-offs to total average loans	0.28 %	0.25 %
Net loan charge-offs to loans at end of period	0.29 %	0.26 %
Allowance for credit losses to total loans at end of period	1.72 %	1.71 %
Net loan charge-offs to allowance for credit losses	16.40 %	14.82 %
Net loan charge-offs to provision for credit losses	87.15 %	162.31 %

(1) Includes a reversal of provision made to unfunded commitments of \$56,000 for the year ended December 31, 2024 and a provision made to unfunded commitments of \$30,000 for the year ended December 31, 2023.

Loan charge-offs increased \$274,000 during the year ended December 31, 2024, compared to the year ended December 31, 2023. Loan recoveries decreased \$36,000 during the same period. Student loan charge-offs totaled \$2.8 million and \$2.6 million for the years ended 2024 and 2023, respectively.

The following provides a summary of the Company's net charge-offs as a percentage of average loan balances in each category for the years indicated:

(Dollars in thousands)	December 31,					
	2024			2023		
	Net Charge-offs (Recoveries)	Average Loan Balance	Percentage	Net Charge-offs (Recoveries)	Average Loan Balance	Percentage
Commercial and industrial	(1)	56,411	<0.01%	(2)	48,973	<0.01%
Real estate mortgages	(6)	666,891	<0.01%	(55)	668,691	(0.01)%
Real estate construction & development	—	117,364	—	—	138,373	—
Agricultural	—	56,206	— %	—	54,934	—
Installment and student loans	2,638	41,027	6.43 %	2,378	44,464	5.35 %
Total	2,631	937,899	0.28 %	2,321	955,435	0.24 %

Management believes that the 1.72% credit loss allowance to total loans at December 31, 2024 is adequate to absorb expected losses in the loan portfolio. There is no guarantee, however, against economic conditions or other circumstances materializing which could adversely affect the Company's service areas resulting in increased losses in the loan portfolio not captured by the current allowance for credit losses.

The following table sets forth the allowance for credit loss and total loan percentages by category for the years ended:

(Dollars in thousands)	December 31,			
	2024		2023	
	Allowance for Credit Losses	% Total Loans (1)	Allowance for Credit Losses	% Total Loans (1)
Commercial and industrial	\$ 2,839	6.9 %	\$ 1,903	5.8 %
Real estate – mortgage	2,634	71.8 %	2,524	70.3 %
Real estate construction and development	2,504	12.0 %	3,614	13.9 %
Agricultural	1,028	5.3 %	1,250	5.4 %
Installment and student loans	7,041	4.0 %	6,367	4.6 %
Total	\$ 16,046	100.0 %	\$ 15,658	100.0 %

(1) Represents percentage of loans in category to total loans

During 2024, reserve allocations as a percentage of loans increased for commercial and industrial loans and real estate mortgage loans. Reserve allocations for real estate construction and development loans, agricultural loans, and installment and student loans decreased due to decreases in loan balances while reserve allocations for commercial and industrial loan and real estate mortgage loans increased due to increases in those balances. Since 2023, the credit loss allowance has been determined under the "Current Expected Credit Losses" model (CECL). CECL is a forward-looking measure which applies prospective loss rates based on both historical loss patterns and reasonable, supportable forecasts on loan pools based on loans sharing similar characteristics.

During 2023, reserve allocations as a percentage of loans increased for all categories. This was primarily due to adjustments related to the adoption of CECL, offset by decreases in past due and nonaccrual loans and decreases in loan balances as a whole. Increases in installment loan allowances were related to both the CECL adjustment and charge-offs within the student loan portfolio.



The following table sets forth nonperforming assets as of the dates indicated:

(Dollars in thousands)	December 31,	
	2024	2023
Nonaccrual loans	\$ 12,198	\$ 11,448
Loans, past due 90 days or more, still accruing	421	426
Total non-performing loans	12,619	11,874
Other real estate owned	4,582	4,582
Total non-performing assets	\$ 17,201	\$ 16,456
Non-performing loans to total gross loans	1.36 %	1.29 %
Non-performing assets to total assets	1.42 %	1.36 %
Allowance for credit losses to nonperforming loans	127.16 %	131.87 %

The accrual of interest income on loans is discontinued when reasonable doubt exists with respect to the timely collectability of interest or principal due to the inability of the borrower to comply with the terms of the loan agreement. With the exception of student loans, loans are typically placed on nonaccrual status when the payment of principal or interest is 90 days past due, or earlier if warranted. Interest collected thereafter is credited to principal to the extent necessary to eliminate doubt as to the collectability of the net carrying amount of the loan. Exceptions may be granted to this policy if the loans are well-secured and in the process of collection.

Non-performing assets at December 31, 2024 increased \$745,000 between December 31, 2024 and December 31, 2023, due primarily to increases of \$750,000 in nonaccrual loans.

The loan portfolio increased from \$920.0 million at December 31, 2023, to \$928.5 million at December 31, 2024. Non-performing assets increased from \$16.5 million at December 31, 2023, to \$17.2 million at December 31, 2024. Non-accrual loans, accruing loans past due 90 days, and OREO are included in non-performing loans.

The following table summarizes various components of the loan portfolio for the years ended:

(Dollars in thousands)	December 31,	
	2024	2023
Provision for credit losses during period	\$ 2,963	\$ 1,460
Allowance as % of nonaccrual loans	131.55 %	136.77 %
Non-performing loans as % total loans	1.36 %	1.29 %
Allowance as % of total loans	1.72 %	1.70 %

In determining the adequacy of the underlying collateral related to these loans, management monitors trends within specific geographical areas, loan-to-value ratios, appraisals, and other credit issues related to specific loans.

Management continues to monitor and reduce the level of problem assets by working with borrowers to identify options, such as loan modifications, which may help borrowers facing difficulties. Net loan charge-offs during the year ended December 31, 2024, totaled \$2.6 million, compared to \$2.3 million for the year ended December 31, 2023. Charge-offs related to the student loan portfolio totaled \$2.8 million for the year ended December 31, 2024, and \$2.6 million for the year ended December 31, 2023, and were partially offset by recoveries within the portfolio. The percentage of net charge-offs to average loans was 0.28%, for the year ended December 31, 2024 and 0.25% for the year ended December 31, 2023.

The following table summarizes the non-accrual loans by loan category for the years ended:

(In thousands)	December 31,		Change
	2024	2023	
Real estate - construction	12,198	11,403	795
Agricultural	—	45	(45)
Total	\$ 12,198	\$ 11,448	\$ 750



Loans past due more than 30 days receive management attention and are monitored for increased risk. As of December 31, 2024, and 2023, loans past due more than 30 days totaled \$15.8 million and \$13.0 million, respectively.

Other than the non-performing loans described above, there were no loans at December 31, 2024, where the known credit problems of a borrower made doubtful their ability to comply with present loan repayment terms.

### **Liquidity and Capital Resources**

The Company's asset/liability management, liquidity strategy, and capital planning are guided by policies, formulated and monitored by the Asset/Liability Committee (ALCO) and Management, to provide adequate liquidity and maintain an appropriate balance between interest-sensitive assets and interest-sensitive liabilities.

#### ***Liquidity***

Liquidity management may be described as the ability to maintain sufficient cash flows to fulfill both on- and off-balance sheet financial obligations, including loan funding commitments and customer deposit withdrawals, without straining the Company's equity structure. To maintain an adequate liquidity position, the Company relies on, in addition to cash and cash equivalents, cash inflows from deposits and short-term borrowings, repayments of principal on loans and investments, and net interest income received. The Company's principal cash outflows are for loan origination, purchases of investment securities, depositor withdrawals, and payment of operating expenses.

The Company's liquid asset base, which generally consists of cash and due from banks, federal funds sold, and investment securities, is maintained at levels deemed sufficient to provide the cash necessary to fund loan growth, unfunded loan commitments, and deposit runoff. Included in this framework is the objective of maximizing the yield on earning assets. This is generally achieved by maintaining a high percentage of earning assets in loans and investment securities, which are higher yielding assets compared to cash.

*The following table sets forth asset balances for the period ended:*

<i>(Dollars in thousands)</i>	December 31,			
	2024		2023	
	Balance	% Total Assets	Balance	% Total Assets
Cash and cash equivalents	\$ 56,211	4.6 %	\$ 40,784	3.4 %
Loans, net of unearned income	928,462	76.6 %	920,042	76.0 %
Unpledged investment securities	79,623	6.6 %	98,394	8.1 %

At December 31, 2024, the loan-to-deposit ratio was 87.8% compared to 91.6% at December 31, 2023.

Liabilities used to fund liquidity sources include core and non-core deposits as well as short-term borrowings. Core deposits comprised approximately 87.4% of total deposits at December 31, 2024, and 97.6% at December 31, 2023. At December 31, 2024, there were no short-term borrowings. At December 31, 2023, short-term borrowings totaled \$62.0 million, including a term-loan of \$60.0 million at FHLB and an overnight borrowing of \$2.0 million at PCBB. At December 31, 2024, unused lines of credit with the Federal Home Loan Bank, Pacific Coast Banker's Bank, Zion's Bank, US Bank and the Federal Reserve Bank totaling \$724.7 million were collateralized in part by investment securities and certain qualifying loans in the Company's loan portfolio. The carrying value of securities and loans pledged on these used and unused borrowing lines totaled \$847.861 million at December 31, 2024. Credit lines totaling \$672.4 million were partially collateralized by pledged securities and qualifying loans of \$840.2 million at December 31, 2023. For a further detail of the Company's borrowing arrangements, see "[Note 8](#) - Short-Term Borrowings/Other Borrowings," in the consolidated financial statements.

Cash and cash equivalents increased \$15.4 million during the year ended December 31, 2024, and increased \$2.2 million during the year ended December 31, 2023.

<i>(In thousands)</i>	2024	2023
Cash and cash equivalents at beginning of year:	\$ 40,784	\$ 38,595
Cash flows from operating activities:	19,635	21,376
Cash flows from investing activities:	12,953	87,583
Cash flows from financing activities:	(17,161)	(106,770)
Cash and cash equivalents at end of year:	<u>\$ 56,211</u>	<u>\$ 40,784</u>

Net cash inflows from operations decreased to \$19.6 million during the year ended December 31, 2024, compared to \$21.4 million for the year ended December 31, 2023. The Company experienced net cash inflows from investing activities totaling \$13.0 million during the year ended December 31, 2024 and net cash inflows of \$87.6 million during the year ended December 31, 2023, respectively. For the year ended December 31, 2024, net cash outflows from financing activities totaled \$17.2 million, a reduction of \$89.6 million compared to the outflows of \$106.8 million reported at December 31, 2023. This decrease was the result of a decrease of \$62.0 million in short-term borrowings and increases of \$46.6 million in demand deposits and savings accounts. Net cash inflows from investing activities for both periods were primarily the result of principal paydowns on securities, treasury security maturities, and proceeds from bank-owned life insurance. For the year ended December 31, 2023, net cash outflows from financing activities totaling \$106.8 million were due primarily to decreases in demand deposits, NOW and money market accounts, and savings accounts.

Liquidity risk arises from the possibility that the Company may not be able to satisfy current or future financial commitments or may become unduly reliant on alternative funding sources. The Company maintains a liquidity risk management policy and contingency funding plan to address and manage this risk. The policy identifies the primary sources of liquidity, sets wholesale funding limits, establishes procedures for monitoring and measuring liquidity, and establishes minimum liquidity requirements in compliance with regulatory guidance. Liquidity is continually monitored and reported on a monthly basis to the Board of Directors. Additionally, the Company performs liquidity stress testing in accordance with industry practices to ensure cash flow requirements are met under stressed scenarios.

The liquidity of the Holding Company is separate from the Bank and is primarily dependent on the payment of cash dividends by the Bank, subject to limitations imposed by the Financial Code of the State of California and federal and state banking regulations. During the year ended December 31, 2024, the Bank paid \$9.3 million in cash dividends to the Holding Company. During the year ended December 31, 2023, the Bank paid \$8.5 million in cash dividends to the Holding Company.

### ***Capital and Dividends***

The Company and the Bank are subject to various regulatory capital requirements adopted by the Board of Governors of the Federal Reserve System (the “Board of Governors”). Failure to meet minimum capital requirements can initiate certain mandates and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company’s consolidated financial statements. Under capital adequacy guidelines and the regulatory framework, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The Company has adopted a capital plan that includes guidelines and trigger points to ensure sufficient capital is maintained at the Bank and the Company, and that capital ratios are maintained at a level deemed appropriate under regulatory guidelines given the level of classified assets, concentrations of credit, allowance for credit losses, current and projected growth, and projected retained earnings. The capital plan also contains contingency strategies to obtain additional capital as required to fulfill future capital requirements for both the Bank, as a separate legal entity, and the Company on a consolidated basis. The capital plan includes a target for the Bank to maintain a ratio of tangible shareholders’ equity to total tangible assets equal to or greater than 9%. The Bank’s ratio of tangible shareholders’ equity to total tangible assets was 12.7% and 12.2% at December 31, 2024, and 2023, respectively.

The Company’s equity capital totaled \$130.4 million at December 31, 2024, compared to \$122.5 million at December 31, 2023. During the year ended December 31, 2024, the Company paid \$8.3 million in cash dividends to shareholders.

For a more detailed discussion of regulatory capital requirements and dividends, see “[Note 22](#) - Regulatory Matters” to the consolidated financial statements, as well as under the captions “*Supervision and Regulation - The Company - Capital Adequacy*” and “*Supervision and Regulation - The Bank - Capital Standards*” set forth in Part I, Item I., of this Annual Report.

As of December 31, 2024, the Company and the Bank meet all capital adequacy requirements to which they are subject. Management believes that, under the current regulations, both will continue to meet their minimum capital requirements in the foreseeable future.

### ***Reserve Balances***

The FRB no longer requires depository institutions to maintain non-interest bearing reserves at specified levels against their transaction accounts and non-personal time deposits. At December 31, 2024 and December 31, 2023, the Bank was not subject to a reserve requirement.

### **Critical Accounting Estimates and Policies**

In preparing the consolidated financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ significantly from those estimates. Our most significant accounting policies and estimates and their related application are discussed below.

#### ***Allowance for Credit Losses***

The allowance for credit losses (ACL) represents the estimated probable credit losses in our loan and investment portfolios and is estimated as of December 31, 2024, using CECL. The Company's method for assessing the appropriateness of the ACL includes specific allowances for individually-analyzed loans, formula allowance factors for pools of credits, and qualitative considerations which include, among other things, current and forecast economic and environmental factors. Allowance factors for loan pools are based on historical loss experience by product type.

Management estimates the ACL balance using relevant information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. Historical credit loss experience provides the basis for the estimation of expected credit losses, which captures loan balances as of a point in time to form a cohort, and then tracks the respective losses generated by that cohort of loans over the remaining life. The Company has identified and accumulated loan cohort historical loss data beginning with the first quarter of 2006 and through the current period. Adjustments to historical loss information are made using qualitative adjustments for differences in relevant current and forecasted loan-specific risk characteristics, such as the historical timing of losses relative to the loan origination.

A significant amount of the allowance for credit losses is measured on a collective (pool) basis by loan and investment security type when similar risk characteristics exist. Pools are determined based primarily on regulatory reporting codes as the loans and investment securities within each pool share similar risk characteristics and there is sufficient historical peer loss data from the FFIEC to provide statistically meaningful support in the models developed for pools where the Company has limited historical loss experience. Reserves for credit losses identified on a pooled basis are then adjusted for qualitative factors to reflect current conditions. The most significant components of qualitative factors used to estimate the ACL are adjustments relating to prevailing economic conditions, concentrations within the loan portfolio, internal factors, and external factors. These estimates are subject to significant judgment and could potentially significantly increase or decrease the ACL.

Certain loans are not included in pools of loans that are collectively evaluated. The segregation of these loans is based on the results from an analysis of individually identified credits that meet management's criteria for individual evaluation. These loans are first reviewed individually to determine if such loans have a unique risk profile that would warrant individual evaluation. When management has concluded that it is probable that the borrower will be unable to pay all amounts due under the original contractual terms, the loan is removed from collectively evaluated loan pools. The loan is reviewed and evaluated individually by management for loss potential by evaluating sources of repayment, including collateral, as applicable. A specified allowance for credit losses is established when necessary.

Because current economic conditions and forecasts can change and future events make it inherently difficult to predict the anticipated amount of estimated credit losses on loans, management's determination of the appropriateness of the ACL could change significantly. It is difficult to estimate how potential changes in any one economic factor or input might affect the overall allowance. A wide variety of factors and inputs are considered in estimating the allowance and changes in those factors and inputs may not occur at the same rate and may not be consistent across all product types. Additionally, changes in factors and inputs may move inversely in relation to one another, such that improvement in one factor or input may offset deterioration

in another. Thus, as a result of the significant size of the loan portfolio, the numerous assumptions in the model, and the high degree of potential change in such assumptions, there is a high degree of subjectivity in the reported amounts. Management believes the ACL is adequate as of December 31, 2024.

#### *Fair Value of Junior Subordinated Debentures (TRUPs)*

The Company's junior subordinated debentures (TRUPs) are measured at fair value. The accounting standards related to fair value measurements define how applicable assets and liabilities are to be valued and require expanded disclosures in regard to financial instruments carried at fair value. The fair value measurement accounting standard establishes a hierarchical disclosure framework associated with the level of pricing observability utilized in measuring financial instruments at fair value. The degree of judgment utilized in measuring the fair value of financial instruments generally correlates to the level of pricing observability. Financial instruments with readily available actively quoted prices, or whose fair value can be measured from actively quoted prices of related financial instruments, generally will have a higher degree of pricing observability and a lesser degree of judgment utilized in measuring fair value. Conversely, financial instruments that are traded infrequently or not quoted in an active market will generally have little or no pricing observability and a higher degree of subjectivity. Pricing observability is impacted by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market, and the characteristics specific to the transaction. Determining fair values under the accounting standards may include judgments related to measurement factors that may vary from actual transactions executed in the marketplace. For example, fluctuations in financial market interest rates can have a significant impact on the fair value determination, as well as the Company's selection of bond credit ratings used in pricing modeling. Fair value adjustments related to TRUPs resulted in a recorded loss of \$368,000 for the year ended December 31, 2024, and a recorded loss of \$270,000 for the year ended December 31, 2023. (See Notes [10](#) and [15](#) of the *Notes to Consolidated Financial Statements* for additional information about financial instruments carried at fair value.)

#### *Other Accounting Policies and Estimates that are Not Considered Critical*

On an ongoing basis, the Company evaluates its estimates, including those that may materially affect the financial statements and are related to investments, fair value measurements, retirement plans, and intangible assets. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The Company's policies related to these estimates can be found in [Note 1](#) of the *Notes to Consolidated Financial Statements*.

### **Item 7A - Quantitative and Qualitative Disclosures about Market Risk**

Not required for smaller reporting companies.

### **Item 8 - Financial Statements and Supplementary Data**

#### **Index to Consolidated Financial Statements:**

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## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of  
United Security Bancshares

### ***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of United Security Bancshares and Subsidiaries (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, changes in shareholders’ equity, and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 and 2023, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting in accordance with the standards of the PCAOB. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### ***Critical Audit Matter***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### **Allowance for Credit Losses on Loans**

As described in Notes 1 and 3 to the consolidated financial statements, the Company’s measurement of expected credit losses on loans is based on relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. Historical credit loss experience provides the basis for the estimation of expected credit losses, which captures loan balances as of a point in time to form a cohort, and then tracks the respective losses generated by that cohort of loans over the remaining life. The cumulative loss rate used as the basis for the estimate of credit losses is comprised of the Company’s historical loss experience from 2006 to 2024, which is adjusted for certain qualitative factors to reflect the extent to which management expects current conditions and reasonable and supportable forecasts to differ from the conditions that existed for the period over which historical information was evaluated. The Company’s allowance for credit losses on loans was \$16,046,000 as of December 31, 2024.

We identified the auditing of qualitative adjustments to the allowance for credit losses on loans as a critical audit matter. Estimation of the lifetime expected credit losses for loans, particularly as it relates to the qualitative factors, requires significant

management judgment. Auditing management's judgments and assumptions involved significant audit effort as well as especially challenging and subjective auditor judgment when performing audit procedures and evaluating the results of those procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures related to allowance for credit losses on loans, including the qualitative adjustments included the following, among others:

- Evaluating the appropriateness of the methodology used.
- Evaluating the reasonableness of the qualitative adjustments used by management by comparing the qualitative adjustments to the relevant internal and external data, including historical trends.
- Developed an independent expectation of qualitative adjustments and evaluated differences.
- Testing the mathematical accuracy of the computation, including testing completeness and accuracy of the internal data used and evaluating the relevance and reliability of the external data used in the calculation, the historical loss rates and qualitative adjustments determined by management and used in the calculation.

/s/ Moss Adams LLP

San Francisco, California  
March 20, 2025

We have served as the Company's auditor since 1999.



**United Security Bancshares and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2024, and 2023**

<i>(In thousands except share data)</i>		December 31, 2024	December 31, 2023
<b>Assets</b>			
Cash and cash equivalents	\$	56,211	\$ 40,784
Investment securities (at fair value)			
Available-for-sale (AFS) debt securities net of allowance for credit losses of \$0 (amortized cost of \$179,753 and \$204,390, respectively)		157,382	181,266
Marketable equity securities		3,326	3,354
Total investment securities		160,708	184,620
Loans		930,244	921,341
Unearned fees and unamortized loan origination costs - net		(1,782)	(1,299)
Allowance for credit losses - loans		(16,046)	(15,658)
Net loans		912,416	904,384
Premises and equipment - net		8,668	9,098
Accrued interest receivable		8,104	7,928
Other real estate owned ("OREO")		4,582	4,582
Goodwill		4,488	4,488
Deferred tax assets - net		14,419	14,055
Cash surrender value of life insurance - net		20,692	21,954
Investment in limited partnerships		4,275	3,200
Operating lease right-of-use assets		3,069	1,338
Other assets		14,086	14,614
<b>Total assets</b>	<b>\$</b>	<b>1,211,718</b>	<b>\$ 1,211,045</b>
<b>Liabilities &amp; Shareholders' Equity</b>			
<b>Liabilities</b>			
Deposits			
Noninterest-bearing	\$	360,152	\$ 403,225
Interest-bearing		697,470	601,252
Total deposits		1,057,622	1,004,477
Short-term borrowings		—	62,000
Operating lease liabilities		3,161	1,437
Other liabilities		9,001	9,376
Junior subordinated debentures (at fair value)		11,572	11,213
<b>Total liabilities</b>		<b>1,081,356</b>	<b>1,088,503</b>
Commitments and contingencies ( <a href="#">Note 14</a> )			
<b>Shareholders' Equity</b>			
Common stock, no par value; 20,000,000 shares authorized; issued and outstanding: 17,364,894 at December 31, 2024 and 17,167,895 at December 31, 2023		61,267	60,585
Retained earnings		83,447	76,995
Accumulated other comprehensive loss, net of tax		(14,352)	(15,038)
<b>Total shareholders' equity</b>		<b>130,362</b>	<b>122,542</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$</b>	<b>1,211,718</b>	<b>\$ 1,211,045</b>

See accompanying notes to consolidated financial statements.

**United Security Bancshares and Subsidiaries**  
**Consolidated Statements of Income**  
**Years Ended December 31, 2024, and 2023**

<i>(In thousands except share and per-share data)</i>		2024	2023
<b>Interest Income:</b>			
Interest and fees on loans	\$	55,236	\$ 54,183
Interest on investment securities		5,209	5,870
Interest on deposits in FRB		306	324
Total interest income		60,751	60,377
<b>Interest Expense:</b>			
Interest on deposits		9,578	6,758
Interest on other borrowed funds		4,323	4,298
Total interest expense		13,901	11,056
<b>Net Interest Income</b>		46,850	49,321
Provision for credit losses		2,963	1,460
<b>Net Interest Income after Provision for Credit Losses</b>		43,887	47,861
<b>Noninterest Income:</b>			
Customer service fees		2,918	2,918
Increase in cash surrender value of bank-owned life insurance		551	557
Gain on proceeds from bank-owned life insurance		573	907
(Loss) gain on fair value of junior subordinated debentures		(614)	274
Gain on sale of assets		11	—
Other		1,274	913
Total noninterest income		4,713	5,569
<b>Noninterest Expense:</b>			
Salaries and employee benefits		13,884	13,157
Occupancy expense		3,686	3,739
Data processing		1,114	784
Professional fees		5,265	4,366
Regulatory assessments		697	727
Director fees		436	438
Other		3,198	2,743
Total noninterest expense		28,280	25,954
<b>Income before provision for taxes</b>		20,320	27,476
<b>Provision for income taxes</b>		5,537	7,680
<b>Net income</b>	\$	14,783	\$ 19,796
<b>Net income per common share</b>			
Basic	\$	0.86	\$ 1.16
Diluted	\$	0.86	\$ 1.16
<b>Weighted average common shares outstanding</b>			
Basic		17,188,384	17,114,214
Diluted		17,199,817	17,125,186

See accompanying notes to consolidated financial statements.



**United Security Bancshares and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2024, and 2023**

<i>(In thousands)</i>	2024	2023
Net Income	\$ 14,783	\$ 19,796
Unrealized holding gains on AFS debt securities	753	3,941
Unrealized (loss) gain on unrecognized post-retirement costs	(24)	88
Unrealized gain (loss) on junior subordinated debentures	245	(544)
Other comprehensive income, before tax	974	3,485
Tax expense related to AFS debt securities	(223)	(1,165)
Tax benefit (expense) related to unrecognized post-retirement costs	7	(24)
Tax (expense) benefit related to junior subordinated debentures	(72)	161
Total other comprehensive income	686	2,457
Comprehensive income	<u>\$ 15,469</u>	<u>\$ 22,253</u>

See accompanying notes to consolidated financial statements.

**United Security Bancshares and Subsidiaries**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**Years Ended December 31, 2024, and 2023**

<i>(In thousands, except share data)</i>	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Number of Shares	Amount			
<b>Balance December 31, 2022 (1)</b>	17,067,253	\$ 60,030	\$ 69,928	\$ (17,495)	\$ 112,463
Other comprehensive income	—	—	—	2,457	2,457
Dividends on common stock (\$0.35 per share)	—	—	(5,992)	—	(5,992)
Dividends payable (\$0.12 per share)	—	—	(2,059)	—	(2,059)
Restricted stock units released	57,185	—	—	—	—
RSU tax withholdings	—	(29)	—	—	(29)
Restricted stock award granted	14,435	—	—	—	—
Stock options exercised	29,022	106	—	—	106
Stock-based compensation expense	—	478	—	—	478
Current Expected Credit Loss (CECL) adoption adjustment, net of tax	—	—	(4,678)	—	(4,678)
Net income	—	—	19,796	—	19,796
<b>Balance December 31, 2023 (2)</b>	17,167,895	60,585	76,995	(15,038)	122,542
Other comprehensive income	—	—	—	686	686
Dividends on common stock (\$0.36 per share)	—	—	(6,248)	—	(6,248)
Dividends payable (\$0.12 per share)	—	—	(2,083)	—	(2,083)
Restricted stock units released	28,710	—	—	—	—
RSU tax withholdings	—	(10)	—	—	(10)
Restricted stock award granted	168,289	—	—	—	—
Stock-based compensation expense	—	692	—	—	692
Net income	—	—	14,783	—	14,783
<b>Balance December 31, 2024 (3)</b>	<u>17,364,894</u>	<u>\$ 61,267</u>	<u>\$ 83,447</u>	<u>\$ (14,352)</u>	<u>\$ 130,362</u>

(1) Excludes 13,974 unvested restricted shares

(2) Excludes 21,435 unvested restricted shares

(3) Excludes 160,991 unvested restricted shares

See accompanying notes to consolidated financial statements.

**United Security Bancshares and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2024, and 2023**

(In thousands)

	2024	2023
<b>Cash Flows From Operating Activities:</b>		
Net Income	\$ 14,783	\$ 19,796
Adjustments to reconcile net income to cash provided by operating activities:		
Provision for credit losses	2,963	1,460
Depreciation and amortization	1,469	1,459
Amortization of operating lease right-of-use assets	646	646
Amortization of premium/discount on investment securities, net	417	499
Operating lease payments	(650)	(656)
(Increase) decrease in accrued interest receivable	(176)	561
Increase in accrued interest payable	4	45
Decrease (increase) in unearned fees and unamortized loan origination costs, net	483	(295)
Decrease (increase) in income taxes receivable	1,272	(1,755)
Stock-based compensation expense and tax benefit	692	478
Benefit for deferred income taxes	(472)	(297)
(Decrease) increase in accounts payable and accrued liabilities	(368)	727
Loss (gain) on marketable equity securities	28	(39)
Loss (gain) on fair value option of junior subordinated debentures	614	(274)
Gain on proceeds from bank-owned life insurance	(573)	(907)
Increase in cash surrender value of bank-owned life insurance	(551)	(557)
Gain on sale of assets	(11)	—
Net decrease (increase) in other assets	(935)	485
Net cash provided by operating activities	19,635	21,376
<b>Cash Flows From Investing Activities:</b>		
Purchases of FHLB stock, FRB stock, and other securities	(16)	(1,438)
Maturities and calls on available-for-sale securities	15,609	17,600
Principal payments on available-for-sale securities	8,611	12,121
Net (increase) decrease in loans	(11,534)	58,085
Proceeds from bank-owned life insurance	2,397	2,402
Capital expenditures of premises and equipment	(1,039)	(787)
Investment in limited partnerships	(1,075)	(400)
Net cash provided by investing activities	12,953	87,583
<b>Cash Flows From Financing Activities:</b>		
Increase (decrease) in demand deposit and savings accounts	46,638	(174,805)
Net increase in time deposits	6,508	13,799
Net (decrease) increase in short-term borrowings	(62,000)	62,000
Proceeds from exercise of stock options	—	106
Dividends on common stock	(8,307)	(7,870)
Net cash used in financing activities	(17,161)	(106,770)
<b>Net increase in cash and cash equivalents</b>	15,427	2,189
<b>Cash and cash equivalents at beginning of year</b>	40,784	38,595
<b>Cash and cash equivalents at end of year</b>	<u>\$ 56,211</u>	<u>\$ 40,784</u>

See accompanying notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

### 1. Organization and Summary of Significant Accounting and Reporting Policies

**Basis of Presentation** – The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, with rules and regulations of the Securities and Exchange Commission (SEC), and with prevailing practices within the banking industry. The consolidated financial statements include the accounts of United Security Bancshares, and its wholly-owned subsidiaries, United Security Bank and subsidiary (the “Bank”) and USB Capital Trust II (the “Trust”). The Trust is deconsolidated pursuant to Accounting Standards Codification (ASC) 810. As a result, the Trust Preferred Securities are not presented on the Company’s consolidated financial statements as equity, but instead they are presented as junior subordinated debentures (TRUPS) and are presented as a separate liability category (see [Note 10](#) to the Company’s consolidated financial statements). Intercompany accounts and transactions have been eliminated in consolidation. In the following notes, references to the Bank are references to United Security Bank. References to the Company are references to United Security Bancshares (including the Bank). United Security Bancshares operates as one business segment providing banking services to commercial establishments and individuals primarily in the San Joaquin Valley, and the greater Oakhurst/East Madera County area, as well as the Campbell area of Santa Clara County. The Company’s participation loans with other financial institutions are primarily in the state of California.

**Nature of Operations** – United Security Bancshares is a bank holding company, incorporated in the state of California for the purpose of acquiring all the capital stock of the Bank through a holding company reorganization (the “Reorganization”) of the Bank. United Security Bancshares has provided the Company greater operating and financial flexibility and has permitted expansion into a broader range of financial services and other business activities.

The Bank was founded in 1987 and currently operates 13 branches, one commercial lending office, one consumer lending office, and one construction lending office in an area from eastern Madera County to western Fresno County, as well as Taft and Bakersfield in Kern County, and Campbell in Santa Clara County. The Bank’s primary source of revenue is interest income from loans to customers, who are predominantly small- and middle-market businesses and individuals. The Bank engages in a full complement of lending activities, including real estate mortgage, commercial and industrial, real estate construction, agricultural, and consumer loans, with particular emphasis on short- and medium-term obligations.

The Bank offers a wide range of deposit instruments. These include personal and business checking accounts and savings accounts, interest-bearing negotiable order of withdrawal (NOW) accounts, money market accounts and time certificates of deposit. Most of the Bank’s deposits are attracted from small- and medium-sized business-related sources and from individuals.

The Bank also offers a wide range of specialized services designed to attract and service the needs of commercial customers and account holders. These services include cashiers checks, foreign drafts, and person-to-person and bank-to-bank transfers for consumer customers. In addition, the Bank offers internet banking services to its commercial and retail customers. The Bank does not operate a trust department; however, it makes arrangements with its correspondent bank to offer trust services to its customers upon request.

The Bank’s wholly-owned subsidiary, York Monterey Properties, Inc. (YMP), was incorporated in California on April 17, 2019, for the purpose of holding specific parcels of real estate acquired by the Bank through, or in lieu of, loan foreclosures in Monterey County. These properties exceeded the 10-year holding period for other real estate owned, or “OREO.” YMP was funded with a \$250,000 cash investment and the transfer of those parcels by the Bank to YMP. As of December 31, 2024, and 2023, these properties are included within the consolidated balance sheets as part of OREO.

**Use of Estimates in the Preparation of Financial Statements** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses and fair value of TRUPS.

**Subsequent events** - The Company has evaluated events and transactions for potential recognition or disclosure through the day the consolidated financial statements were issued.

**Significant Accounting Policies** - The Company follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as “FASB.” FASB sets generally accepted accounting principles (GAAP) that the Company follows to ensure the consistent reporting of its consolidated financial condition, consolidated results of operations, and consolidated cash flows. References to GAAP issued by FASB in these footnotes are to *FASB Accounting Standards Codification*, sometimes referred to as the Codification, or ASC. The following is a summary of significant policies:

- a. *Cash and cash equivalents* – Cash and cash equivalents include cash on hand and amounts due from correspondent banks. At times throughout the year, balances can exceed FDIC insurance limits. Generally, federal funds sold and repurchase agreements are sold for one-day periods. The Bank did not have any repurchase agreements during 2024 or 2023. All cash and cash equivalents have maturities when purchased of three months or less.
- b. *Investment Securities* - Debt securities classified as available-for-sale are reported at fair value, with unrealized gains and losses excluded from net income and reported, net of tax, as a separate component of comprehensive income (loss) and shareholders’ equity. Debt securities classified as held-to-maturity are carried at amortized cost. Gains and losses on disposition are reported using the specific identification method for the adjusted basis of the securities sold. Premiums and discounts are recognized in interest income using the interest method over the period to maturity.

The Company periodically reviews its investment portfolio on an individual security basis. Securities that are to be held for indefinite periods of time are classified as available-for-sale. Those include, but are not limited to, securities that management intends to use as part of its asset/liability management strategy, as well as those which may be sold in response to changes in interest rates, changes in prepayments, or other factors. Securities which the Company has the ability and intent to hold to maturity are classified as held-to-maturity. There were no securities classified as held-to-maturity as of December 31, 2024 and 2023.

Available-for-sale debt securities in an unrealized loss position are evaluated when the amortized cost of a security exceeds its fair value. If it is determined that it will be necessary to sell a security before the fair value increases to the amortized cost, the amortized cost will be written down to fair value through income. At that point, any previously recorded allowance for credit loss (ACL) would be written off and any additional impairment would be recognized through earnings. If it is believed that the Company will not be required to sell a security before the fair value recovers, a determination will be made as to whether or not the decline in fair value is the result of a credit loss or noncredit factors such as changes in current market rates. If it is determined that the decline is due to a credit loss, the amount recognized as the credit loss will be determined using a discounted cash flow approach. Cash flows expected to be collected would be discounted at the effective interest rate established at acquisition. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses would be recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Changes in the allowance for credit losses on investments are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Marketable equity securities are reported at fair value with gains and losses included in noninterest income on the Consolidated Statements of Income.

- c. *Loans* - Interest income on loans is credited to income as earned and is calculated by using the simple interest method on the daily balance of the principal amounts outstanding. With the exception of student loans, loans are typically placed on non-accrual status when principal or interest is past due for 90 days and/or when management believes the collection of amounts due is doubtful. Student loans are typically placed on non-accrual status when principal or interest is past due for 120 days. For loans placed on nonaccrual status, the accrued and unpaid interest receivable may be reversed based upon management’s assessment of collectability, and interest is thereafter credited to principal to the extent necessary to eliminate doubt as to the collectability of the net carrying amount of the loan.

Nonrefundable fees and related direct costs associated with the origination or purchase of loans are deferred and netted against outstanding loan balances. The net deferred fees and costs are generally amortized into interest income over the loan’s term using the simple interest method. Other credit-related fees, such as standby letters of credit fees and loan placement fees, are recognized as noninterest income during the period the related service is performed.

- d. *Allowance for credit losses on loans and reserve for unfunded loan commitments* - The Company adopted ASU 2016-13, effective January 1, 2023, and utilizes the CECL cohort methodology analysis which relies on segmenting the loan

portfolio into pools with similar risks, tracking the performance of the pools over time, and using the data to determine pool loss experience. Management estimates the allowance for credit loss balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The cumulative loss rate used as the basis for the estimate of credit losses is comprised of the Company's historical loss experience from 2006 to 2024.

Unfunded loan commitment reserves are included in other liabilities in the consolidated balance sheets. Provisions for unfunded loan commitments are included in provision for credit losses in the consolidated statements of income.

The Company analyzes risk characteristics inherent in each loan portfolio segment as part of the quarterly review of the adequacy of the allowance for loan losses. The following summarizes some of the key risk characteristics for the ten segments of the loan portfolio (Consumer loans include three segments):

Commercial and business loans – Commercial loans are subject to the effects of economic cycles and tend to exhibit increased risk as economic conditions deteriorate, or if an economic downturn is prolonged. The Company considers this segment to be one of higher risk given the size of individual loans and the balance in the overall portfolio.

Government program loans – This is a relatively small part of the Company's loan portfolio, but has historically had a high percentage of loans that have migrated from pass to substandard given their vulnerability to economic cycles.

Commercial real estate loans – This segment is considered to have more risk in part because of the vulnerability of commercial businesses to economic cycles as well as the exposure to fluctuations in real estate prices because most of these loans are secured by real estate. Losses in this segment have however been historically low because most of the loans are real-estate secured, and the bank maintains appropriate loan-to-value ratios.

Residential mortgages – This segment is considered to have low risk factors based on the Company's experience and peer statistics. These loans are secured by first deeds of trust.

Home improvement and home equity loans – Because of their junior lien position, these loans have an inherently higher risk level.

Real estate construction and development loans – This segment of loans is considered to have a higher risk profile due to construction and market value issues in conjunction with normal credit risks.

Agricultural loans – This segment is considered to have risks associated with weather, insects, and marketing issues. In addition, concentrations in certain crops or certain agricultural areas can increase risk. Additionally, California may experience severe droughts, which can significantly harm the business of customers and the credit quality of the loans to those customers. Water resources and related issues affecting customers are closely monitored. Signs of deterioration within the loan portfolio are also monitored in an effort to manage credit quality and work with borrowers where possible to mitigate any losses.

Installment and student loans – This segment, which includes consumer loans, student loans, overdrafts, and overdraft protection lines, is considered higher risk because most of the loans are unsecured. Additionally, in the case of student loans, there are increased risks associated with liquidity due to the time lag between funding of a student loan and eventual repayment.

e. *Nonaccrual loans* - Commercial, construction and commercial real estate loans are placed on non-accrual status under the following circumstances:

- When there is doubt regarding the full repayment of interest and principal.
- When principal and/or interest on the loan has been in default for a period of 90 days or more, unless the asset is both well secured and in the process of collection that will result in repayment in the near future.
- When the loan is identified as having loss elements and/or is risk rated "8" Doubtful.

When loans are placed on nonaccrual status, the accrual of interest for financial statement purposes is discontinued. Previously accrued but unpaid interest is reversed and charged against interest income. Student loans past due more than 90-days are not placed on nonaccrual status, but are charged-off once 120-days past due. See "[Note 4- Student Loans](#)" for specific information on the student loan portfolio.

When a loan is placed on non-accrual status and subsequent payments of interest (and principal) are received, the interest received may be accounted for in two separate ways.

Cost recovery method: If the loan is in doubt as to full collection, the interest received in subsequent payments is reversed out of interest income and treated as a reduction of principal for financial reporting purposes.

Cash basis: This method is only used if the recorded investment or total contractual amount is expected to be fully collectible, under which circumstances the subsequent payments of interest is credited to interest income as received.

Loans on non-accrual status may be returned to accruing status when all delinquent principal and/or interest has been brought current, there is no identified element of loss (on the contractual amount of the loan), and current and continued satisfactory performance is expected. Repayment ability is generally demonstrated through the timely receipt of at least six monthly payments on a loan with monthly amortization.

- f. *Individually-evaluated loans* - When a financial asset does not share similar risk characteristics with the pool being evaluated, it is evaluated individually.
- g. *Collateral-dependent loans* - A loan is deemed collateral-dependent when either, it enters foreclosure, or it is determined that the borrower is experiencing financial difficulties. Repayment of these loans is expected to be provided substantially through the operation or sale of the collateral.
- h. *Bank-owned life insurance and company-owned life insurance policies* - The Company owns bank-owned life insurance policies (BOLI) and company-owned life insurance policies (COLI) on certain officers, including those covered under the salary continuation plan, with a portion of the post-retirement benefit available to the officers' beneficiaries. The initial net cash surrender value of BOLI and COLI policies is equivalent to the premium paid, and adds income through non-taxable increases in cash surrender value, net of the cost of insurance, plus any death benefits ultimately received by the Company.
- i. *Off-balance sheet financial instruments* - In order to meet the needs of its customers, the Company offers financial instruments including commitments to extend credit and standby letters of credit (SBLC). SBLCs are used to guarantee financing arrangements or performance with third parties.
- j. *Premises and equipment* - Premises and equipment are carried at cost less accumulated depreciation. Depreciation expense is computed principally on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings	31 years	Furniture and equipment	3 -7 years
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- k. *Other-real-estate-owned* - Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at fair value of the property, less estimated costs to sell. The excess, if any, of the loan amount over the fair value is charged to the allowance for credit losses. Subsequent declines in the fair value of other-real-estate-owned, along with related revenue and expenses from operations, are charged to noninterest expense.
- l. *Investment in Limited Partnerships* - The Bank owns interests in local area limited partnerships which provide private capital for small- to mid-sized businesses. The investments are accounted for under the cost method.
- m. *Goodwill* - Goodwill amounts resulting from acquisitions are considered to have an indefinite life and are not amortized. At December 31, 2024, and 2023, the Company reported goodwill totaling \$4.5 million. The Company did not recognize any impairment charges on goodwill during 2024 or 2023.
- n. *Income taxes* - Deferred income taxes result from the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities using the liability method, and are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. Estimates are based on the enacted tax rate of the applicable period.
- o. *Net income per common share* - Basic income per common share is computed based on the weighted average number of common shares outstanding. Diluted income per share includes the effect of stock options and other potentially dilutive securities using the treasury stock method. If applicable, net income per common share is retroactively adjusted for all stock dividends declared.



- p. *Cash flow reporting* - For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, noninterest-bearing amounts due from banks, federal funds sold and securities purchased under agreements to resell. Federal funds and securities purchased under agreements to resell are generally sold for a one-day periods. Net cash flows are reported for interest-bearing deposits with other banks, loans to customers, deposits held for customers, and short-term borrowings.
- q. *Transfers of financial assets* - Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain the taking advantage of that right, beyond a trivial benefit) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase before maturity.
- r. *Stock based compensation* - The Company maintains a stock-based employee compensation plan, which is described more fully in “[Note 12](#) - Stock Based Compensation.” All share-based payments to employees, including grants of employee stock options and restricted stock units and awards, are recognized in the consolidated financial statements based on the grant date fair value of the award. The fair value is amortized over the requisite service period (generally the vesting period).
- s. *Federal Home Loan Bank stock and Federal Reserve Bank stock* - As a member of the Federal Home Loan Bank of San Francisco (FHLB), the Company is required to maintain an investment in the capital stock of the FHLB. In addition, as a member of the Federal Reserve Bank of San Francisco (FRB), the Company is required to maintain an investment in capital stock of the FRB. The investments in both the FHLB and the FRB are carried at cost in the accompanying consolidated balance sheets, are included in other assets, and are subject to certain redemption requirements by the FHLB and FRB. Stock redemptions are at the discretion of the FHLB and FRB.

While technically these are considered equity securities, there is no market for the FHLB or FRB stock; therefore, the shares are considered restricted investment securities. Management periodically evaluates the stock for other-than-temporary impairment through an assessment of the ultimate recoverability of cost rather than the recognition of temporary declines in value. The determination of the ultimate recoverability of cost is based upon (i) the significance and length of time of any decline in net assets of the FHLB or FRB compared to the capital stock amount of the FHLB or FRB, (ii) commitments by the FHLB or FRB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB or FRB, (iii) the impact of legislative and regulatory changes on institutions, and (iv) the liquidity position of the FHLB or FRB.

- t. *Comprehensive income (loss)* - Comprehensive income (loss) is comprised of net income and other comprehensive income (loss). Other comprehensive income (loss) includes items recorded directly to equity, such as unrealized gains and losses on securities available-for-sale, unrecognized costs of salary continuation defined benefit plans, and unrealized gains and losses on trust preferred securities related to instrument-specific credit risk. Comprehensive income (loss) is presented in the “Consolidated Statements of Other Comprehensive Income.”
- u. *Segment reporting* - The Company’s operations are solely in the financial services industry and provides its customers traditional banking and other financial services. The Company operates primarily in California’s San Joaquin Valley. Management’s operating decisions and performance assessment are based on an ongoing review of the Company’s consolidated financial results. The Company is considered one operating segment for financial reporting purposes.
- v. *Revenue from contracts with customers* - The Company records revenue from contracts with customers in accordance with ASC Topic 606, “Revenue from Contracts with Customers” (Topic 606). Under Topic 606, the Company must identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the Company satisfies a performance obligation. The Company’s primary sources of revenue are derived from interest earned on loans, investment securities, and other financial instruments that are not within the scope of Topic 606. The Company has evaluated the nature of its contracts with customers and determined that further disaggregation of revenue from contracts with customers into more granular categories beyond what is presented in the “Consolidated Statements of Income” is not warranted. The Company, in general, satisfies its performance obligations on its contracts with customers as services are rendered. Transaction prices are typically fixed and are charged either on a periodic basis or as activity warrants. Contracts evaluated under the scope of Topic 606 are primarily related to service charges, fees on deposit accounts, debit card fees, ITM processing fees, and other service charges, commissions and fees. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying Topic 606 to the determination of the amount and timing of revenue from contracts with customers.

- w. *Leases* - The Company recognizes lease assets and lease liabilities on the consolidated balance sheet. Disclosures related to key lease components and leasing arrangements are included within the footnotes. The Company combines lease and associated non-lease components by class of underlying asset in contract that meet certain criteria. The lease and related non-lease components have the same timing and pattern of transfer, and the lease component, when accounted for on a stand-alone basis, is classified as an operating lease.

x. *Recently Issued Accounting Standards* -

In March 2020, FASB issued ASU 2020-04, “*Reference Rate Reform (Topic 848)*.” This ASU provides optional expedients and exceptions for contracts, hedging relationships, and other transactions that reference LIBOR or other reference rates expected to be discontinued because of reference rate reform. The ASU was effective for all entities as of March 12, 2020 through December 31, 2022. In December 2022, FASB issued ASU 2022-06, “*Deferral of the Sunset Date of Topic 848*.” This ASU amends ASU 2020-04 by extending the sunset provision for use of LIBOR as a reference rate until December 31, 2024, due to an extension of the intended cessation of USD LIBOR. During 2023, the Company chose to use the “Secured Overnight Financing Rate,” or SOFR, as a replacement for LIBOR. This change resulted in minimal impact to TRUPs and floating rate loans tied to LIBOR.

In March 2022, FASB issued ASU 2022-02, *Financial Instruments-Credit Losses (Topic 326) Troubled Debt Restructurings and Vintage Disclosures*. This ASU provides new guidance on the treatment of troubled debt restructurings (TDRs) in relation to the adoption of the CECL model for the accounting for credit losses (see note above regarding ASU 2016-13). Previous accounting guidance related to troubled debt restructurings is eliminated and new disclosure requirements are adopted in regard to loan refinancing and restructurings made to borrowers experiencing financial difficulties under the assumption that the CECL model will capture credit losses related to troubled debt restructurings. New disclosures regarding gross write-offs for financing receivables by year of origination are also included in the update. This update has been adopted as of January 1, 2023. The Bank will no longer report troubled debt restructurings or classify loans as such. TDRs previously recognized have been incorporated into the CECL methodology as it applies to loan loss reserves as of January 1, 2023.

In November 2023, FASB issued ASU 2023-07, “*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*.” This ASU requires public entities with a single reportable unit to meet all existing disclosures previously required of entities with multiple segments as well as additional disclosures mandated by the Update. Entities are now required to disclose the measures of profit and loss used by their chief operating decision maker (CODM) to assess segment performance and to provide enhanced disclosures regarding segment expenses. On an annual basis, the CODM’s title and position must be disclosed in addition to a description of how the CODM uses the reported measures to make decisions. Significant segment expenses will be reported on an interim and annual basis. The Company adopted this standard on December 31, 2024, and has provided the additional disclosures required in “The Notes to Consolidated Financial Statements.” Please see “[Note 19](#) - Segment Information.”

- y. *Subsequent events* - Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date.



## 2. Investment Securities

Following is a comparison of the amortized cost and approximate fair value of available-for-sale debt securities at December 31, 2024, and December 31, 2023:

<i>(In thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Carrying Amount)
<b>December 31, 2024</b>				
Securities available for sale:				
U.S. Government agencies	\$ 2,666	\$ —	\$ (22)	\$ 2,644
U.S. Government sponsored entities and agencies collateralized by mortgage obligations	92,121	4	(13,244)	78,881
Municipal bonds	50,082	—	(7,715)	42,367
Corporate bonds	34,884	34	(1,428)	33,490
Total securities available for sale	<u>\$ 179,753</u>	<u>\$ 38</u>	<u>\$ (22,409)</u>	<u>\$ 157,382</u>
<b>December 31, 2023</b>				
Securities available for sale:				
U.S. Government agencies	\$ 6,197	\$ 4	\$ (45)	\$ 6,156
U.S. Government sponsored entities and agencies collateralized by mortgage obligations	100,487	4	(12,307)	88,184
Municipal bonds	50,382	—	(8,017)	42,365
Corporate bonds	34,814	24	(2,715)	32,123
U.S. Treasury securities	12,510	—	(72)	12,438
Total securities available for sale	<u>\$ 204,390</u>	<u>\$ 32</u>	<u>\$ (23,156)</u>	<u>\$ 181,266</u>

At December 31, 2024, and at December 31, 2023, an allowance for credit losses was neither required nor recorded for any investment securities.

No proceeds or gross realized gains or losses from sales of available-for-sale debt securities were recorded for the years ended December 31, 2024, and 2023. During the years ended December 31, 2024 and December 31, 2023, the Company sold no equity securities.

As market interest rates or risks associated with a security's issuer continue to change and impact the actual or perceived values of investment securities, the Company may determine that selling these securities and using the proceeds to purchase securities that better suit the Company's current risk profile is appropriate and beneficial to the Company. There were no losses recorded due to credit-related factors for the periods ended December 31, 2024 or December 31, 2023.

The amortized cost and fair value of securities available for sale at December 31, 2024, by contractual maturity, are shown below:

<i>(In thousands)</i>	<b>December 31, 2024</b>	
	Amortized Cost	Fair Value (Carrying Amount)
Due in one year or less	\$ 5,417	\$ 5,364
Due after one year through five years	30,808	29,307
Due after five years through ten years	51,407	43,830
Due after ten years	5	5
U.S. Government sponsored entities & agencies collateralized by mortgage obligations	92,116	78,876
	<u>\$ 179,753</u>	<u>\$ 157,382</u>

Actual cash flows may differ from contractual maturities because issuers have the right to call or prepay obligations with or without call or prepayment penalties. Contractual maturities on collateralized mortgage obligations cannot be anticipated due to allowed paydowns.

At December 31, 2024, and 2023, available-for-sale debt securities with an amortized cost of approximately \$90.7 million and \$94.3 million (fair value of \$77.8 million and \$82.9 million, respectively) were pledged as collateral for FHLB borrowings, securitized deposits, and public funds balances.

The following summarizes available-for-sale debt securities in an unrealized loss position for which a credit loss has not been recorded at December 31, 2024, and 2023:

(In thousands)	Less than 12 Months		12 Months or More		Total	
	Fair Value (Carrying Amount)	Unrealized Losses	Fair Value (Carrying Amount)	Unrealized Losses	Fair Value (Carrying Amount)	Unrealized Losses
<b>December 31, 2024</b>						
Securities available for sale:						
U.S. Government agencies	\$ —	\$ —	\$ 2,644	\$ (22)	\$ 2,644	\$ (22)
U.S. Government sponsored entities and agencies collateralized by mortgage obligations	1,640	(6)	76,686	(13,238)	78,326	(13,244)
Municipal bonds	2,509	(501)	39,858	(7,214)	42,367	(7,715)
Corporate bonds	2,791	(28)	24,696	(1,400)	27,487	(1,428)
Total available-for-sale	<u>\$ 6,940</u>	<u>\$ (535)</u>	<u>\$ 143,884</u>	<u>\$ (21,874)</u>	<u>\$ 150,824</u>	<u>\$ (22,409)</u>
<b>December 31, 2023</b>						
Securities available for sale:						
U.S. Government agencies	\$ —	\$ —	\$ 4,064	\$ (45)	\$ 4,064	\$ (45)
U.S. Government sponsored entities and agencies collateralized by mortgage obligations	—	—	87,904	(12,307)	87,904	(12,307)
Municipal bonds	—	—	42,365	(8,017)	42,365	(8,017)
Corporate bonds	—	—	27,286	(2,715)	27,286	(2,715)
U.S. Treasury securities	—	—	12,438	(72)	12,438	(72)
Total available-for-sale	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 174,057</u>	<u>\$ (23,156)</u>	<u>\$ 174,057</u>	<u>\$ (23,156)</u>

The following summarizes the number of available-for-sale debt securities in an unrealized loss position for which a credit loss has not been recorded at December 31, 2024, and 2023

	December 31,	
	2024	2023
Securities available for sale:		
U.S. Government agencies	5	4
U.S. Government sponsored entities and agencies collateralized by mortgage obligations	41	46
Municipal bonds	46	45
Corporate bonds	8	8
U.S. Treasury securities	—	2
Total available-for-sale	<u>100</u>	<u>105</u>

Management has evaluated each available-for-sale investment security in an unrealized loss position to determine if it would be required to sell the security before the fair value increases to amortized cost and whether any unrealized losses are due to credit losses or noncredit factors such as current market rates, which would not require the establishment of an allowance for credit losses. At December 31, 2024, the decline in fair value of the available-for-sale securities is attributed to changes in interest rates and not credit quality. The interest rate increases of 2022 and 2023 led to large decreases in bond prices and increases in yields. The reductions in interest rates during 2024 have led to some price increases but have not returned bonds to their previous values. Because the Company does not intend to sell these securities, and because it is more likely than not that it will

not be required to sell these securities before their anticipated recovery, the Company does not consider it necessary to provide an allowance for any available-for-sale security at December 31, 2024.

During the year ended December 31, 2024, the Company recognized \$28,000 in unrealized losses related to one marketable equity security compared to unrealized gains of \$39,000 recognized during the year ended December 31, 2023.

The Company had no held-to-maturity securities at December 31, 2024 and December 31, 2023.

### 3. Loans

*Loans, net of unearned fees and unamortized loan origination costs, are comprised of the following:*

(In thousands)	December 31,			
	2024		2023	
	Loan Balance	% of Total Loans	Loan Balance	% of Total Loans
Commercial and business loans	\$ 63,653	6.9 %	\$ 53,273	5.8 %
Government program loans	62	<0.01 %	74	<0.01 %
Total commercial and industrial	63,715	6.9 %	53,347	5.8 %
Real estate – mortgage:				
Commercial real estate	419,422	45.2 %	386,134	42.0 %
Residential mortgages	247,248	26.6 %	260,539	28.3 %
Home improvement and home equity loans	24	<0.01 %	36	<0.01 %
Total real estate mortgage	666,694	71.8 %	646,709	70.3 %
Real estate construction and development	111,145	12.0 %	127,944	13.9 %
Agricultural	49,462	5.3 %	49,795	5.4 %
Installment and student loans	37,446	4.0 %	42,247	4.6 %
Total loans	<u>\$ 928,462</u>	100.0 %	<u>\$ 920,042</u>	100.0 %

The Company's loans are predominantly in the San Joaquin Valley, and the greater Oakhurst/East Madera County area, as well as the Campbell area of Santa Clara County. The Company's participation loans with other financial institutions are primarily in the state of California.

Commercial and industrial loans are generally made to support the ongoing operations of small- and medium-sized commercial businesses. Commercial and industrial loans have a high degree of industry diversification and provide working capital, financing for the purchase of manufacturing plants and equipment, or funding for growth and general expansion of businesses. A substantial portion of commercial and industrial loans are secured by accounts receivable, inventory, leases, or other collateral, including real estate. While the remainder are unsecured, those extensions of credit are predicated upon the financial capacity of the borrower. Repayment of commercial and industrial loans generally comes from the cash flow of the borrower.

Real estate mortgage loans are secured by trust deeds on primarily commercial property and by trust deeds on single family residences. Repayment of real estate mortgage loans is generally from the cash flow of the borrower.

- Commercial real estate mortgage loans comprise the largest segment of this loan category and are available on all types of income producing and commercial properties, including: office buildings and shopping centers, apartments and motels, owner-occupied buildings, manufacturing facilities, and other properties. Commercial real estate mortgage loans can also be used to refinance existing debt. Commercial real estate loans typically receive payment from the borrower's business operations, rental income associated with the real property, or personal assets.
- Residential mortgage loans are provided to individuals to finance or refinance single-family residences. Residential mortgages are not a primary business line offered by the Company, and a majority are conventional mortgages that were purchased as a pool.
- Home improvement and home equity loans comprise a relatively small portion of total real estate mortgage loans. Home equity loans are generally secured by junior trust deeds, but may be secured by 1<sup>st</sup> trust deeds.

Real estate construction and development loans consist of loans for residential and commercial construction projects, as well as land acquisition and development, or land held for future development. Loans in this category are secured by real estate including improved and unimproved land, as well as single-family residential, multi-family residential, and commercial properties in various stages of completion. All real estate loans have established equity requirements. Repayment on construction loans generally comes from long-term mortgages with other lending institutions obtained at completion of the project or from the sale of the constructed homes to individuals.

Agricultural loans are generally secured by land, equipment, inventory and receivables. Repayment is from the cash flow of the borrower.

Installment loans consist primarily of student loans as well as loans to individuals for household, family, and other personal expenditures such as credit cards, automobiles or other consumer items. See “[Note 4](#) - Student Loans” for specific information on the student loan portfolio.

In the normal course of business, the Company is party to financial instruments with off-balance sheet risk to meet the financing needs of its customers. At December 31, 2024, and 2023, these financial instruments include commitments to extend credit of \$204.0 million and \$183.5 million, respectively, and standby letters of credit of \$29.2 million and \$2.9 million, respectively. These instruments involve elements of credit risk in excess of the amount recognized on the consolidated balance sheet. The contract amounts of these instruments reflect the extent of the involvement the Company has in off-balance sheet financial instruments.

The Company’s exposure to credit loss in the event of nonperformance by the counterparty to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amounts of those instruments. The Company applies the same credit policies as it does for on-balance sheet instruments.

Commitments to extend credit are agreements to lend to a customer, as long as there is no violation of any condition established in the contract. Substantially all of these commitments are at floating interest rates based on the prime rate. Commitments generally have fixed expiration dates. The Company evaluates each customer’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if necessary, is based on management’s credit evaluation. Collateral held varies but includes accounts receivable, inventory, leases, property, plant and equipment, residential real estate, and income-producing properties.

Standby letters of credit are generally unsecured and are issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers.

*Loans to directors, officers, principal shareholders and their affiliates are summarized below:*

<i>(In thousands)</i>	2024	2023
Aggregate amount outstanding, beginning of year	\$ 3,039	\$ 3,610
New loans or advances during year	400	825
Repayments during year	(758)	(1,396)
Aggregate amount outstanding, end of year	\$ 2,681	\$ 3,039
Undisbursed commitments, end of year	\$ 1,803	\$ 1,525

Key terms and conditions for loans to directors, officers, principal shareholders and their affiliates do not differ from those of other borrowers.

Past Due Loans

The Company monitors delinquent and potentially problematic loans on an ongoing basis through weekly reports to the loan committee and monthly reports to the Board of Directors.

The following is a summary of delinquent loans, net of unearned fees and loan origination costs, at December 31, 2024, (in thousands):

December 31, 2024	Loans 30-60 Days Past Due	Loans 61-89 Days Past Due	Loans 90 or More Days Past Due	Total Past Due Loans	Current Loans	Total Loans	Accruing Loans 90 or More Days Past Due
Commercial and business loans	\$ —	\$ —	\$ —	\$ —	\$ 63,653	\$ 63,653	\$ —
Government program loans	—	—	—	—	62	62	—
Total commercial and industrial	—	—	—	—	63,715	63,715	—
Commercial real estate loans	—	—	—	—	419,422	419,422	—
Residential mortgages	214	—	—	214	247,034	247,248	—
Home improvement and home equity loans	—	—	—	—	24	24	—
Total real estate mortgage	214	—	—	214	666,480	666,694	—
Real estate construction and development loans	—	—	12,185	12,185	98,960	111,145	—
Agricultural loans	—	—	—	—	49,462	49,462	—
Installment and student loans	1,625	1,373	421	3,419	34,027	37,446	421
Total loans	\$ 1,839	\$ 1,373	\$ 12,606	\$ 15,818	\$ 912,644	\$ 928,462	\$ 421

The following is a summary of delinquent loans, net of unearned fees and loan origination costs, at December 31, 2023, (in thousands):

December 31, 2023	Loans 30-60 Days Past Due	Loans 61-89 Days Past Due	Loans 90 or More Days Past Due	Total Past Due Loans	Current Loans	Total Loans	Accruing Loans 90 or More Days Past Due
Commercial and business loans	\$ —	\$ —	\$ —	\$ —	\$ 53,273	\$ 53,273	\$ —
Government program loans	—	—	—	—	74	74	—
Total commercial and industrial	—	—	—	—	53,347	53,347	—
Commercial real estate loans	—	—	—	—	386,134	386,134	—
Residential mortgages	—	—	—	—	260,539	260,539	—
Home improvement and home equity loans	—	—	—	—	36	36	—
Total real estate mortgage	—	—	—	—	646,709	646,709	—
Real estate construction and development loans	—	—	11,390	11,390	116,554	127,944	—
Agricultural loans	—	—	45	45	49,750	49,795	—
Installment and student loans	791	328	426	1,545	40,702	42,247	426
Total loans	\$ 791	\$ 328	\$ 11,861	\$ 12,980	\$ 907,062	\$ 920,042	\$ 426

Nonaccrual Loans

The following table presents the amortized costs of loans on nonaccrual status and accruing loans more than 90 days past due: December 31, 2024, and 2023:

(In thousands)	December 31, 2024			December 31, 2023		
	Nonaccrual Loans With No Allowance For Credit Losses	Total Nonaccrual Loans	Accruing Loans 90 or More Days Past Due	Nonaccrual Loans With No Allowance For Credit Losses	Total Nonaccrual Loans	Accruing Loans 90 or More Days Past Due
Real estate construction and development loans	12,198	12,198	—	11,403	11,403	—
Agricultural loans	—	—	—	—	45	—
Installment and student loans	—	—	421	—	—	426
Total	\$ 12,198	\$ 12,198	\$ 421	\$ 11,403	\$ 11,448	\$ 426

There were no remaining undisbursed commitments to extend credit on nonaccrual loans at December 31, 2024, and 2023.

Credit Quality Indicators

As part of its credit monitoring program, the Company utilizes a risk rating system which quantifies the risk the Company estimates it has assumed during the life of a loan. The system rates the strength of the borrower and the facility or transaction, and is designed to provide a program for risk management and early detection of problems.

For each new credit approval, credit extension, renewal, or modification of existing credit facilities, the Company assigns risk ratings utilizing the rating scale identified in this policy. In addition, on an on-going basis, loans and credit facilities are reviewed for internal and external influences which might impact the credit facility and warrant a change in the risk rating. Each loan credit facility is given a risk rating that takes into account factors that materially affect credit quality.

When assigning risk ratings, the Company evaluates two risk rating approaches, a facility rating and a borrower rating as follows:

*Facility Rating:*

The facility rating is determined by the analysis of positive and negative factors that may indicate that the quality of a particular loan or credit arrangement requires that it be rated differently from the risk rating assigned to the borrower. The Company assesses the risk impact of these factors:

Collateral - The rating may be affected by the type and quality of the collateral, the degree of coverage, the economic life of the collateral, liquidation value, and the Company's ability to dispose of the collateral.

Guarantees - The value of third party support arrangements varies widely. Unconditional guarantees from persons with demonstrable ability to perform are more substantial than that of closely-related persons to the borrower who offer only modest support.

Unusual Terms - Credit may be extended on terms that subject the Company to a higher level of risk than indicated in the rating of the borrower.

*Borrower Rating:*

The borrower rating is a measure of loss possibility based on the historical, current and anticipated financial characteristics of the borrower in the current risk environment. To determine the rating, the Company considers at least the following factors:

- Quality of management
- Liquidity
- Leverage/capitalization
- Profit margins/earnings trend
- Adequacy of financial records

- Alternative funding sources
- Geographic risk
- Industry risk
- Cash flow risk
- Accounting practices
- Asset protection
- Extraordinary risks

The Company assigns risk ratings to loans other than consumer loans and other homogeneous loan pools based on the following scale. The risk ratings are used when determining borrower ratings as well as facility ratings. When the borrower rating and the facility ratings differ, the lowest rating applied is:

- *Grades 1 and 2* – These grades include loans which are given to high-quality borrowers with high credit quality and sound financial strength. Key financial ratios are generally above industry averages and the borrower’s strong earnings history or net worth. These may be secured by deposit accounts or high-grade investment securities.
- *Grade 3* – This grade includes loans to borrowers with solid credit quality with minimal risk. The borrower’s balance sheet and financial ratios are generally in line with industry averages, and the borrower has historically demonstrated the ability to manage economic adversity. Real estate and asset-based loans assigned this risk rating must have characteristics which place them well above the minimum underwriting requirements for those departments. Asset-based borrowers assigned this rating must exhibit extremely favorable leverage and cash flow characteristics, and consistently demonstrate a high level of unused borrowing capacity.
- *Grades 4 and 5* – These include “pass” grade loans to borrowers of acceptable credit quality and risk. The borrower’s balance sheet and financial ratios may be below industry averages, but above the lowest industry quartile. Leverage is above and liquidity is below industry averages. Inadequacies evident in financial performance and/or management sufficiency are offset by readily available features of support, such as adequate collateral, or good guarantors having the liquid assets and/or cash flow capacity to repay the debt. While the borrower may have recognized a loss over three or four years, recent earnings trends, while perhaps somewhat cyclical, are improving and cash flows are adequate to cover debt service and fixed obligations. Real estate and asset-borrowers who fully comply with all underwriting standards and perform according to projections would be assigned this rating. These also include grade 5 loans which are “leveraged” or on management’s “watch list.” While still considered pass loans (loans given a grade 5), the borrower’s financial condition, cash flow, or operations evidence more than average risk and short term weaknesses. These loans warrant a higher than average level of monitoring, supervision, and attention from the Company, but do not reflect credit weakness trends that weaken or inadequately protect the Company’s credit position. Loans with a grade rating of 5 are not normally acceptable as new credits unless they are adequately secured or carry substantial endorsers/guarantors.
- *Grade 6* – This grade includes “special mention” loans which are loans that are currently protected but are potentially weak. This generally is an interim grade classification and these loans will usually be upgraded to an “acceptable” rating or downgraded to a “substandard” rating within a reasonable time period. Weaknesses in special mention loans may, if not checked or corrected, weaken the asset or inadequately protect the Company’s credit position at some future date. Special mention loans are often loans which exhibit weaknesses inherent in the loan origination and loan servicing, and may have some technical deficiencies. The main theme in special mention credits is the distinct probability that the classification will deteriorate to a more adverse class if the noted deficiencies are not addressed by the loan officer or loan management.
- *Grade 7* – This grade includes “substandard” loans which are inadequately supported by the current sound net worth and paying capacity of the borrower or of the collateral pledged, if any. Substandard loans have a well-defined weakness or weaknesses that may impair the regular liquidation of the debt. When a loan has been downgraded to “substandard,” there exists a distinct possibility that the Company will sustain a loss if the deficiencies are not corrected.
- *Grade 8* – This grade includes “doubtful” loans which exhibit the same characteristics as the “substandard” loans. Additionally, loan weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors, which may work to the advantage and strengthening of the loan, its classification as an estimated loss is deferred until its more exact status can be determined. Pending factors include a



proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral, and refinancing plans.

- *Grade 9* – This grade includes loans classified “loss” which are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off the asset even though partial recovery may be achieved in the future.

The following table presents loans by class, net of unearned fees and loan origination costs, by risk rating and period indicated as of December 31, 2024:

	Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2024							Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans	
(In thousands)	2024	2023	2022	2021	2020	Prior				Total
Commercial and business										
Pass	\$ 2,374	\$ 3,640	\$ 2,076	\$ 341	\$ 408	\$ 764	\$ 29,349	\$ —	\$ 38,952	
Special Mention	—	2,000	—	—	—	—	—	—	2,000	
Substandard	—	—	68	—	6,989	—	15,644	—	22,701	
Total	\$ 2,374	\$ 5,640	\$ 2,144	\$ 341	\$ 7,397	\$ 764	\$ 44,993	\$ —	\$ 63,653	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Government program										
Pass	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ 60	\$ —	\$ —	\$ 62	
Special Mention	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	—	—	—	—	
Total	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ 60	\$ —	\$ —	\$ 62	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Commercial real estate										
Pass	\$ 78,889	\$ 32,794	\$ 80,121	\$ 31,376	\$ 37,480	\$ 151,066	\$ 1,491	\$ —	\$ 413,217	
Special Mention	—	—	—	—	5,653	—	—	—	5,653	
Substandard	—	—	—	552	—	—	—	—	552	
Total	\$ 78,889	\$ 32,794	\$ 80,121	\$ 31,928	\$ 43,133	\$ 151,066	\$ 1,491	\$ —	\$ 419,422	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Residential mortgages										
Not graded	\$ —	\$ —	\$ 23,929	\$ 196,340	\$ 2,480	\$ 6,226	\$ —	\$ —	\$ 228,975	
Pass	4,824	3,969	1,926	4,320	1,580	1,654	—	—	18,273	
Special Mention	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	—	—	—	—	
Total	\$ 4,824	\$ 3,969	\$ 25,855	\$ 200,660	\$ 4,060	\$ 7,880	\$ —	\$ —	\$ 247,248	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Home improvement and home equity										
Not graded	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 24	\$ —	\$ —	\$ 24	
Pass	—	—	—	—	—	—	—	—	—	
Special Mention	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	—	—	—	—	
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 24	\$ —	\$ —	\$ 24	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	



	Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2024						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans	
(In thousands)	2024	2023	2022	2021	2020	Prior			Total
Real estate construction and development									
Pass	\$ 13,761	\$ 15,743	\$ 8,004	\$ —	\$ 32,389	\$ 2,473	\$ 26,577	\$ —	\$ 98,947
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	3,524	8,674	—	—	12,198
Total	\$ 13,761	\$ 15,743	\$ 8,004	\$ —	\$ 35,913	\$ 11,147	\$ 26,577	\$ —	\$ 111,145
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Agricultural									
Pass	\$ 3,097	\$ 2,115	\$ 3,990	\$ 490	\$ 2,861	\$ 11,586	\$ 22,705	\$ —	\$ 46,844
Special Mention	—	—	1,503	—	440	285	—	—	2,228
Substandard	—	—	—	—	—	—	390	—	390
Total	\$ 3,097	\$ 2,115	\$ 5,493	\$ 490	\$ 3,301	\$ 11,871	\$ 23,095	\$ —	\$ 49,462
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Installment and student loans									
Not graded	\$ 440	\$ 1,607	\$ 103	\$ 99	\$ 8	\$ 34,162	\$ 606	\$ —	\$ 37,025
Pass	—	—	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	421	—	—	421
Total	\$ 440	\$ 1,607	\$ 103	\$ 99	\$ 8	\$ 34,583	\$ 606	\$ —	\$ 37,446
Current period gross charge-offs	\$ —	\$ 20	\$ —	\$ —	\$ —	\$ 2,842	\$ —	\$ —	\$ 2,862
Total loans outstanding (risk rating):									
Not graded	\$ 440	\$ 1,607	\$ 24,032	\$ 196,439	\$ 2,488	\$ 40,412	\$ 606	\$ —	\$ 266,024
Pass	102,945	58,261	96,117	36,527	74,720	167,603	80,122	—	616,295
Special Mention	—	2,000	1,503	—	6,093	285	—	—	9,881
Substandard	—	—	68	552	10,513	9,095	16,034	—	36,262
Grand total loans	\$ 103,385	\$ 61,868	\$ 121,720	\$ 233,518	\$ 93,814	\$ 217,395	\$ 96,762	\$ —	\$ 928,462
Current period gross charge-offs	\$ —	\$ 20	\$ —	\$ —	\$ —	\$ 2,842	\$ —	\$ —	\$ 2,862

The following table presents loans by class, net of deferred fees, by risk rating and period indicated as of December 31, 2023:

	Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2023						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans	Total	
(In thousands)	2023	2022	2021	2020	2019	Prior				
<b>Commercial and business</b>										
Pass	\$ 5,989	\$ 5,066	\$ 1,594	\$ 810	\$ 6	\$ 939	\$ 38,869	\$ —	\$ 53,273	
Special Mention	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	—	—	—	—	
Total	\$ 5,989	\$ 5,066	\$ 1,594	\$ 810	\$ 6	\$ 939	\$ 38,869	\$ —	\$ 53,273	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
<b>Government program</b>										
Pass	\$ —	\$ —	\$ —	\$ 8	\$ —	\$ 66	\$ —	\$ —	\$ 74	
Special Mention	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	—	—	—	—	
Total	\$ —	\$ —	\$ —	\$ 8	\$ —	\$ 66	\$ —	\$ —	\$ 74	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
<b>Commercial real estate</b>										
Pass	\$ 40,929	\$ 81,823	\$ 52,019	\$ 39,155	\$ 60,626	\$ 105,285	\$ 501	\$ —	\$ 380,338	
Special Mention	—	—	—	5,796	—	—	—	—	5,796	
Substandard	—	—	—	—	—	—	—	—	—	
Total	\$ 40,929	\$ 81,823	\$ 52,019	\$ 44,951	\$ 60,626	\$ 105,285	\$ 501	\$ —	\$ 386,134	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
<b>Residential mortgages</b>										
Not graded	\$ —	\$ 24,835	\$ 206,257	\$ 2,260	\$ —	\$ 8,969	\$ —	\$ —	\$ 242,321	
Pass	4,189	1,925	5,253	1,579	3,494	1,778	—	—	18,218	
Special Mention	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	—	—	—	—	
Total	\$ 4,189	\$ 26,760	\$ 211,510	\$ 3,839	\$ 3,494	\$ 10,747	\$ —	\$ —	\$ 260,539	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
<b>Home improvement and home equity</b>										
Not graded	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 32	\$ —	\$ —	\$ 32	
Pass	—	—	—	—	—	4	—	—	4	
Special Mention	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	—	—	—	—	
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 36	\$ —	\$ —	\$ 36	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	

	Term Loans Amortized Cost Basis by Origination Year - As of December 31, 2023							Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans	Total
(In thousands)	2023	2022	2021	2020	2019	Prior				
Real estate construction and development										
Pass	\$ 27,951	\$ 9,571	\$ —	\$ 31,308	\$ —	\$ 3,978	\$ 43,734	\$ —	\$ 116,542	
Special Mention	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	3,524	—	7,878	—	—	11,402	
Total	\$ 27,951	\$ 9,571	\$ —	\$ 34,832	\$ —	\$ 11,856	\$ 43,734	\$ —	\$ 127,944	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Agricultural										
Pass	\$ 2,086	\$ 4,163	\$ 457	\$ 2,958	\$ 1,592	\$ 12,574	\$ 22,556	\$ —	\$ 46,386	
Special Mention	—	2,105	—	513	—	356	—	—	2,974	
Substandard	—	—	—	—	—	45	390	—	435	
Total	\$ 2,086	\$ 6,268	\$ 457	\$ 3,471	\$ 1,592	\$ 12,975	\$ 22,946	\$ —	\$ 49,795	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Installment and student loans										
Not graded	\$ 708	\$ 250	\$ 142	\$ 74	\$ 483	\$ 38,519	\$ 472	\$ —	\$ 40,648	
Pass	1,173	—	—	—	—	—	—	—	1,173	
Special Mention	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	426	—	—	426	
Total	\$ 1,881	\$ 250	\$ 142	\$ 74	\$ 483	\$ 38,945	\$ 472	\$ —	\$ 42,247	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,588	\$ —	\$ —	\$ 2,588	
Total loans outstanding (risk rating):										
Not graded	\$ 708	\$ 25,085	\$ 206,399	\$ 2,334	\$ 483	\$ 47,520	\$ 472	\$ —	\$ 283,001	
Pass	82,317	102,548	59,323	75,818	65,718	124,624	105,660	—	616,008	
Special Mention	—	2,105	—	6,309	—	356	—	—	8,770	
Substandard	—	—	—	3,524	—	8,349	390	—	12,263	
Grand total loans	\$ 83,025	\$ 129,738	\$ 265,722	\$ 87,985	\$ 66,201	\$ 180,849	\$ 106,522	\$ —	\$ 920,042	
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,588	\$ —	\$ —	\$ 2,588	

Allowance for Credit Losses on Loans

The following summarizes the activity in the allowance for credit losses by loan category for the years ended December 31, 2024, and 2023 (in thousands).

December 31, 2024	Commercial and Industrial	Real Estate Mortgage	Real Estate Construction Development	Agricultural	Installment & Student Loans	Total
Beginning balance	\$ 1,903	\$ 2,524	\$ 3,614	\$ 1,250	\$ 6,367	\$ 15,658
Provision for (reversal of) credit losses (1)	935	104	(1,110)	(222)	3,312	3,019
Charge-offs	—	—	—	—	(2,862)	(2,862)
Recoveries	1	6	—	—	224	231
Ending balance	\$ 2,839	\$ 2,634	\$ 2,504	\$ 1,028	\$ 7,041	\$ 16,046

(1) Excludes a \$56,000 reversal of provision for unfunded loan commitments during the year.

December 31, 2023	Commercial and Industrial	Real Estate Mortgage	Real Estate Construction and Development	Agricultural	Installment & Student Loans	Unallocated	Total
Beginning balance	\$ 955	\$ 1,363	\$ 3,409	\$ 525	\$ 2,898	\$ 1,032	\$ 10,182
CECL Adjustment	1,336	2,359	720	1,025	1,959	(1,032)	6,367
Provision for (reversal of) credit losses (1)	(390)	(1,253)	(515)	(300)	3,888	—	1,430
Charge-offs	—	—	—	—	(2,588)	—	(2,588)
Recoveries	2	55	—	—	210	—	267
Ending balance	<u>\$ 1,903</u>	<u>\$ 2,524</u>	<u>\$ 3,614</u>	<u>\$ 1,250</u>	<u>\$ 6,367</u>	<u>\$ —</u>	<u>\$ 15,658</u>

(1) Excludes a \$30,000 provision for unfunded loan commitments during the year.

### Collateral-Dependent Loans

The following table presents the recorded investment in collateral-dependent loans by type of loan:

	December 31, 2024		December 31, 2023	
	Amount	Number of Collateral-Dependent Loans	Amount	Number of Collateral-Dependent Loans
(Dollars in thousands)				
Real estate construction and development loans	\$ 12,185	3	\$ 11,390	3
Agricultural loans	390	1	390	1
Total	<u>\$ 12,575</u>	<u>4</u>	<u>\$ 11,780</u>	<u>4</u>

At December 31, 2024, two of the real estate and construction and development loans were secured by land and one was secured by a multifamily property, and the agricultural loan was secured by farmland. At December 31, 2023, two of the real estate construction and development loans were secured by land and one was secured by a multifamily property, and agricultural loan was secured by farmland.

### Reserve for Unfunded Commitments

The allowance for off-balance sheet credit exposure relates to commitments to extend credit, letters of credit, and undisbursed funds on lines of credit. The Company evaluates credit risk associated with the off-balance sheet loan commitments in the same manner as it evaluates credit risk within the loan portfolio. There was a reversal of provision of \$56,000 for unfunded loan commitments made during the year ended December 31, 2024, decreasing the liability balance to \$780,000. For the year ended December 31, 2023, there was a provision of \$30,000 made for unfunded loan commitments. The balance for unfunded loan commitments totaled \$835,000 at December 31, 2023. The reserve for the unfunded loan commitments is a liability on the Company's consolidated financial statements and is included in other liabilities.

### Loan Modifications

Occasionally, the Company modifies loans to borrowers in financial distress by providing principal forgiveness, term extension, and other-than-insignificant payment delay or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged off against the allowance for credit losses. There were no loan modifications at December 31, 2023.

The following tables present loan modifications made to borrowers experiencing financial difficulties for the period indicated:

	December 31, 2024				
	Principal Forgiveness	Term Extension	Interest Rate Reduction	Payment Delay	Total % of Loans Outstanding
(In thousands)					
Commercial and business loans	\$ —	\$ 6,989	\$ —	\$ —	0.75%

The following table presents the financial effects of loan modifications made to borrower experiencing financial difficulties:

	December 31, 2024
(In thousands)	12 months term extension
Commercial and business loans	6,989

#### 4. Student Loans

Included in installment loans are \$33.9 million and \$38.5 million in student loans at December 31, 2024, and 2023, made to medical and pharmacy school students. Upon graduation the loan is automatically placed in a grace period of six months. This may be extended up to 48 months for graduates enrolling in internship, medical residency, or fellowship. As approved, the student may receive additional deferment for hardship or administrative reasons in the form of forbearance for a maximum of 36 months throughout the life of the loan. Student loans have not been originated or purchased since 2019.

As of December 31, 2024 and 2023, the allowance for credit losses for the student loan portfolio was \$7.0 million and \$6.3 million, respectively. At December 31, 2024, and 2023, student loans totaling \$421,000 and \$426,000 were included in the substandard category, respectively.

The following tables summarize the credit quality indicators for outstanding student loans as of December 31, 2024 and December 31, 2023:

	December 31, 2024			December 31, 2023		
(Dollars in thousands)	Number of Loans	Principal Amount	Accrued Interest	Number of Loans	Principal Amount	Accrued Interest
School	26	\$ 692	\$ 512	44	\$ 1,242	\$ 734
Grace	3	100	63	18	473	296
Repayment	406	19,647	324	444	20,833	289
Deferment	219	9,954	2,593	237	10,163	2,022
Forbearance	65	3,496	133	98	5,782	133
Total	719	\$ 33,889	\$ 3,625	841	\$ 38,493	\$ 3,474

**School** - The time in which the borrower is still actively in school at least half time. No payments are expected during this stage, though the borrower may begin immediate payments.

**Grace** - A six month period of time granted to the borrower immediately upon graduation, or withdrawal from school. Interest continues to accrue. Upon completion of the six month grace period the loan is transferred to repayment status. This status may also represent a borrower activated to military duty during their time in school. The borrower must return to at least half-time status within six-months of the active duty end-date in order to return to in-school status.

**Repayment** - The time in which the borrower is no longer actively in school at least half time, and has not received an approved grace, deferment, or forbearance. Regular payment is expected from these borrowers under an allotted payment plan.

**Deferment** - May be granted up to 48 months for borrowers who have begun the repayment period on their loans but are (1) actively enrolled in an eligible school at least half time, or (2) are actively enrolled in an approved and verifiable medical residency, internship, or fellowship program.

**Forbearance** - The period of time during which the borrower may postpone making principal and interest payments due to hardship or administrative reasons. Interest continues to accrue on loans during periods of authorized forbearance. If the borrower is delinquent at the time the forbearance is granted, accrued and unpaid interest from the date of delinquency, if any, will be capitalized at the end of the forbearance period. The loan-term will not change and payments may be increased to allow the loan to pay off in the required time frame. A forbearance that results in and insignificant payment delay is not considered a concessionary change in terms, provided the borrower affirms the obligation. Forbearance is not an uncommon status designation; this designation is standard industry practice, and is consistent with a student's migration to the medical profession. However, additional risk is associated with this designation.

### Student Loan Aging

Student loans are generally charged off at the end of the month during which an account becomes 120 days contractually past due. Accrued but unpaid interest related to charged off student loans is reversed and charged against interest income. For the year ended December 31, 2024, \$328,000 in accrued interest receivable was reversed due to charge-offs of \$2.8 million within the student loan portfolio. For the year ended December 31, 2023, \$252,000 in accrued interest receivable was reversed due to charge-offs of \$2.6 million within the student loan portfolio.

The following tables summarize the student loan aging for loans in repayment and forbearance as of December 31, 2024 and December 31, 2023:

	December 31, 2024		December 31, 2023	
	Number of Borrowers	Principal Amount	Number of Borrowers	Principal Amount
(Dollars in thousands)				
Current or less than 31 days	185	\$ 19,737	221	\$ 25,070
31 - 60 days	9	1,625	6	791
61 - 90 days	7	1,360	2	328
Greater than 90 days	2	421	3	426
Total	203	\$ 23,143	232	\$ 26,615

### 5. Premises and Equipment

The components of premises and equipment are as follows:

(In thousands)	December 31, 2024	December 31, 2023
Land	\$ 968	\$ 968
Buildings and improvements	17,186	16,502
Furniture and equipment	11,392	11,105
	29,546	28,575
Less accumulated depreciation and amortization	(20,878)	(19,477)
Total	\$ 8,668	\$ 9,098

The depreciation and amortization expense on Company premises and equipment totaled \$1.47 million and \$1.46 million, for the years ended December 31, 2024, and 2023, respectively, and is included in occupancy expense in the accompanying consolidated statements of income.

### 6. Investment in Limited Partnerships

The Bank owns interests in two local-area limited partnerships that provide private capital for small- and medium-sized businesses. This capital is typically used for financing later-stage growth, strategic acquisitions, ownership transitions, recapitalizations, or mezzanine capital. At December 31, 2024 and 2023, the total investment in these limited partnerships was \$4.3 million, and \$3.2 million, respectively, and was accounted for under the cost method. No income was received from the partnerships during the years ended December 31, 2024 and 2023. Remaining unfunded commitments as of December 31, 2024, and 2023, totaled \$2.2 million and \$800,000, respectively.

## 7. Deposits

Deposits include the following:

<i>(In thousands)</i>	December 31, 2024	December 31, 2023
Noninterest-bearing deposits	\$ 360,152	\$ 403,225
Interest-bearing deposits:		
NOW and money market accounts	504,466	406,857
Savings accounts	114,648	122,547
Time deposits:		
Under \$250,000	45,141	48,098
\$250,000 and over	33,215	23,750
Total interest-bearing deposits	697,470	601,252
Total deposits	<u>\$ 1,057,622</u>	<u>\$ 1,004,477</u>

The scheduled maturities of all certificates of deposit and other time deposits are as follows:

<i>(In thousands)</i>	December 31, 2024	December 31, 2023
One year or less	\$ 56,246	\$ 44,887
More than one year, but less than or equal to two years	21,600	26,046
More than two years, but less than or equal to three years	112	611
More than three years, but less than or equal to four years	272	86
More than four years, but less than or equal to five years	126	218
Greater than five years	—	—
	<u>\$ 78,356</u>	<u>\$ 71,848</u>

Deposit balances representing overdrafts reclassified as loan balances totaled \$178,000 and \$387,000 as of December 31, 2024, and 2023, respectively.

Deposits of directors, officers and other related parties to the Bank totaled \$11.5 million and \$10.3 million at December 31, 2024, and 2023, respectively. The rates paid on these deposits were similar to those customarily paid to the Bank's customers in the normal course of business.

At December 31, 2024, the Bank held \$100.3 million in brokered deposits. There were no brokered deposits held at December 31, 2023.

## 8. Short-term Borrowings/Other Borrowings

The Bank maintains lines of credit with the Federal Reserve Bank, the Federal Home Loan Bank, and correspondent banks which may be drawn upon, as needed, to cover short-term financial obligations, or for investment or capital utilization purposes.

The following table sets forth the Bank's outstanding and available credit lines for the periods indicated:

<i>(In thousands)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Unsecured credit lines:		
Credit limit	\$ 90,000	\$ 80,000
Balance outstanding	—	2,000
Federal Home Loan Bank:		
Credit limit	135,634	128,935
Balance outstanding	—	60,000
Collateral pledged	230,001	232,144
Federal Reserve Bank:		
Credit limit	499,069	463,501
Balance outstanding	—	—
Collateral pledged	617,860	608,045

At December 31, 2024, the Company's available lines of credit totaled \$724.7 million. All lines of credit are on an "as available" basis and can be revoked by the grantor at any time. These lines of credit have interest rates that are generally tied to the Federal Funds rate or are indexed to short-term U.S. Treasury rates or SOFR. FHLB and FRB advances are collateralized by loans and investment securities. At December 31, 2024, \$228.1 million in loans and \$1.9 million in investment securities were pledged as collateral for FHLB advances. Additionally, \$614.2 million in loans and \$3.7 million in investment securities were pledged at December 31, 2024, as collateral for advances with the Federal Reserve Bank.

At December 31, 2023, the Company's available lines of credit totaled \$672.4 million. As of December 31, 2023, \$230.1 million in loans and \$2.1 million in investment securities were pledged as collateral for FHLB advances. Additionally, \$604.0 million in loans and \$4.1 million in investment securities were pledged as collateral at the Federal Reserve Bank.

At December 31, 2024, the Company held no borrowings. At December 31, 2023, the Company held secured borrowings of \$60.0 million at FHLB and overnight unsecured borrowings of \$2.0 million at PCBB.

## 9. Leases

The Company leases land and premises for its branch banking offices, administration facilities, and ITMs. The initial terms of these leases expire at various dates through 2044. Under the provisions of most of these leases, the Company has the option to extend the leases beyond their original terms at rental rates adjusted for changes reported in certain economic indices or as reflected by market conditions. Lease terms may include options to extend or terminate the lease when it is reasonably certain the Company will exercise that option. As of December 31, 2024, the Company had 14 operating leases and no financing leases.

Upon adoption of *ASC Topic 842, Leases*, the Bank chose to apply the incremental borrowing rate in its determination of the lease liability. The incremental borrowing rate approximates the Bank's current rates for fully secured loans where the amount and terms applied are similar to the amount and terms of the lease.

Operating lease expenses for the years ended December 31, 2024 and 2023, totaled \$762,000 and \$711,000, respectively.

Supplemental balance sheet information related to leases is as follows:

<i>(In thousands)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Operating cash flows used in operating leases	\$ 766	\$ 720
Right-of-use assets obtained in exchange for new operating lease liabilities	2,374	—
Weighted-average remaining lease terms in years for operating leases	8.65	4.23
Weighted-average discount rate for operating leases	5.06 %	5.09 %



Maturities of lease liabilities are as follows as of December 31, 2024 (in thousands):

<i>Years Ending December 31,</i>	<b>Lease Liabilities</b>
2025	\$ 718
2026	499
2027	428
2028	424
2029	339
Thereafter	1,558
Total undiscounted cash flows	3,966
Less: present value discount	(805)
Present value of net future minimum lease payments	<u>\$ 3,161</u>

#### **10. Junior Subordinated Debt/Trust Preferred Securities**

The contractual principal balance of the Company's debentures relating to its trust preferred securities is \$12.0 million as of December 31, 2024 and 2023. The Company may redeem the junior subordinated debentures (TRUPs) at any time at par.

The Company accounts for its TRUPs issued under USB Capital Trust II at fair value. The Company believes the election of fair value accounting for the TRUPs better reflects the true economic value of the debt instrument on the consolidated balance sheet. As of December 31, 2024, the rate paid on TRUPs issued under USB Capital Trust II is 3-month SOFR plus 129 basis points, and is adjusted quarterly.

At December 31, 2024, the Company performed a fair value measurement analysis on TRUPs using a cash flow model approach to determine the present value of those cash flows. The cash flow model utilizes the forward 3-month SOFR curve to estimate future quarterly interest payments due over remaining life of the debt instrument. These cash flows are discounted at a rate which incorporates a current market rate for similar-term debt instruments, adjusted for additional credit and liquidity risks associated with TRUPs. The 6.40% discount rate used represents what a market participant would consider under the circumstances based on current market assumptions. At December 31, 2024, and December 31, 2023, the total cumulative gain recorded on the debt was \$1.1 million and \$1.5 million, respectively.

<i>(In thousands)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Net fair value calculation loss	\$ (368)	\$ (270)
Other comprehensive income gain (loss)	245	(544)
Recognized (loss) gain on fair value	(614)	274
Cumulative gain recorded	1,093	1,461
Discount rate	6.40 %	6.14 %

The net fair value calculation performed as of December 31, 2024 resulted in a pretax loss adjustment of \$368,000 for the year ended December 31, 2024, compared to a pretax loss adjustment of \$270,000 for the year ended December 31, 2023.

For the year ended December 31, 2024, the \$368,000 fair value loss adjustment was separately presented as a \$614,000 loss recognized on the consolidated statements of income, and a \$245,000 gain associated with the instrument-specific credit risk recognized in other comprehensive income. For the year ended December 31, 2023, the \$270,000 fair value loss adjustment was separately presented as a \$274,000 gain recognized on the consolidated statements of income, and a \$544,000 loss associated with the instrument-specific credit risk recognized in other comprehensive income. The Company calculated the change in the discounted cash flows based on updated market credit spreads for the periods ended.

## 11. Deferred Taxes

The tax effects of significant items comprising the Company's net deferred tax assets (liabilities) are as follows:

(In thousands)	December 31,	
	2024	2023
Deferred tax assets:		
Credit losses not currently deductible	\$ 5,127	\$ 4,985
Deferred compensation	1,692	1,757
Depreciation	278	92
Accrued reserves	248	—
Write-down on other real estate owned	291	291
Unrealized gain on retirement obligation	63	56
Deferred loss ASC 825 – fair value option	354	159
Unrealized loss on available for sale securities	6,613	6,835
Interest on nonaccrual loans	1,733	1,513
Lease liability	1,006	458
Other	751	848
Total deferred tax assets	18,156	16,994
Deferred tax liabilities:		
State tax	(636)	(596)
FHLB dividend	(46)	(46)
Loss on limited partnership investments	(841)	(650)
Fair value adjustments for purchase accounting	(93)	(93)
Unrealized loss on TRUPs	(471)	(579)
Deferred loan costs	(567)	(414)
Prepaid expenses	(106)	(135)
Right-of-use asset	(977)	(426)
Total deferred tax liabilities	(3,737)	(2,939)
Net deferred tax assets	\$ 14,419	\$ 14,055

The Company periodically evaluates its deferred tax assets to determine whether a valuation allowance is required based upon a determination that some or all of the deferred assets may not be ultimately realized. The Company did not record a valuation allowance at December 31, 2024, or December 31, 2023.

Income tax expense for the years ended December 31, consist of the following:

(In thousands)	Federal	State	Total
<b>2024</b>			
Current	\$ 3,769	\$ 2,240	\$ 6,009
Deferred	(295)	(177)	(472)
	<u>\$ 3,474</u>	<u>\$ 2,063</u>	<u>\$ 5,537</u>
<b>2023</b>			
Current	\$ 5,103	\$ 2,874	\$ 7,977
Deferred	(238)	(59)	(297)
	<u>\$ 4,865</u>	<u>\$ 2,815</u>	<u>\$ 7,680</u>

A reconciliation of the statutory federal income tax rate to the effective income tax rate is as follows:

	Year Ended December 31,	
	2024	2023
Statutory federal income tax rate	21.0 %	21.0 %
State franchise tax, net of federal income tax benefit	8.0	8.1
Other	(1.7)	(1.1)
Effective income tax rate	27.3 %	28.0 %

The Company periodically reviews its tax positions under the accounting standards related to uncertainty in income taxes, which defines the criteria that an individual tax position would have to meet for some or all of the income tax benefit to be recognized in a taxable entity's financial statements. Under the guidelines, an entity should recognize the financial statement benefit of a tax position if it determines that it is *more likely than not* that the position will be sustained on examination. The term "more likely than not" means a likelihood of more than 50 percent. In assessing whether the more-likely-than-not criterion is met, the entity should assume that the tax position will be reviewed by the applicable taxing authority and all available information is known to the taxing authority. As of December 31, 2024, and 2023, the Company has no uncertain tax positions.

The Company and its subsidiary file income tax returns in the U.S federal jurisdiction and California. There are no filings in foreign jurisdictions. The Company is no longer subject to income tax examinations by taxing authorities for years before 2021 and 2020 for Federal and California jurisdictions, respectively.

The Company's policy is to recognize any interest or penalties related to uncertain tax positions in income tax expense. Interest and penalties recognized during the periods ended December 31, 2024 and December 31, 2023 were insignificant.

## 12. Stock Based Compensation

Options and restricted stock units and awards have been granted to directors, officers and key employees at an exercise price equal to estimated fair value at the date of grant as determined by the Board of Directors. All options, units, and awards granted are service awards, and are based solely upon fulfilling a requisite service period (the vesting period). At December 31, 2024, the Company had one shareholder approved stock based compensation plan.

In May 2015, the Company adopted the United Security Bancshares 2015 Equity Incentive Award Plan (2015 Plan). The 2015 Plan provides for the granting of up to 758,000 shares of authorized and unissued shares of common stock in the form of stock options, restricted stock units, and restricted stock awards. The 2015 Plan requires that the exercise price may not be less than the fair value of the stock at the date the option is granted, and that the option price must be paid in-full at the time it is exercised.

The options granted (incentive stock options for employees and non-qualified stock options for Directors) have an exercise price at the prevailing market price on the date of grant. All options granted are exercisable 20% each year commencing one year after the date of grant and expire ten years after the date of grant. Restricted stock units are granted at the prevailing market price of the Company's stock, subject to time-based vesting. Restricted stock awards are subject to forfeiture if employment terminates prior to vesting. The cost of these awards is recognized over the vesting period of the awards based on the fair value of the common stock on the date of the grant.

Under the 2015 Plan, 235,991 granted stock instruments are outstanding as of December 31, 2024, of which 57,000 are exercisable. Of the 235,991 granted stock instruments, 15,538 are restricted stock units, 145,453 are restricted stock awards, and 75,000 are nonqualified stock options.

At December 31, 2024, there were 205,085 shares available for future issuance under equity compensation plans.

A summary of the status of the Company's stock option plan and changes during the year are presented below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Options outstanding December 31, 2022	119,022	\$ 8.07		
Granted during the year	—	—		
Exercised during the year	(29,022)	3.68		
Forfeited during the year	(15,000)	9.25		
Options outstanding December 31, 2023	75,000	9.54	5.50	\$ 7,200
Granted during the year	—	—		
Exercised during the year	—	—		
Forfeited during the year	—	—		
Options outstanding December 31, 2024	75,000	\$ 9.54	4.49	\$ 65,250

As of December 31, 2024, and 2023 there was \$53,000 and \$78,000, respectively, of total unrecognized compensation expense related to non-vested stock options. Non-vested stock options totaled 18,000 shares at December 31, 2024, with a weighted average remaining vesting period of approximately 2.07 years. Non-vested stock options totaled 24,000 at December 31, 2023. The aggregate intrinsic value of the non-vested stock options was \$32,580 at December 31, 2024 and \$5,760 at December 31, 2023.

Included in total outstanding options at December 31, 2024, were 57,000 exercisable shares at a weighted average price of \$9.97, a weighted average remaining contract term of 3.68, and intrinsic value of 32,670.

A summary of the status of the Company's stock option values and activity is presented below:

	December 31, 2024	December 31, 2023
Weighted average grant-date fair value per share of stock options granted	\$ —	\$ —
Weighted average fair value of stock options vested	\$ 26,000	\$ 26,000
Total intrinsic value of stock options exercised	\$ —	\$ 85,000

The Bank determines fair value of stock options at grant date using the Black-Scholes-Merton pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility of the underlying stock and the expected dividend yield and the risk-free interest rate over the expected life of the option.

The expected term of options granted is derived from management's experience, which is based upon historical data on employee exercise and post-vesting behavior. The risk free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. Expected volatility is based on the historical volatility of the Bank's stock over a period commensurate with the expected term of the options. The Company believes that historical volatility is indicative of expectations about its future volatility over the expected term of the options. The Bank expenses the fair value of the option on a straight-line basis over the vesting period for each separate service period portion of the award.

The Black-Scholes-Merton option valuation model requires the input of highly subjective assumptions, including the expected life of the stock based award and stock price volatility. The assumptions listed above represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if other assumptions had been used, the Bank's recorded stock-based compensation expense could have been materially different from that previously reported in proforma disclosures.

A summary of the status of the Company's restricted stock units and changes during the year are presented below:

	Shares	Weighted Average Grant-Date Fair Value
Non-vested units at December 31, 2022	13,974	\$ 8.29
Granted during the year	52,477	\$ 7.53
Vested during the year	(59,451)	\$ 7.68
Forfeited during the year	—	\$ —
Non-vested units at December 31, 2023	7,000	\$ 7.79
Granted during the year	15,733	9.15
Vested during the year	(6,172)	9.10
Forfeited during the year	(1,023)	7.46
Non-vested units at December 31, 2024	15,538	\$ 8.67

As of December 31, 2024, there was \$122,898 of total unrecognized compensation expense related to restricted stock units. This cost is expected to be recognized over a weighted-average period of approximately 1.91 years. As of December 31, 2023, there was \$40,000 of total unrecognized compensation expense related to restricted stock units. The Company determines fair value of restricted stock units based on the quoted stock price as of the grant date.

A summary of the status of the Company's restricted stock awards and changes during the year are presented below:

	Shares	Weighted Average Grant-Date Fair Value
Non-vested awards at December 31, 2022	—	
Granted during the year	14,435	7.99
Vested during the year	—	
Forfeited during the year	—	
Non-vested awards at December 31, 2023	14,435	\$ 7.99
Granted during the year	191,795	8.24
Vested during the year	(60,777)	8.26
Forfeited during the year	—	—
Non-vested awards at December 31, 2024	145,453	8.21

As of December 31, 2024, there was \$1.1 million of total unrecognized compensation expense related to restricted stock awards. This cost is expected to be recognized over a weighted-average period of approximately 6.88 years. At December 31, 2023, there was \$113,000 of total unrecognized compensation expense related to restricted stock awards. The Company determines fair value of restricted stock awards based on the quoted stock price as of the grant date.

Included in salaries and employee benefits for the years ended December 31, 2024, and 2023 are \$381,000 and \$141,000 of stock-based compensation, respectively. Director's fees totaling \$311,000 and \$337,000 for the same periods, respectively, are also included in stock-based compensation as reflected in the Consolidated Statement of Changes in Shareholders' Equity. The related tax benefit on share-based compensation recorded in the provision for income taxes was not material to any year.

### 13. Employee Benefit Plans

#### 401K Plan

The Company has a Cash or Deferred 401(k) Stock Ownership Plan (the "401(k) Plan") organized under Section 401(k) of the U.S. Code. Employees of the Company are eligible to participate in the 401(k) Plan upon the first day of the month after their date of hire. Under the terms of the plan, the participants may elect to make contributions to the 401(k) Plan as determined by the Board of Directors. Participants are automatically vested 100% in all employee contributions. Participants may direct the investment of their contributions to the 401(k) Plan in any of several authorized investment vehicles. The Company contributes

funds to the Plan up to 4% of the employees' eligible annual compensation. Company contributions are 100% vested at the time of contribution. The Company made matching contributions of \$312,000 and \$282,000 to the 401(k) Plan for the years ended December 31, 2024, and 2023, respectively.

#### Salary Continuation Plan

The Company has an unfunded, non-qualified Salary Continuation Plan for certain current and prior senior executive officers and certain other key officers of the Company, which provides additional compensation benefits upon retirement for a period of at least 15 years. Future compensation under the Plan is earned by the employees for services rendered through retirement and vests over a period of 12 to 32 years. As of December 31, 2024, the Company maintained a total of 12 Salary Continuation agreements.

The Company's current benefit liability is determined based upon vesting and the present value of the benefits at a corresponding discount rate. The discount rate used is an equivalent rate for high-quality investment-grade bonds with lives matching those of the service periods remaining for the salary continuation contracts, which averages approximately 20 years. At December 31, 2024, and 2023, \$4.4 million and \$4.3 million, respectively, had been accrued to date, based on a discounted cash flow using an average discount rate of 4.92% and 5.30%, respectively, and is included in other liabilities on the consolidated balance sheets. Salary continuation expense is included in salaries and benefits expense, and totaled \$306,000 and \$314,000 for the years ended December 31, 2024, and 2023, respectively.

Included within the 12 total Salary Continuation agreements are four separate agreements with officers of the Bank. The accrual for this salary continuation liability is based on the anticipated years of service and vesting schedules provided under each individual agreement. The four policies are considered individual contracts, and the Company applies guidance contained in ASC Topic 710. Additionally, the Company purchased company owned life insurance (COLI) and bank owned life insurance policies (BOLI) in connection with these salary continuation agreements. The COLI policy premiums were paid over a seven year period and the BOLI policy premiums were paid in whole upon the purchase of the policies. There was no premium expense for the years ended December 31, 2024 and December 31, 2023.

There were eight Salary Continuation agreements established prior to 2015. Per the guidance in ASC Topic 715 "*Compensation*," the Company records in accumulated other comprehensive (loss) income the amounts that have not yet been recognized as components of net periodic benefit costs. These unrecognized costs arise from changes in the estimated interest rates used in the calculation of net liabilities under the Plan. As of December 31, 2024, and 2023, the Company had approximately \$147,000 and \$130,000, respectively in unrecognized net periodic benefit costs arising from changes in interest rates used in calculating the current post-retirement liability required under the Plan. This amount represents the difference between the plan liabilities calculated under net present value calculations, and the net plan liabilities actually recorded on the Company's books at December 31, 2024, and 2023.

#### Officer Supplemental Life Insurance Plan

The Company owns Bank-owned life insurance policies (BOLI) and Company-owned life insurance policies (COLI) on certain officers, including those covered under the Salary Continuation Plan above, with a portion of the post-retirement benefit available to the officers' beneficiaries. The BOLI and COLI initial net cash surrender value is equal to the premium paid. Non-taxable increases in the cash surrender value, net of the cost of insurance, plus any death benefits ultimately received by the Company, are recorded as income. The cash surrender value of the policies totaled \$20.7 million and \$22.0 million at December 31, 2024, and 2023, and are included on the consolidated balance sheet as cash surrender value of life insurance. Income, net of expense, totaled \$551,000 and \$557,000 for the years ended December 31, 2024, and 2023, respectively. As the Salary Continuation Plan remains unfunded, it is the Company's intention to utilize the policy proceeds to settle Plan obligations. Under Internal Revenue Service regulations, the life insurance policies are the property of the Company and are available, if necessary, to satisfy the Company's creditors.

### **14. Commitments and Contingent Liabilities**

*Financial Instruments with Off-Balance Sheet Risk:* The Company is party to financial instruments with off-balance sheet risk which arise in the normal course of business. These instruments may contain elements of credit risk, interest rate risk and liquidity risk, and include commitments to extend credit and standby letters of credit. The credit risk associated with these instruments is essentially the same as that involved in extending credit to customers and is represented by the contractual amount indicated in the table below:

(In thousands)	December 31,	
	2024	2023
Commitments to extend credit	\$ 204,033	\$ 183,537
Standby letters of credit	29,174	2,940

Commitments to extend credit are agreements to lend to a customer, as long as there are no violation of any conditions established in the contract. Substantially all of these commitments are at floating interest rates based on the prime rate, and most have fixed expiration dates. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained is based on management's credit evaluation and may include accounts receivable, inventory, leases, property, plant and equipment, residential real estate, and income-producing properties. Many of the commitments are expected to expire without being drawn upon and, as a result, the total commitment amounts do not necessarily represent future cash requirements of the Company.

Standby letters of credit are generally unsecured and are issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The Company's letters of credit are short-term guarantees and generally have terms from less than one month to approximately three years. At December 31, 2024, the maximum potential amount of future undiscounted payments the Company could be required to make under outstanding standby letters of credit totaled \$29.2 million.

Remaining unfunded commitments for the investment in limited partnership as of December 31, 2024 and 2023, totaled \$2.2 million and \$800,000, respectively.

In the ordinary course of business, the Company becomes involved in litigation arising out of its normal business activities. Management, after consultation with legal counsel, believes that the ultimate liability, if any, resulting from the disposition of such claims would not be material to the financial position of the Company.

#### 15. Fair Value Measurements and Disclosure

The following summary disclosures are made in accordance with the guidance provided by ASC Topic 825 "Fair Value Measurements and Disclosures" which requires the disclosure of fair value information for both on- and off-balance sheet financial instruments where it is practicable to estimate that value.

GAAP guidance clarifies the definition of fair value, describes methods used to appropriately measure fair value in accordance with generally accepted accounting principles and expands fair value disclosure requirements. This guidance applies whenever other accounting pronouncements require or permit fair value measurements.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are unadjusted quoted prices in active markets (as defined) for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability, and reflect the reporting entity's assumptions regarding the pricing of an asset or liability by a market participant (including assumptions about risk).



The table below is a summary of fair value estimates for financial instruments and the level of the fair value hierarchy within which the fair value measurements are categorized at the periods indicated:

(In thousands)	December 31, 2024				
	Carrying Amount	Estimated Fair Value	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Financial Assets:</b>					
Investment securities	\$ 157,382	\$ 157,382	\$ —	\$ 157,382	\$ —
Marketable equity securities	3,326	3,326	3,326	—	—
Loans, net	912,416	874,105	—	—	874,105
<b>Financial Liabilities:</b>					
Time deposits	78,356	77,981	—	—	77,981
Junior subordinated debentures	11,572	11,572	—	—	11,572

(In thousands)	December 31, 2023				
	Carrying Amount	Estimated Fair Value	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Financial Assets:</b>					
Investment securities	\$ 181,266	\$ 181,266	\$ 12,438	\$ 168,828	\$ —
Marketable equity securities	3,354	3,354	3,354	—	—
Loans, net	904,384	871,681	—	—	871,681
<b>Financial Liabilities:</b>					
Time deposits	71,848	71,414	—	—	71,414
Short-term borrowings	62,000	62,000	62,000	—	—
Junior subordinated debentures	11,213	11,213	—	—	11,213

The Company performs fair value measurements on certain assets and liabilities as the result of the application of current accounting guidelines. Some fair value measurements, such as investment securities and TRUPs are performed on a recurring basis, while others, such as impairment of loans, other real estate owned, goodwill and other intangibles, are performed on a nonrecurring basis.

- Level 1 financial assets consist of money market funds and highly liquid mutual funds for which fair values are based on quoted market prices.
- Level 2 financial assets include highly liquid debt instruments of U.S. Government agencies, collateralized mortgage obligations, corporate debt instruments, and debt obligations of states and political subdivisions, whose fair values are obtained from readily-available pricing sources for the identical or similar underlying security that may, or may not, be actively traded.
- Level 3 financial assets include certain instruments where the assumptions may be made by the Company or third parties about assumptions that market participants would use in pricing the asset or liability.

The Company recognizes transfers between Level 1, 2, and 3 when a change in circumstances warrants a transfer. There were no transfers in or out of Level 1 and Level 2 fair value measurements during the year ended December 31, 2024.

The following methods and assumptions were used in estimating the fair values of financial instruments measured at fair value on a recurring and non-recurring basis:

**Investment Securities** - Available-for-sale and marketable equity security values are based on open-market price quotes obtained from reputable third-party brokers. Market pricing is based upon specific CUSIP identification for each individual security. To the extent there are observable prices in the market, the mid-point of the bid/ask price is used to determine the fair value of individual securities. If that data is not available for the last 30 days, a Level 2-type matrix pricing-approach, based on



comparable securities in the market, is utilized. Level 2 pricing may include the use of a forward spread from the last observable trade or may use a proxy bond, such as a TBA mortgage, to determine the price for the security being valued. Changes in fair market value are recorded through other-accumulated-comprehensive-income as an unrecognized gain or loss on fair value.

**Loans** – Fair values of loans are estimated as follows: Fixed and variable loans are valued using discounted cash flow analysis, which takes into account various factors, including the type of loan, expected credit losses, and prepayment expectations. The cash flows from the loans are discounted to their present value by using a combination of current market rates, liquidity spreads, and the underlying index rates and margins on variable-rate loans. This process results in a Level 3 classification for the valuations.

**Individually-Evaluated Loans** - Fair value measurements for individually-evaluated loans are performed pursuant to authoritative accounting guidance and are based upon either collateral values supported by third party appraisals or observed market prices. Collateral-dependent loans are measured for impairment using the fair value of the collateral. There were no individually-evaluated loans measured at fair value as of December 31, 2024, or December 31, 2023.

**Other Real Estate Owned** - Nonrecurring adjustments to certain commercial and residential real estate properties classified as other real estate owned (OREO) are measured at the lower of carrying amount or fair value, less costs to sell. Fair values are generally based on third party appraisals of the property, resulting in a Level 3 classification. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized. No OREO properties were measured at fair value as of December 31, 2024, or December 31, 2023.

**Time Deposits** - The fair value is calculated by applying the current SOFR/SWAP curve rate to the discounted value of contractual cash flows.

**Short-Term Borrowings** - The fair value is calculated by applying rates currently available for debt with similar terms and remaining maturities to the existing debt.

**Junior Subordinated Debentures** - The fair value of junior subordinated debentures (TRUPs) is based on a discounted cash flow model utilizing observable market rates and credit characteristics for similar debt instruments. In its analysis, the Company uses characteristics that market participants would generally use, and considers factors specific to the liability and the principal, or most advantageous, market for the liability. Cash flows are discounted at a rate which incorporates a current market rate for similar-term debt instruments, adjusted for credit and liquidity risks associated with similar debt and circumstances unique to the Company. The Company believes that the subjective nature of these inputs, credit concerns in the capital markets, and inactivity in the trust preferred markets, limit the observability of market spreads, requiring TRUPs to be classified at a Level 3 fair value.

*The following table provides a description of the valuation technique, unobservable input, and qualitative information about the unobservable inputs for the Company's liabilities classified as Level 3 and measured at fair value on a recurring basis at December 31, 2024, and 2023:*

December 31, 2024				December 31, 2023			
Financial Instrument	Valuation Technique	Unobservable Input	Weighted Average	Financial Instrument	Valuation Technique	Unobservable Input	Weighted Average
Junior Subordinated Debentures	Discounted cash flow	Market credit risk adjusted spreads	6.40%	Junior Subordinated Debentures	Discounted cash flow	Market credit risk adjusted spreads	6.14%

Management believes that the credit risk-adjusted spread utilized in the fair value measurement of TRUPs is indicative of the nonperformance risk premium a willing market participant would require under current, inactive market conditions. Management attributes the change in fair value of TRUPs to market changes in the nonperformance expectations and pricing of this type of debt. Generally, an increase in the credit risk adjusted spread and/or a decrease in the forward three-month SOFR curve will result in a positive fair value adjustment and a decrease in the fair value measurement. Conversely, a decrease in the credit risk adjusted spread and/or an increase in the forward three-month SOFR curve will result in a negative fair value adjustment and an increase in the fair value measurement. The increase in discount rate between the periods ended December 31, 2024, and December 31, 2023, is primarily due to increases in rates for similar debt instruments.

The following tables summarize the Company's assets and liabilities that were measured at fair value on a recurring as of December 31, 2024:

<i>(In thousands)</i>	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
AFS Securities:				
U.S. Government agencies	\$ 2,644	\$ —	\$ 2,644	\$ —
U.S. Government collateralized mortgage obligations	78,881	—	78,881	—
Municipal bonds	42,367	—	42,367	—
Corporate bonds	33,490	—	33,490	—
Total AFS securities	157,382	—	157,382	—
Marketable equity securities	3,326	3,326	—	—
Total assets	<u>\$ 160,708</u>	<u>\$ 3,326</u>	<u>\$ 157,382</u>	<u>\$ —</u>
<b>Liabilities:</b>				
Junior subordinated debentures	\$ 11,572	\$ —	\$ —	\$ 11,572
Total liabilities	<u>\$ 11,572</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,572</u>

There were no non-recurring fair value adjustments at December 31, 2024.

The following tables summarize the Company's assets and liabilities that were measured at fair value on a recurring basis as of December 31, 2023:

<i>(In thousands)</i>	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
AFS Securities:				
U.S. Government agencies	\$ 6,156	\$ —	\$ 6,156	\$ —
U.S. Government collateralized mortgage obligations	88,184	—	88,184	—
Municipal bonds	42,365	—	42,365	—
U.S. Treasury securities	12,438	—	12,438	—
Corporate bonds	32,122	—	32,122	—
Total AFS securities	181,265	—	181,265	—
Marketable equity securities	3,354	3,354	—	—
Total assets	<u>\$ 184,619</u>	<u>\$ 3,354</u>	<u>\$ 181,265</u>	<u>\$ —</u>
<b>Liabilities:</b>				
Junior subordinated debentures	\$ 11,213	\$ —	\$ —	\$ 11,213
Total liabilities	<u>\$ 11,213</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,213</u>

There were no non-recurring fair value adjustments at December 31, 2023.

The following tables provide a reconciliation of liabilities at fair value using significant unobservable inputs (Level 3) on a recurring basis during the years ended:

<b>Junior Subordinated Debentures (in thousands)</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Beginning balance	\$ 11,213	\$ 10,883
Total (gains) losses included in earnings	614	(274)
Total gains (losses) included in other comprehensive income	(245)	544
Capitalized interest	(10)	60
Ending balance	<u>\$ 11,572</u>	<u>\$ 11,213</u>
The amount of total losses (gains) for the period included in earnings attributable to the change in unrealized gains or losses relating to liabilities still held at the reporting date	<u>\$ 614</u>	<u>\$ (274)</u>

## 16. Supplemental Cash Flows Disclosures

<i>(In thousands)</i>	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash paid during the period for:		
Interest	\$ 13,897	\$ 11,010
Income Taxes	6,450	9,732
Noncash activities:		
Recognition of ROU asset	2,374	—
Unrealized gains (losses) on junior subordinated debentures, net of tax	173	(544)
Unrealized gains on available for sale securities, net of tax	530	3,941
Unrealized (losses) gains on unrecognized post-retirement costs, net of tax	(17)	88
Cash dividend declared	2,083	2,059

## 17. Earnings Per Common Share

The following table provides a reconciliation of the numerator and the denominator of the basic net income per share computation with the numerator and the denominator of the diluted net income per share computation.

<i>(In thousands, except share and per share data)</i>	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Net income available to common shareholders	<u>\$ 14,783</u>	<u>\$ 19,796</u>
Weighted average shares outstanding	17,188,384	17,114,214
Add: dilutive effect of stock options and unvested restricted stock	11,433	10,972
Weighted average shares outstanding adjusted for potential dilution	<u>17,199,817</u>	<u>17,125,186</u>
Basic earnings per share	<u>\$ 0.86</u>	<u>\$ 1.16</u>
Diluted earnings per share	<u>\$ 0.86</u>	<u>\$ 1.16</u>
Weighted average anti-dilutive shares excluded from earnings per share calculation	<u>97,000</u>	<u>91,000</u>

Dilutive income per share includes the effect of stock options, unvested restricted stock units, and other potentially dilutive securities using the treasury stock method. There is only one form of outstanding common stock. Holders of unvested restricted stock units do not receive dividends while holders of unvested restricted stock awards do receive dividends.

## 18. Accumulated Other Comprehensive Income

The components of accumulated other comprehensive loss, included in shareholders' equity, are as follows for the years ended:

	December 31, 2024			December 31, 2023		
	Net unrealized loss on available for sale securities	Unfunded status of the supplemental retirement plans	Net unrealized gain on junior subordinated debentures	Net unrealized loss on available for sale securities	Unfunded status of the supplemental retirement plans	Net unrealized gain on junior subordinated debentures
(in thousands)						
Beginning balance	\$ (16,290)	\$ (130)	\$ 1,382	\$ (19,066)	\$ (194)	\$ 1,765
Current period comprehensive (loss) income, net of tax	530	(17)	173	2,776	64	(383)
Ending balance	<u>\$ (15,760)</u>	<u>\$ (147)</u>	<u>\$ 1,555</u>	<u>\$ (16,290)</u>	<u>\$ (130)</u>	<u>\$ 1,382</u>
Accumulated other comprehensive loss			<u>\$ (14,352)</u>			<u>\$ (15,038)</u>

## 19. Segment Information

The Company's reportable segment is determined by the Chief Executive Officer, who is the designated chief operating decision maker, based upon information provided about the Company's products and services offered, primarily banking operations. The segment is also distinguished by the level of information provided to the chief operating decision maker, who uses such information to review performance of various components of the business, such as branches, which are then aggregated if operating performance, product and services, and customers are similar. The chief operating decision maker will evaluate the financial performance of the Company's business components by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Company's segment and in the determination of resource allocations. The chief operating decision maker uses revenue streams to evaluate product pricing and uses significant expenses to assess performance and evaluate return on assets. The chief operating decision maker uses consolidated net income to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessment performance and in establishing compensation. Loans, investments, and deposits provide the revenues in the banking operation. Interest expense, provisions for credit losses, and payroll provide the significant expenses in the banking operation. All operations are domestic.

Accounting policies for segments are the same as those described in "[Note 1 - Organization and Summary of Significant Accounting and Reporting Policies](#)." Segment performance is evaluated using consolidated net income. Information reported internally for performance assessment by the chief operating decision maker follows, inclusive of reconciliations of significant segment totals to the financial statements.

Detailed information related to the Company's banking segment is as follows:

(In thousands)	Banking Segment	
	2024	2023
Interest income	\$ 60,751	\$ 60,377
Noninterest income	4,713	5,569
Total revenue	65,464	65,946
Less:		
Interest expense	13,901	11,056
Less:		
Provision for credit losses	2,963	1,460
Salaries and employee benefits	13,884	13,157
Provision for income taxes	5,537	7,680
Occupancy Expense	3,686	3,739
Depreciation	1,469	1,459
Amortization	1,063	1,145
Other expenses (1)	8,178	6,454
Banking segment net income	<u>\$ 14,783</u>	<u>\$ 19,796</u>
Reconciliation of assets:		
Banking segment assets	<u>\$ 1,211,718</u>	<u>\$ 1,211,045</u>
Total consolidated assets	<u>\$ 1,211,718</u>	<u>\$ 1,211,045</u>

(1) Other segment items include professional fees, regulatory assessments, director fees and data processing fees.

## 20. Investment in York Monterey Properties

The Bank wholly-owns the subsidiary, York Monterey Properties, Inc. ("Properties"), organized as a California corporation. The Bank capitalized the subsidiary through the transfer of eight unimproved lots at a historical cost of \$5.3 million comprised of approximately 186.97 acres in the York Highlands subdivision of the Monterra Ranch residential development in Monterey County, California, together with cash contributions. The Bank transferred the properties to York Monterey Properties, Inc., in order to maintain ownership beyond the ten-year regulatory holding period applicable to a state bank. The Bank acquired five of the lots through a non-judicial foreclosure on or about May 29, 2009. In addition, the Bank purchased three of the lots from another bank. The Bank has continuously held the Properties since the date of foreclosure and acquisition until the time of transfer. At the time of transfer, the Properties had reached the end of the ten-year regulatory holding period limit.

As of December 31, 2024, and 2023, the Bank's investment in York Monterey Properties, Inc. totaled \$5.0 million. York Monterey Properties, Inc. is included within the consolidated financial statements of the Company, with \$4.6 million of the total investment recognized within the balance of OREO on the consolidated balance sheets. Please see "[Note 24 - Subsequent Events](#)" for additional information.

## 21. Parent Company Only Financial Statements

The following are the condensed financial statements of United Security Bancshares and should be read in conjunction with the consolidated financial statements:

### United Security Bancshares – (parent only)

#### Balance Sheets - December 31, 2024, and 2023

(In thousands)	2024	2023
<b>Assets</b>		
Cash and equivalents	\$ 2,584	\$ 2,902
Investment in bank subsidiary	139,845	131,810
Other assets	1,588	1,102
<b>Total assets</b>	<b>\$ 144,017</b>	<b>\$ 135,814</b>
<b>Liabilities &amp; Shareholders' Equity</b>		
<b>Liabilities:</b>		
Junior subordinated debentures (at fair value)	\$ 11,572	\$ 11,213
Dividends declared	2,083	2,059
<b>Total liabilities</b>	<b>13,655</b>	<b>13,272</b>
<b>Shareholders' Equity:</b>		
Common stock, no par value; 20,000,000 shares authorized; issued and outstanding: 17,364,894 at December 31, 2024 and 17,167,895 at December 31, 2023	61,267	60,585
Retained earnings	83,447	76,995
Accumulated other comprehensive loss, net of tax	(14,352)	(15,038)
<b>Total shareholders' equity</b>	<b>130,362</b>	<b>122,542</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 144,017</b>	<b>\$ 135,814</b>

### United Security Bancshares – (parent only)

#### Income Statements

(In thousands)	Years ended December 31,	
	2024	2023
<b>Income</b>		
(Loss) gain on fair value of junior subordinated debentures	\$ (614)	\$ 274
Dividends from subsidiary	9,311	8,451
<b>Total income</b>	<b>8,697</b>	<b>8,725</b>
<b>Expense</b>		
Interest expense	816	799
Other expense	511	460
<b>Total expense</b>	<b>1,327</b>	<b>1,259</b>
<b>Income before taxes and equity in undistributed income of subsidiary</b>	<b>7,370</b>	<b>7,466</b>
Benefit for income taxes	(574)	(291)
<b>Equity in undistributed income of subsidiary</b>	<b>6,839</b>	<b>12,039</b>
<b>Net Income</b>	<b>\$ 14,783</b>	<b>\$ 19,796</b>

**United Security Bancshares – (parent only)**
**Statement of Cash Flows**

<i>(In thousands)</i>	<b>Years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 14,783	\$ 19,796
Adjustments to reconcile net income to cash provided by operating activities:		
Equity in undistributed income of subsidiary	(6,839)	(12,039)
Benefit for deferred income taxes	(130)	(70)
Loss (gain) on fair value of junior subordinated debentures	614	(274)
(Increase) decrease in income tax receivable	(394)	200
Net decrease in other assets	(46)	800
Net cash provided by operating activities	7,988	8,413
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(8,306)	(8,451)
Net cash used in financing activities	(8,306)	(8,451)
Net decrease in cash and cash equivalents	(318)	(38)
Cash and cash equivalents at beginning of year	2,902	2,940
Cash and cash equivalents at end of year	<u>\$ 2,584</u>	<u>\$ 2,902</u>

**22. Regulatory Matters**
*Capital Adequacy*

The Company and Bank are subject to various regulatory capital requirements adopted by the Board of Governors of the Federal Reserve System and the FDIC. Failure to meet minimum capital requirements can initiate certain mandates and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework, the consolidated Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

The Basel III Capital Rules, a comprehensive capital framework for U.S. banking organizations, includes quantitative measures designed to ensure capital adequacy. The Basel III Rules require the Company and the Bank to maintain:

- (i) a minimum common equity Tier 1 ratio minimum of 4.50 percent plus a 2.50 percent "capital conservation buffer,"
- (ii) Tier 1 risk-based capital minimum of 6.00 percent plus the capital conservation buffer,
- (iii) total risk-based capital ratio minimum of 8.00 percent plus the capital conservation buffer and,
- (iv) Tier 1 leverage capital ratio minimum of 4.00 percent.

The capital conservation buffer is designed to absorb losses during periods of economic stress and effectively increases the minimum required risk-weighted capital ratios. Failure to meet minimum capital requirements may result in certain actions by regulators that could have a direct material effect on the consolidated financial statements.

*Community Bank Leverage Ratio:* The federal banking agencies published a final rule on November 13, 2019, that provided a simplified measure of capital adequacy for qualifying community banking organizations. A qualifying community banking organization that opts into the community bank leverage ratio framework and maintains a leverage ratio greater than nine percent will be considered to have met the minimum capital requirements, the capital ratio requirements for the well capitalized category under the Prompt Corrective Action framework, and any other capital or leverage requirements to which the qualifying banking organization is subject. A qualifying community banking organization with a leverage ratio of greater than nine percent may opt into the community bank leverage ratio framework if it has average consolidated total assets of less than \$10 billion, has off-balance-sheet exposures of 25% or less of total consolidated assets, and has total trading assets and trading liabilities of five percent or less of total consolidated assets. Further, the bank must not be an advance approaches banking organization.

The final rule became effective January 1, 2020, and was adopted by the Bank on September 30, 2020. As of December 31, 2024, and December 31, 2023, the Company and Bank met all capital adequacy requirements to which they were subject.

The following table shows the Company's and the Bank's regulatory capital and regulatory capital ratios at December 31, 2024, and 2023, compared to the applicable capital adequacy guidelines:

(In thousands)	Actual		Minimum requirement for Community Bank Leverage Ratio (1)	
	Amount	Ratio	Amount	Ratio
<b>As of December 31, 2024 (Company):</b>				
Tier 1 Leverage (to Average Assets)	\$153,673	12.57%	\$110,011	9.00%
<b>As of December 31, 2024 (Bank):</b>				
Tier 1 Leverage (to Average Assets)	153,601	12.59%	109,829	9.00%
<b>As of December 31, 2023 (Company):</b>				
Tier 1 Leverage (to Average Assets)	147,350	11.82%	112,035	9.00%
<b>As of December 31, 2023 (Bank):</b>				
Tier 1 Leverage (to Average Assets)	147,249	11.83%	112,152	9.00%

(1) If the subsidiary bank's leverage ratio exceeds the minimum ratio under the *Community Bank Leverage Ratio Framework*, it is deemed to be "well capitalized" under all other regulatory capital requirements. The Company may revert back to the regulatory framework for "Prompt Corrective Action" if the subsidiary bank's leverage ratio falls below the minimum under the *Community Bank Leverage Ratio Framework*.

### 23. Related Party Transactions

During 2022, a member of the Board of Directors was hired to act as Chief Information Officer (CIO) on an interim basis, for which the director was paid a consulting fee of \$200,000. As a result, the director is currently not considered an independent director.

### 24. Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date. Management has reviewed events occurring through the date the financial statements were issued and determined that there was one subsequent event requiring additional disclosure regarding OREO balances related to the investment in York Monterey Properties, Inc. On January 14, 2025, the Bank foreclosed on nonaccrual loans related to the York Monterey Properties subdivision totaling \$3.2 million and transferred the amount to OREO. This was not reflected in the \$4.6 million balance at December 31, 2024. Please see "[Note 19 - Investment in York Monterey Properties](#)" for additional information.

### Item 9 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

### Item 9A. Controls and Procedures

#### CONCLUSION REGARDING THE EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, has conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures as of December 31, 2024, based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this evaluation, the Company's management has determined that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed



by the Company in the reports that it files or submits is accumulated and communicated to management, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission as of December 31, 2024. Based on this evaluation, the Company's management concluded that the Company's internal control over financial reporting is effective as of December 31, 2024.

There were no changes in the Company's internal control over financial reporting that occurred during the fourth quarter of 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### **Item 9B. Other Information**

None.

### **Item 9C. Disclosures Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## **PART III**

### **Item 10 - Directors, Executive Officers, and Corporate Governance**

Pursuant to Instruction G, the information required by this item is hereby incorporated herein by reference from the captions entitled "Election of Directors and Executive Officers," "Corporate Governance Principles and Board Matters," "Delinquent Section 16(a) Report," and "Other Practices, Policies, and Guidelines," set forth in the Company's definitive Proxy Statement for its 2025 Annual Meeting of Shareholders ("Proxy Statement").

### **Item 11 - Executive Compensation**

Pursuant to General Instruction G, the information required by this item is hereby incorporated herein by reference from the captions entitled "Executive Compensation" and "Director Compensation" set forth in the Company's definitive Proxy Statement.

### **Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Pursuant to General Instruction G, the information required by this item is hereby incorporated herein by reference from the caption entitled "Shareholdings of Certain Beneficial Owners and Management" set forth in the Company's definitive Proxy Statement.

### **Item 13 - Certain Relationships and Related Transactions, and Director Independence**

Pursuant to General Instruction G, the information required by this item is hereby incorporated herein by reference from the captions entitled "Certain Transactions" and "Corporate Governance Principles" set forth in the Company's definitive Proxy Statement.

### **Item 14 - Principal Accounting Fees and Services**

Pursuant to General Instruction G, the information required by this item is hereby incorporated herein by reference from the caption entitled "Independent Accountant Fees and Services" set forth in the Company's definitive Proxy Statement.

## **PART IV**

### **Item 15 - Exhibits and Financial Statement Schedules**

#### **(a)(1) Financial Statements**

The following Consolidated Financial Statements are set forth in “Item 8. Financial Statements and Supplementary Data” of this Report.

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets - December 31, 2024, and 2023

Consolidated Statements of Income - Years Ended December 31, 2024, and 2023

Consolidated Statements of Comprehensive Income - Years Ended December 31, 2024, and 2023

Consolidated Statements of Changes in Shareholders’ Equity - Years Ended December 31, 2024, and 2023

Consolidated Statements of Cash Flows - Years Ended December 31, 2024, and 2023

Notes to Consolidated Financial Statements

#### **(a)(2) Financial Statement Schedules**

All financial statement schedules are omitted because they are not applicable or not required or because the information is included in the financial statements or notes thereto or is not material.

**(a)(3) Exhibits**

<a href="#">3.1</a>	Articles of Incorporation of Registrant (1)
<a href="#">3.1.1</a>	Amended Articles of Incorporation (filed herewith)
<a href="#">3.2</a>	Bylaws of Registrant (1)
<a href="#">4.1</a>	Specimen common stock certificate of United Security Bancshares (1)
<a href="#">10.1</a>	Amended and Restated Executive Salary Continuation Agreement for Dennis Woods (2)
<a href="#">10.2</a>	Amended and Restated Employment Agreement for Dennis R. Woods (5)
<a href="#">10.3</a>	Amended and Restated Executive Salary Continuation Agreement for David Eytcheson (2)
<a href="#">10.4</a>	Amended and Restated Change in Control Agreement for David Eytcheson (5)
<a href="#">10.5</a>	USB 2005 Stock Option Plan (3)
<a href="#">10.6</a>	United Security Bancshares 2015 Equity Incentive Award Plan (4)
<a href="#">10.7</a>	Executive Salary Continuation Agreement for William Yarbenet (5)
<a href="#">10.8</a>	Employment Agreement for William Yarbenet (5)
<a href="#">10.9</a>	Change in Control Agreement for Robert Oberg (6)
<a href="#">10.10</a>	Executive Salary Continuation Agreement for Robert Oberg (6)
<a href="#">10.11</a>	Information Technology Engagement Letter with Mahmood, LLC, Dated June 29, 2022
<a href="#">10.12</a>	Employment Agreement for David Kinross (7)
<a href="#">10.13</a>	Employment Agreement for Porsche Saunders
<a href="#">10.14</a>	Change in Control Agreement for Porsche Saunders (filed herewith)
<a href="#">11.1</a>	Computation of earnings per share. See <a href="#">Note 17</a> to Consolidated Financial Statements set forth in “Item 8. Financial Statements and Supplementary Data” of this Report.
<a href="#">19.1</a>	Insider Trading Policy (filed herewith)

<a href="#">21.1</a>	Subsidiaries of the Company (filed herewith)
<a href="#">23.1</a>	Consent of Moss Adams LLP, Independent Registered Public Accounting Firm (filed herewith)
<a href="#">31.1</a>	Certification of the Chief Executive Officer of United Security Bancshares pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
<a href="#">31.2</a>	Certification of the Chief Financial Officer of United Security Bancshares pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
<a href="#">32.1</a>	Certification of the Chief Executive Officer of United Security Bancshares pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
<a href="#">32.2</a>	Certification of the Chief Financial Officer of United Security Bancshares pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
<a href="#">97.1</a>	Clawback Policy, dated November 28, 2023 (8)
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of December 31, 2022 and 2021, (ii) the Consolidated Statements of Income for the years ended December 31, 2022 and 2021, (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2022 and 2021, (iv) the Consolidated Statement of Changes in Shareholders' Equity for the years ended December 31, 2022 and 2021, (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2022 and 2021, and (vi) the Notes to Consolidated Financial Statements. (Pursuant to Rule 406T of Regulation S-T, this information is deemed furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.) (Filed herewith).

- (1) Previously filed on April 4, 2001 as an exhibit to the Company's filing on Form S-4 (file number 333-58256).
- (2) Previously filed on March 17, 2008 as an exhibit to the Company's filing on Form 10-K for the year ended December 31, 2007 (file number 000-32897).
- (3) Previously filed on April 18, 2005 as Exhibit B to the Company's 2005 Schedule 14A Definitive Proxy (file number 000-32897).
- (4) Previously filed on April 13, 2015 as Appendix A to the Company's 2015 Schedule 14A Definitive Proxy (file number 000-32897).
- (5) Previously filed on March 2, 2018 as an exhibit to the Company's filing on Form 10-K for the year ended December 31, 2017 (file number 000-32897).
- (6) Previously filed on March 1, 2019 as an exhibit to the Company's filing on Form 10-K for the year ended December 31, 2018 (file number 000-32897).
- (7) Previously filed on November 1, 2022 as an exhibit to the Company's filing on Form 8-K (file number 000-32897).
- (8) Previously filed on March 26, 2024 as an exhibit to the Company's filing on Form 10-K (file number 000-32897).

**(b) Exhibits filed:**

See Exhibit Index under Item 15(a)(3) above for the list of exhibits required to be filed by Item 601 of Regulation S-K with this Report.

**(c) Financial statement schedules filed:**

See Item 15(a)(2) above.

## Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

### United Security Bancshares

**March 20, 2025**

/s/ Dennis R. Woods

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Dennis R. Woods  
President and Chief Executive Officer

**March 20, 2025**

/s/ David A. Kinross

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David A. Kinross  
Senior Vice President and Chief Financial Officer

## POWERS OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Dennis R. Woods and David A. Kinross, and each of them severally, his or her true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with this Annual Report on Form 10-K and any and all amendments hereto, as fully for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all said attorneys-in-fact and agents, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

### Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities on the date indicated:

Date:	<u>March 20, 2025</u>	<u>/s/ Stanley J. Cavalla</u> Director
Date:	<u>March 20, 2025</u>	<u>/s/ Tom Ellithorpe</u> Director
Date:	<u>March 20, 2025</u>	<u>/s/ Jay Gill</u> Director
Date:	<u>March 20, 2025</u>	<u>/s/ Heather Hammack</u> Director
Date:	<u>March 20, 2025</u>	<u>/s/ Nabeel Mahmood</u> Director
Date:	<u>March 20, 2025</u>	<u>/s/ Kenneth D. Newby</u> Director
Date:	<u>March 20, 2025</u>	<u>/s/ Sue Quigley</u> Director
Date:	<u>March 20, 2025</u>	<u>/s/ Brian Tkacz</u> Director
Date:	<u>March 20, 2025</u>	<u>/s/ Dora Westerlund</u> Director

## CORPORATE DATA

### BOARD OF DIRECTORS

**Dennis R. Woods**  
*Chairman of the Board*

**Kenneth Newby, CPA**  
*Lead Director*

**Susan Quigley, CPA**  
*Secretary of the Board*

**Stanley J. Cavalla**  
*Director*

**Jay Gill**  
*Director*

**Heather Hammack**  
*Director*

**Tom Ellithorpe**  
*Director*

**Nabeel Mahmood**  
*Director*

**Kenneth Newby, CPA**  
*Director*

**Brian Tkacz**  
*Director*

**Dora Westerlund**  
*Director*

### MANAGEMENT

**Dennis R. Woods**  
*President and  
Chief Executive Officer*

**David L. Eytcheson**  
*Senior Vice President and  
Chief Operating Officer*

**David A. Kinross, CPA**  
*Senior Vice President  
and Chief Financial Officer*

**Robert Oberg**  
*Senior Vice President  
and Chief Risk Officer*

**William M. Yarbenet**  
*Senior Vice President  
and Chief Credit Officer*

**Porsche A. Saunders**  
*Senior Vice President and  
Chief Lending Officer*

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**Paul N. Thaxter**  
*First Vice President and  
Commerical Banking Center  
Manager*

---

**Jennifer Ainsworth**  
*Vice President and RE  
Construction Loan Officer*

**Noor Azidhak**  
*Vice President and  
BSA Officer*

**Evette Bertsche**  
*Vice President and Operations  
Assistant and Training Officer*

**Joseph Carnevali, CISSP**  
*Vice President and  
Information Security Officer  
and Project Manager*

**John Elliott**  
*Vice President and  
Credit Administrator*

**Shyam Iyer**  
*Vice President and  
Credit Administrator*

**Michael Ossanna**  
*Vice President and  
Commercial Loan Officer*

**Jorge Pacpaco, Jr.**  
*Vice President and  
Commercial Loan Officer*

**Hiren Patel**  
*Vice President and  
Controller*

**Debbie Reasch**  
*Vice President and  
Deposit Services Manager*

**Kevin Richards**  
*Vice President and  
Commercial Loan Officer*

**Ellie M. Rosenberg**  
*Vice President and  
Human Resources Director*

### DIRECTORS EMERITI

**William J. Asbury, DDS, MS**

**W. Gerald Flanagan**

**Robert Bitter, PHARM. D.**

**Jerry Greer**

**R. Kent Kunz**

**Gerald McIntyre**

**Ronnie Miller**

**Robert M. Mochizuki, MD**

**Joseph Petkewish**

**Martha Sanford**

**O'Neal Sutton, III**

**John Terzian**

**Bobbi Thomason**

**Michael T. Woolf, DDS**

**Les Workman**

**Samson Zarnegar William**

**H. Ziering, MD**

### STOCK INFORMATION

#### EQ by Equiniti

1110 Centre Point Curve, Suite 101  
Mendota Heights, MN 55120  
(800) 468-9716

#### Crowell, Weedon & Co.

42605 Moonridge Rd.  
Big Bear Lake, CA 92315  
(800) 288-2811

#### Hill Thompson Magid & Co.

15 Exchange Place  
P. O. Box 1688 – NOL Center  
Jersey City, NJ 07302  
(800) 631-3083

#### Howe Barnes Hoeffler & Arnett, Inc.

555 Market Street, 18th Floor  
San Francisco, CA 94105  
(415) 362-7111

**CORPORATE OFFICE**

2126 Inyo Street  
Fresno, CA 93721  
(888) 683-6030

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