

UNITED SECURITY BANCSHARES  
Form 10-Q/A  
November 25, 2011

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q/A  
(Amendment No. 1)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2011.

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)

Registrants telephone number, including area code (559) 248-4943

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 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 whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).  
Large accelerated filer  Accelerated filer  Non-accelerated filer  Small reporting company

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

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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, 2011: \$29,052,633

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, no par value  
(Title of Class)

Shares outstanding as of July 31, 2011: 13,265,184

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Subsequent to the August 15, 2011 filing of the Company's Quarterly Report on Form 10-Q, banking regulatory authorities conducted a target examination of its wholly-owned bank subsidiary, United Security Bank's allowance for loan losses methodology and impaired loan portfolio. Pursuant to the regulatory review and an internal re-examination, Management determined that an error had occurred in accounting for the allowance for loan losses and that a restatement of financial results as of and at June 30, 2011 was necessary. Our previously issued consolidated financial statements included in the Form 10-Q for the quarter ended June 30, 2011, filed with the SEC on August 15, 2011, should no longer be relied upon.

This Amendment No. 1 to Form 10-Q (Amendment No. 1) is being filed by the Company to amend and restate its Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 filed with the United States Securities and Exchange Commission (SEC) on August 15, 2011 (the Initial Form 10-Q). For purposes of this Quarterly Report on Form 10-Q/A for the quarter ended June 30, 2011, and in accordance with Rule 12b-15 under the Securities Exchange Act of 1934 (Exchange Act), Items 1 and 2 of our Initial Form 10-Q have been amended and restated. Other than the Items outlined above, there are no changes to the Initial Form 10-Q. Except as otherwise specifically noted, all information contained herein is as of June 30, 2011, and does not reflect any events or changes that have occurred subsequent to that date.

The Company is not required to and has not updated any forward-looking statements previously included in the Initial Form 10-Q filed on August 15, 2011. The Company has not amended, and does not intend to amend, any of its other previously filed reports. (Note: No other periods were affected by the restatement.)

This Amendment No. 1 is required due to errors in the Initial Form 10-Q related to the identification and valuation of impaired loans and the timing of charge-offs relating to such loans.

This Amendment No. 1 restates our consolidated financial statements and other financial information as of June 30, 2011 and affects only the second quarter of 2011, which supersedes our previously-issued consolidated financial statements and other financial information for that period.

## PART I. Financial Information

United Security Bancshares and Subsidiaries  
Consolidated Balance Sheets – (unaudited)  
June 30, 2011 and December 31, 2010

	June 30, 2011 (Restated)	December 31, 2010
(in thousands except shares)		
Assets		
Cash and due from banks	\$24,507	\$13,259
Cash and due from FRB	71,867	85,171
Cash and cash equivalents	96,374	98,430
Interest-bearing deposits in other banks	2,269	4,396
Investment securities available for sale (at fair value)	49,342	51,503
Loans and leases	423,858	441,691
Unearned fees	(422 )	(645 )
Allowance for credit losses	(13,879 )	(16,520 )
Net loans	409,557	424,526
Accrued interest receivable	2,040	2,152
Premises and equipment – net	12,875	12,909
Other real estate owned	32,042	35,580

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Intangible assets	853	1,209
Goodwill	4,488	5,977
Cash surrender value of life insurance	15,757	15,493
Investment in limited partnership	1,642	1,851
Deferred income taxes - net	10,313	8,878
Other assets	18,097	15,306
<b>Total assets</b>	<b>\$655,649</b>	<b>\$678,210</b>
<b>Liabilities &amp; Shareholders' Equity</b>		
<b>Liabilities</b>		
<b>Deposits</b>		
Noninterest bearing	\$177,645	\$139,690
Interest bearing	369,914	417,776
<b>Total deposits</b>	<b>547,559</b>	<b>557,466</b>
Other borrowings	25,000	32,000
Accrued interest payable	160	222
Accounts payable and other liabilities	5,189	4,606
Junior subordinated debentures (at fair value)	10,912	10,646
<b>Total liabilities</b>	<b>588,820</b>	<b>604,940</b>
<b>Shareholders' Equity</b>		
Common stock, no par value 20,000,000 shares authorized, 13,265,184 and 13,003,849 issued and outstanding, in 2011 and 2010, respectively	40,707	39,869
Retained earnings	26,986	33,807
Accumulated other comprehensive loss	(864 )	(406 )
<b>Total shareholders' equity</b>	<b>66,829</b>	<b>73,270</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$655,649</b>	<b>\$678,210</b>

See notes to consolidated financial statements

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United Security Bancshares and Subsidiaries  
 Consolidated Statements of Operations and Comprehensive Income  
 (Unaudited)

(in thousands except shares and EPS)	Quarter Ended June 30, 2011 (Restated)		Six Months Ended June 30, 2011 (Restated)	
	2010	2010	2010	2010
Interest Income:				
Loans, including fees	\$ 6,437	\$ 7,769	\$ 12,857	\$ 15,309
Investment securities – AFS – taxable	540	717	1,137	1,570
Investment securities – AFS – nontaxable	0			