UNITED SECURITY BANCSHARES
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Registration No. 333-139139

To the Shareholders of Legacy Bank, N.A.

APPROVAL OF A MERGER PROPOSAL

YOUR VOTE IS VERY IMPORTANT

The Board of Directors of Legacy Bank, N.A. has approved a merger combining Legacy Bank with United Security Bank, which will continue as the subsidiary of United Security Bancshares. This document serves as both the proxy statement of Legacy Bank and the prospectus of United Security.

In the transaction, shareholders of Legacy Bank will receive shares of stock in United Security for each share of Legacy Bank common stock that they own. It is most likely that the shareholders of Legacy Bank will receive at least $12.8471 worth of United Security common stock for each share of Legacy Bank common stock.

We expect the transaction will be tax-free to Legacy Bank s shareholders that do not choose to exercise dissenter s rights, except that cash paid in lieu of fractional shares will be taxable. Upon completion of the merger, we expect that the shareholders of Legacy Bank will own approximately 9.5% of the outstanding common stock of United Security.

We will hold a special meeting at which we will ask our shareholders to approve the merger. Information about this meeting and the merger is contained in this proxy statement-prospectus. **In particular, see Risk Factors beginning on page 10.** We urge you to read this document carefully and in its entirety.

**Whether or not you plan to attend the meeting, please vote as soon as possible to make sure that your shares are represented at the meeting. If you do not vote, it will have the same effect as voting against the merger.**

**Our board of directors unanimously recommends that our shareholders vote FOR the merger.**

| | |
|---|---|
| /s/ Gary L.Hong | /s/ Thomas E.Ray |
| Gary L. Hong | Thomas E. Ray |
| Chairman of the Board | Chief Executive Officer |

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this proxy statement-prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

This proxy statement-prospectus is dated January 16, 2007.

**Legacy Bank, N.A.**

**Notice of Special Meeting of Shareholders**

**February 14, 2007**

To: The Shareholders of
Legacy Bank, N.A.

Notice is hereby given that, under the terms of its Bylaws and the call of its Board of Directors, the special meeting of shareholders of Legacy Bank will be held at Legacy Bank s head office, located at 125 East Campbell Avenue, Campbell, California, on Wednesday, February 14, 2007, at 8:00 a.m., for the purpose of considering and voting upon the following matters:

**1.** **Approval of the Merger Agreement.** To approve the merger agreement dated October 6, 2006, as amended on December 1, 2006, attached as Appendix A to the proxy statement-prospectus and the merger of Legacy Bank with United Security Bank.

**2.** **Transaction of Other Business.** To transact other business that may properly be presented at the special meeting and any adjournment or adjournments of the special meeting.

The merger agreement sets forth the terms of the acquisition of Legacy Bank by United Security. As a result of the acquisition, all shareholders of Legacy Bank will receive newly issued shares of United Security common stock for their shares of Legacy Bank common stock. The transaction is also more fully described in the enclosed proxy statement-prospectus and in Appendix A. Based on United Security s recent trading prices, it is anticipated that the shareholders of Legacy Bank will receive at least $12.8471 worth of United Security common stock for each share of Legacy Bank common stock. The closing price per share of Legacy Bank common stock as of October 6, 2006 was $10.00.

The Board of Directors has fixed the close of business on December 22, 2006, as the record date for determination of shareholders entitled to notice of, and the right to vote at, the special meeting of shareholders.

Since the affirmative vote of shareholders holding not less two-thirds of the outstanding shares of Legacy Bank common stock is required to approve the merger agreement, as amended and the merger of Legacy Bank with United Security Bank, it is essential that all shareholders vote. You are urged to vote in favor of the proposal by signing and returning the enclosed proxy as promptly as possible, whether or not you plan to attend the special meeting of shareholders in person. If you do attend the meeting you may then withdraw your proxy. The proxy may be revoked at any time prior to its exercise.

Shareholders who wish to exercise dissenters rights to receive from United Security the value of the Legacy Bank shares as of the date of the meeting based upon a valuation by a committee of three persons must vote against the merger or give written notice to Legacy Bank prior to the meeting that they dissent from the merger and must also fully comply with all applicable provisions of Section 214a of Title 12 of the United States Code, including making a written demand for dissenter s rights and surrendering their certificates to United Security Bank for endorsement within 30 days of completion of the merger. If the dissenting shareholder believes that the appraisal is unsatisfactory, the dissenting shareholder may appeal to the Office of the Comptroller of the Currency, or the OCC, whose determination of value shall be final and binding. The OCC does not permit the appraisal value of the dissenting shares to include appreciation or depreciation as a result of the merger. Please read the section entitled The Merger Dissenters Rights of Legacy Bank Shareholders and Appendix B for additional information on dissenters rights.

By Order of the Board of Directors

/s/ Kevin Gilday

Dated: January 16, 2007

Kevin Gilday, Corporate Secretary

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**List of Appendices**

**Questions and Answers About the Merger**

***This question and answer summary highlights selected information contained in other sections of this proxy statement-prospectus. To understand the merger more fully, you should carefully read this entire proxy statement-prospectus, including all appendices and financial statements.***

**Q: What am I being asked to vote on?**

A: You are being asked to vote on an agreement which, if approved, will result in Legacy Bank being merged with United Security Bank, a subsidiary of United Security.

**Q: What will happen if Legacy Bank shareholders approve the merger?**

A: If Legacy Bank shareholders approve the merger, Legacy Bank will merge with United Security Bank, a bank subsidiary of United Security, and Legacy Bank will cease to operate. We expect this to take place on or about February 16, 2007. In the merger, each outstanding share of Legacy Bank common stock will be converted into that number of shares of United Security common stock determined pursuant to the terms of the merger agreement.

Q: If the merger is approved what is the merger consideration to Legacy Bank shareholders?

A: If you do not exercise dissenters rights, you will receive newly issued shares of United Security common stock in exchange for your shares of Legacy Bank common stock The actual number of shares of United Security common stock to be issued is based upon a formula in the merger agreement that considers the average closing price of United Security common stock over a 20 business day period prior to the completion of the merger, the options and warrants of Legacy Bank exercised prior to the completion of the merger, and the costs associated with the termination of certain Legacy Bank data processing agreements. The number of shares of United Security common stock you will likely receive for a share of Legacy Bank common stock is estimated to range between .5139 shares to .6424 shares of United Security common stock. Please read the sections entitled Risk Factors - Risks Regarding the Merger and The Merger - Calculation of Consideration to be Paid to Legacy Bank Shareholders, and the merger agreement included as Appendix A for additional information.

Q: Do Legacy Bank shareholders have dissenters rights in the merger?

A: Yes. Holders of Legacy Bank common stock who vote against the merger, or who give written notice to Legacy Bank prior to the meeting that they dissent from the merger, and who have fully complied with all applicable provisions of Section 214a of Title 12 of the United States Code, including making a written demand for dissenter s rights and surrendering their certificates to United Security Bank for endorsement within 30 days of completion of the merger, have the right to receive from United Security the value of the Legacy Bank shares as of the date of the meeting based upon a valuation by a committee of three persons. If the dissenting shareholder believes that the appraisal is unsatisfactory, the dissenting shareholder may appeal to the Office of the Comptroller of the Currency, or the OCC, whose determination of value shall be final and binding. The OCC does not permit the appraisal value of the dissenting shares to include appreciation or depreciation as a result of the merger. Please read the section entitled The Merger Dissenters Rights of Legacy Bank Shareholders and Appendix B for additional information.

**Q: Why is Legacy Bank merging with United Security Bank?**

A: United Security s and Legacy Bank s respective managements believe that their respective shareholders will benefit from the merger because the business potential for the combined companies exceeds what each company could individually accomplish. United Security and Legacy Bank believe that their similar and complementary financial products and services in their respective markets will contribute to enhanced future performance, as well as providing a larger shareholder base. United Security and Legacy Bank believe a larger shareholder base will increase shareholder liquidity and provide for increased shareholder value. Please read the section entitled The Merger - Background and Reasons for the Merger; Recommendation of the Board of Directors for additional information.

**Q: Should I send in my certificates now?**

A: No. You should not send your Legacy Bank stock certificates in the envelope provided for use in returning your proxy. You will be sent written instructions for exchanging your stock certificates only if the merger is approved and completed.

**Q: What happens if I do not return my proxy card?**

A: If you fail to execute and return your proxy card, it will have the same effect as voting against the merger.

**Q: What risks should I consider before I vote on the merger?**

A: The risks that you should consider in deciding how to vote on the merger are explained in the section of this proxy statement-prospectus entitled Risk Factors. You are urged to read this section, as well as the rest of this proxy statement-prospectus, before deciding how to vote.

**Q: How do I vote?**

A: Just indicate on your proxy card how you want to vote. Sign and mail your proxy card in the enclosed envelope as soon as possible so that your shares will be represented at the Legacy Bank special shareholders meeting. Alternatively, you may attend the meeting and vote in person.

If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be voted in favor of the merger. If you do not sign and send in your proxy card or you abstain from voting, it will have the effect of voting against the merger.

You may attend the meeting and vote your shares in person, rather than voting by proxy. In addition, you may withdraw your proxy up to and including the day of the Legacy Bank special shareholders meeting by following the directions on pages 22-23 and either change your vote or attend the meeting and vote in person.

**Q: If my shares are held in my broker s name, will my broker vote them for me?**

A: No. Your broker can only vote your shares of Legacy Bank common stock if you provide instructions on how to vote them. You should, therefore, instruct your broker on how to vote your shares by following the directions your broker provides when forwarding these proxy materials to you. If you do not provide voting instructions to your broker, your broker will not be able to vote your shares. This will have the effect of voting against the merger.

**Q: How do Legacy Bank s directors plan to vote?**

A: All of Legacy Bank s directors have committed to vote their shares in favor of the merger. Legacy Bank s directors collectively hold, as of the record date for the special shareholders meeting, 559,371 shares, or approximately 33.4%, of Legacy Bank common stock eligible to vote. The affirmative vote of 66 2/3% of Legacy Bank s issued and outstanding shares of common stock eligible to vote is needed to approve the merger.

**Q: Who can help answer my other questions?**

A: If you want to ask any additional questions about the merger, you should contact Mr. Thomas E. Ray, President and Chief Executive Officer, Legacy Bank, N.A., 125 E. Campbell Avenue, Campbell, California 95008, telephone (408) 641-1000.

## Summary

***This summary only highlights selected information from this proxy statement-prospectus. You should carefully read this entire proxy statement-prospectus, including the appendices. These will give you a more complete description of the merger, the merger agreement, as amended, which is referred to in this proxy statement-prospectus as the merger agreement, and the transactions proposed. You should also refer to the section entitled Description of United Security.***

### General

This proxy statement-prospectus relates to the proposed merger of Legacy Bank with United Security Bank, a subsidiary of United Security. Legacy Bank and United Security believe that the merger will create opportunities to apply their similar community banking philosophies to realize enhanced revenues through asset growth and market penetration.

### Parties to the Merger (pages 52 and 54)

***United Security Bancshares***

***2126 Inyo Street***

***Fresno, California 93721***

***(559) 248-4944***

United Security is a bank holding company headquartered in Fresno, California. United Security has one subsidiary bank, United Security Bank. Through its subsidiary, United Security serves the California communities of Bakersfield, Fresno, Firebaugh, Coalinga, Caruthers, San Joaquin, Taft and Oakhurst.

Please read the section entitled Description of United Security for additional information about United Security and United Security Bank.

***Legacy Bank, N.A.***

***125 E. Campbell Avenue***

***Campbell, California 95008***

***(408) 641-1000***

Legacy Bank is a national banking association which opened for business on October 1, 2003. It has an office in Campbell. Legacy Bank serves the California community of Campbell and other communities in Santa Clara county.

Please read the section entitled Information About Legacy Bank for additional information.

***United Security Bank***

***2126 Inyo Street***

***Fresno, California 93721***

***(559) 248-4944***

United Security Bank, N.A., predecessor to United Security Bank, originally started business as a national banking association on December 21, 1987. On February 1, 1999, United Security Bank was incorporated under the laws of the State of California, and on February 3, 1999, following its conversion from a national banking association, was licensed by the California Commissioner of Financial Institutions and started operations as a California state-chartered bank. United Security Bank is a member of the Federal Reserve System. United Security Bank has ten banking branches and one construction lending office which provide financial services in Fresno, Madera and Kern counties. Under the terms of the merger agreement Legacy Bank will merge with United Security Bank, and United Security Bank will be the survivor.

**Special Shareholders Meeting (Page 22)**

Legacy Bank will hold its special shareholders meeting at Legacy Bank s head office, located at 125 East Campbell Avenue, Campbell, California 95008 on Wednesday, February 14, 2007 at 8:00 a.m. At this important meeting, Legacy Bank shareholders will consider and vote upon the approval of the merger and any other matter that is properly presented at the special shareholders meeting. You may vote at the Legacy Bank special shareholders meeting if you owned shares at the close of business on December 22, 2006. On that date, Legacy Bank had 1,674,373 shares of common stock issued and outstanding and entitled to be voted.

Each Legacy Bank shareholder is entitled to one vote for each share he or she held on December 22, 2006. The affirmative vote by holders of at least two-thirds of Legacy Bank s outstanding shares is required to approve the merger. United Security s shareholders are not required to approve the merger. Please read the section entitled The Legacy Bank Meeting for additional information.

**The Merger (Page 24)**

The merger will result in Legacy Bank being merged out of existence and into United Security Bank. The merger will not occur without Legacy Bank s shareholders approval. There are also other customary conditions which must be met in order for the merger to be completed. Please read the sections entitled The Merger - Structure of the Merger and - Certain Effects of the Merger for additional information.

***The Merger Agreement (Page 44)***

The merger agreement is the legal document that contains the merger s terms and governs United Security s and Legacy Bank s merger process, including the issuance of United Security common stock to Legacy Bank s shareholders in the merger. Please read the entire merger agreement which is attached to this proxy statement-prospectus as Appendix A. Also, please read the section entitled The Merger - The Merger Agreement for additional information.

***Consideration to be Paid to Legacy Bank Shareholders (Page 29)***

You will have the right to receive newly issued shares of United Security common stock in exchange for your shares of Legacy Bank common stock. The number of shares of United Security common stock to be issued is based upon an exchange ratio contained in the merger agreement.

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The merger agreement provides that the number of shares of United Security common stock into which a share of Legacy Bank common stock shall be converted shall be determined in accordance with a formula. The formula for the calculation of the number of shares of United Security received for each Legacy Bank share is as follows:

First, we determine the amount of the per share merger consideration to be paid to the Legacy Bank shareholders. The merger consideration for each share of Legacy Bank common stock is the amount equal to the quotient of (A) the sum of (i) the product of $13.00 multiplied by 1,672,373 plus (ii) the aggregate dollar amount of capital added to Legacy Bank s shareholders equity account upon the exercise of the Legacy Bank stock options or Legacy Bank warrants, as applicable, minus (iii) the costs associated with the cancellation of Legacy Bank s data processing/technology agreements, divided by (B) the sum of (i) 1,672,373 plus (ii) the number of additional shares of Legacy Bank common stock issued upon exercise of any Legacy Bank stock option and/or Legacy Bank warrant, as applicable.

To determine the number of shares of United Security common stock, to be paid to for each share of Legacy Bank common stock, we then divide the per share merger consideration by the average closing price of a share of United Security common stock during the 20 business days ending on the fifth business day immediately prior to the closing of the merger, provided, however, that the average closing price for purposes of the calculation shall not be more than $25.00.

In the event the average closing price is less than $20.00, the merger agreement will terminate unless the parties renegotiated the merger terms.

As of November 17, 2006, one holder of a Legacy Bank stock option has exercised his option and has acquired 2,000 shares of newly issued Legacy Bank common stock.

Assuming

- no other holders of Legacy Bank stock options or Legacy Bank warrants exercise either their options or warrants
- the costs associated with canceling Legacy Bank s data processing/technology agreements are approximately $250,000, and
- the average closing price for United Security common stock is $24.4696,

then, the shareholders of Legacy Bank will receive approximately .5250 shares of United Security common stock for each share of Legacy Bank common stock held. The closing per share price of United Security common stock as of January 12, 2007 was $25.00. Please read the sections entitled Risk Factors - Risks Regarding the Merger and The Merger - Calculation of Consideration to be Paid to Legacy Bank Shareholders for additional information.

***Regulatory Approvals (Page 33)***

United Security has filed applications with the Federal Reserve Board, or FRB, and the California Department of Financial Institutions, or the DFI for the merger. United Security has no reason to believe that the applications will not be approved. Please read the section entitled The Merger - Regulatory Approvals for additional information.

***Votes Required; Securities Held by Insiders (Page 22)***

Approval of the merger requires the affirmative vote of two-thirds of the outstanding shares, or 1,114,916 shares, of Legacy Bank s 1,674,373 issued and outstanding shares of common stock. Your failure to vote in person or by proxy, or your abstention from voting entirely, will have the same effect as voting against the merger. Please read the section entitled The Legacy Bank Meeting.

Directors and executive officers owned approximately 572,371 shares, or 34.2%, of Legacy Bank s outstanding shares of common stock. Legacy Bank s directors have entered into separate agreements in which they have agreed, among other things, to vote FOR approval of the merger agreement. Please read the section entitled The Merger - The Merger Agreement - Director Voting Agreements for additional information.

***Opinion of Legacy Bank s Financial Advisor (Page 37)***

In deciding to approve the merger, Legacy Bank s Board of Directors considered, among other things, the opinion dated October 6, 2006 of Howe Barnes Hoefer & Arnett, Inc., Legacy Bank s financial advisor, regarding the fairness, from a financial point of view, of the consideration to be received by Legacy Bank s shareholders as a result of the merger. The financial advisor determined that the merger agreement is fair to Legacy Bank s shareholders from a financial standpoint. The advisor s written opinion is attached as Appendix C. You should read it carefully to understand the assumptions made, matters considered and limitations of the review undertaken by the advisor in providing its opinion. Please read the section entitled The Merger - Opinion of Financial Advisor for additional information.

***Recommendation of Legacy Bank s Board of Directors (Page 28)***

On October 6, 2006, Legacy Bank s Board of Directors unanimously approved the merger agreement and the merger of Legacy Bank with United Security Bank. Moreover, they unanimously believe that the merger s terms are fair to you and in your best interests. Accordingly, they unanimously recommend a vote FOR the proposal to approve the merger agreement and the merger. The conclusions of Legacy Bank s Board of Directors regarding the merger are based upon a number of factors. Please read the sections entitled The Merger - Background and Reasons for the Merger; Recommendation of the Board of Directors and - Opinion of Financial Advisor for additional information.

***Exchange of Share Certificates (Page 45)***

After completing the merger, holders of Legacy Bank stock certificates will need to exchange those certificates for new certificates of United Security common stock. Shortly after completing the merger, Wells Fargo Shareowner Services, United Security s exchange agent, will send Legacy Bank s shareholders detailed instructions on how to exchange their shares. Please do not send any stock certificates until you receive these instructions. Please read the section entitled The Merger - The Merger Agreement - Exchange Procedures for additional information.

***Conditions to Closing the Merger (Page 48)***

In addition to shareholder approval, United Security s and Legacy Bank s obligations to close the merger depend on other conditions being met prior to the completion of the merger. Please read the section entitled The Merger - The Merger Agreement - Conditions to the Parties Obligations for additional information.

***Closing the Merger (Page 45)***

If shareholder approval is received as planned, and if the conditions to the merger have either been met or waived, United Security and Legacy Bank anticipate that the merger will close on or about February 16, 2007. However, neither United Security nor Legacy Bank can assure you whether or when the merger will actually close. Please read the section entitled The Merger - The Merger Agreement - The Closing for additional information.

***Termination of the Merger (Pages 48 and 50)***

United Security and Legacy Bank can mutually agree to terminate or extend the merger agreement. Either United Security or Legacy Bank can terminate the merger agreement in the event of a material breach or the occurrence of certain other events, including receipt of an offer from a third party.

United Security and Legacy Bank have agreed that in the event the merger agreement is terminated because of a material breach, the non-breaching party will be entitled to receive up to $200,000 from the breaching party. Additionally, a fee of $300,000 must be paid by Legacy Bank if it completes an alternative merger or similar proposal within twelve months following a termination of the merger agreement by either Legacy Bank or United Security because of certain events specified in the merger agreement. Please read the section entitled The Merger - The Merger Agreement Termination and - Discussions with Third Parties for additional information.

***Federal Income Tax Consequences (Page 31)***

The merger is intended to qualify as a reorganization for United States federal income tax purposes under Section 368(a) of the Internal Revenue Code, and the merger is conditioned on the receipt of a legal opinion that the merger will so qualify. If the merger qualifies as a reorganization, Legacy Bank shareholders, will not recognize any gain or loss upon the receipt of United Security common stock in exchange for Legacy Bank common stock in connection with the merger, except with respect to cash received in lieu of a fractional United Security common stock or in connection with dissenters rights. For a more complete discussion of the federal income tax consequences of the merger, you should carefully read the discussion in the section entitled Material United States Federal Income Tax Consequences beginning on page 31 of this proxy statement/prospectus. Further, you are encouraged to consult your tax advisor because tax matters can be complicated, and the tax consequences of the merger to you will depend upon your own situation. You should also consult your tax advisor concerning all state, local and foreign tax consequences of the merger.

***Accounting Treatment (Page 44)***

United Security must account for the merger as a purchase. Under this method of accounting, the assets and liabilities of the company acquired are recorded at their respective fair value as of completion of the merger, and are added to those of the acquiring company. Financial statements of the acquiring company issued after the merger takes place reflect these values, but are not restated retroactively to reflect the historical financial position or results of operations of the company that was acquired. Please read the section entitled The Merger - Accounting Treatment for additional information.

**United Security s Management and Operations After the Merger (Page 35)**

At the time of the merger, one current director of Legacy Bank shall be appointed as a director of both United Security and United Security Bank. The Legacy Bank director will be selected by the then existing board of directors of United Security from a list of three candidates determined by Legacy Bank. All other directors of United Security shall remain as members of the board of directors of United Security, and all other directors of United Security Bank shall remain as members of the board of directors of United Security Bank. In addition, the current executive officers of United Security and United Security Bank will remain the executive officers of those corporations. Please read the section entitled The Merger - Certain Effects of the Merger and Financial Interests in the Merger of Directors and Executive Officers of Legacy for additional information.

**Financial Interests in the Merger of Directors and Officers of Legacy (Page 35)**

The directors and executive officers of Legacy Bank have financial interests in the merger over and above those of Legacy Bank shareholders. As previously discussed, as condition to the merger, one of the Legacy Bank directors will be appointed as a director of United Security and United Security Bank. In addition, United Security has agreed to offer each director of Legacy Bank who is not selected to serve as a member of United Security s and United Security Bank s boards of directors, the title of Director Emeritus which includes a monthly stipend of $400 as long as the director continues to hold at least 50% of the shares of United Security common stock issued to the director at the completion of the merger, and takes no actions construed as detrimental to United Security Bank. Under the merger agreement, the Legacy director will be selected by the Board of Directors of United Security from a list of three candidates determined by Legacy Bank. Legacy Bank has not made a determination of the three candidates. Finally, the directors and officers of Legacy Bank will also receive continuing insurance protections under the existing directors and officers liability insurance policy of Legacy Bank. You should consider these interests in deciding how to vote. Please read the section entitled The Merger - Financial Interests in the Merger of Directors and Executive Officers of Legacy for additional information.

**Differences in Your Rights as a Shareholder (Page 75)**

As a Legacy Bank shareholder, your rights are currently governed by Legacy Bank s Articles of Association and Bylaws and by the national banking laws. If you do not exercise your dissenters rights, you will receive United Security common stock in exchange for your Legacy Bank common stock, and you will become a United Security shareholder. Consequently, your rights as a United Security shareholder will be governed by United Security s Articles of Incorporation and Bylaws and by the California Corporations Code, rather than national banking laws. Therefore, the rights of United Security shareholders differ from the rights of Legacy Bank shareholders in certain respects. Please read the section entitled Comparison of Shareholder Rights for additional information.

**Dissenters Rights (Page 36)**

In order to perfect dissenters rights and to receive cash instead of shares of United Security common stock in the merger, a shareholder of Legacy Bank common stock must do the following:

- vote against the merger, or give written notice to Legacy Bank prior to the meeting that he or she dissents from the merger; and

- within 30 days of the completion of the merger, make a written demand for dissenters rights and surrender his or her certificate to United Security Bank at 2121 Inyo Street, Fresno, California 93721, Attention: Ken Donahue, for endorsement of dissenting shares.

Following receipt of the certificate by United Security Bank, the dissenting shareholder of Legacy Bank shall have the right to receive from United Security, the value of the Legacy Bank shares as of the date of the shareholders meeting based upon a valuation by a committee of three persons, one to be selected by majority of the dissenting shareholders entitled to receive the value of their shares, one by the directors of United Security Bank, and the third by the two so chosen.

If the dissenting shareholder believes that the appraisal is unsatisfactory, the dissenting shareholder may appeal to the Office of the Comptroller of the Currency, or the OCC, whose determination of value shall be final and binding. The OCC does not permit the appraisal value of the dissenting shares to include appreciation or depreciation as a result of the merger. Please read the section entitled The Merger Dissenters Rights of Legacy Bank s Shareholders and Appendix B for additional information.

**Dividends**

United Security has paid quarterly cash dividends since its first full year of operation. United Security has paid cash dividends of $0.0725 per share on January 21, 2004, cash dividends of $0.08 per share on April 21, 2004, July 21, 2004, October 20, 2004, January 19, 2005, cash dividends of $0.09 per share on April 20, 2005, July 20, 2005, October 19, 2005, cash dividends of $0.10 per share on January 25, 2006, and cash dividends of $0.11 per share on April 19, 2006, July 19, 2006 and October 25, 2006. In addition, on May 1, 2006, United Security completed a two-for-one stock split. All dividend amounts listed have been adjusted to reflect the split.

**Resale of United Security Common Stock by Former Legacy Bank Shareholders (Page 35)**

United Security common stock that you receive in the merger will be freely transferable, unless you are considered an affiliate of Legacy Bank. Please refer to the section entitled The Merger - Resale of United Security Common Stock for additional information.

**Risk Factors**

***In addition to the other information included in this proxy statement-prospectus or incorporated by reference, you are urged to carefully consider the following factors which contain all known material risks, before making a decision to approve the merger.***

**Risks Regarding the Merger**

***Combining United Security and Legacy Bank May Be More Difficult Than Expected***

If United Security and Legacy Bank are unable to successfully integrate their businesses, operating results may suffer. Both United Security and Legacy Bank have operated and, until completion of the merger, will continue to operate independently of one another. It is possible that the integration process could result in the loss of key employees, disruption of United Security s and Legacy Bank s ongoing business or inconsistencies in standards, controls, policies or procedures. These could negatively affect both United Security s and Legacy Bank s ability to maintain relationships with customers and employees, or achieve the anticipated benefits of the merger within the time period expected, if at all. In addition, if United Security is unable to successfully manage its expansion in the Silicon Valley, operating results may also suffer. As with any merger of financial institutions, there may also be disruptions that cause customers, both deposit and loan, to take their business to competitors. Further, Legacy Bank has recently experienced a high turnover in senior management positions including its president, chief financial officer and chief credit officer which may have affected Legacy Bank s implementing consistent policies and procedures. Although United Security believes that it has strong management, polices and procedures, and experience through other bank acquisitions to integrate Legacy Bank s operations, no guarantees exist that Legacy Bank s integration within United Security s operations will be successful.

***You Will Not Know in Advance the Value of the Merger Consideration You Will be Entitled to Receive***

The merger agreement provides that the number of shares of United Security common stock into which a share of Legacy Bank common stock shall be converted will be determined by a formula which has variables that will not be known until shortly before the merger is completed. Please read the section entitled Summary - Consideration to be Paid to Legacy Bank Shareholders.

Because of these variables affecting the exchange ratio and per share value of your shares of Legacy Bank common stock, you will not know in advance either the number of shares of United Security common stock or the value of the shares of United Security common stock that you will receive until the merger is completed. Under the terms of the merger agreement, for purposes of the calculation of the exchange ratio, the average closing price per share of United Security common stock shall not exceed $25.00. In addition, in the event that the average closing price per share of United Security common stock is less than $20.00, the merger may be terminated. Please read the sections entitled The Merger - Calculation of Consideration to be Paid to Legacy Bank Shareholders.

***If The Merger Does Not Qualify As A Tax-Free Reorganization For U.S. Federal Income Tax Purposes, You Will Recognize Gain Or Loss On The Exchange Of Your Shares Of Legacy Bank Common Stock.***

Although the U.S. Internal Revenue Service, referred to in this proxy statement/ prospectus as the IRS, has not provided a ruling on the merger, United Security and Legacy Bank will obtain a legal opinion from counsel that, subject to the assumptions and qualifications included in such opinion, the merger will qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code. This opinion, however, neither binds the IRS nor prevents the IRS from adopting a contrary position. If the merger fails to qualify as a tax-free reorganization, you would generally recognize gain or loss on each share of Legacy Bank common stock surrendered in the merger in the amount of the difference between your basis in such share and the fair market value of the United Security common stock you receive in exchange for each share of Legacy Bank common stock.

**Risks Regarding United Security Common Stock**

***United Security Can Issue Common Stock Without Your Approval, Diluting Your Proportional Ownership Interest***

United Security s articles of incorporation authorize it to issue 20,000,000 shares of common stock. Currently, United Security has 11,300,156 shares of common stock issued and outstanding, with up to an additional 1,192,821 additional shares to be issued in the merger. United Security also has 299,500 shares reserved under various stock option plans covering its directors, officers and employees at exercise prices ranging between $5.67 and $22.54. Consequently, any shares of common stock that United Security issues after the merger with Legacy Bank will dilute your proportional ownership interest in United Security.

United Security intends to seek acquisitions of other banks where it believes that those acquisitions will enhance shareholder value or satisfy other strategic objectives. United Security can make future acquisitions, if any, by issuing additional shares of its common stock or other securities convertible into or exercisable for its common stock. As of the date of this proxy statement-prospectus, United Security has not entered into any agreements or understanding to acquire other banks, bank holding companies or any other entities.

***The Price of United Security Common Stock May Decrease, Preventing You from Selling Your Shares at a Profit***

The market price of United Security common stock could decrease and prevent you from selling your shares at a profit. The market price of United Security common stock has fluctuated in recent years. Fluctuations may occur, among other reasons, due to:

- operating results;
- market demand;
- announcements by competitors;
- economic changes;
- general market conditions; and
- legislative and regulatory changes.

The trading price of United Security common stock may continue to fluctuate in response to these factors and others, many of which are beyond United Security s control. We strongly urge you to consider the likelihood of these market fluctuations before deciding how to vote for the merger. Please read the section entitled Markets; Market Prices and Dividends for additional information regarding the trading prices of United Security common stock.

**Risks Regarding the Businesses of United Security and Legacy Bank**

*Legacy Bank has Entered into a Formal Agreement with the Office of the Comptroller of the Currency*

On December 21, 2006, Legacy entered into a formal written agreement with the Office of the Comptroller of the Currency ( OCC ) to address certain issues, including Legacy Bank s management, underwriting and credit risk policies, portfolio management and capital and liquidity maintenance. (See Information Regarding Legacy Legal Proceedings ). United Security believes that it has the management and policies to address all of the issues raised by the OCC. In addition, in the event the merger is completed, the formal written agreement will terminate and will have no impact on United Security Bank as the successor.

***United Security and Legacy Bank Face Lending Risks***

The risk of loan defaults or borrowers inabilities to make scheduled payments on their loans is inherent in the banking business. Moreover, United Security and Legacy Bank focus primarily on lending to small- and medium-sized businesses. Consequently, United Security and Legacy Bank may assume greater lending risks than other financial institutions which have a smaller concentration of those types of loans, and which tend to make loans to larger businesses. Borrower defaults or borrowers inabilities to make scheduled payments may result in losses which may exceed United Security s and Legacy Bank s allowances for loan losses. Furthermore, should United Security and Legacy Bank be required to fund currently unfunded loan commitments and letters of credit at higher than anticipated levels, there may be an increased exposure to loan losses, necessitating higher loan loss provisions. Other than these unfunded loan commitments and letters of credit, neither United Security nor Legacy Bank have any off balance sheet exposure. These risks, if they occur, may require higher than expected loan loss provisions which, in turn, can materially impair profitability, capital adequacy and overall financial condition. Please read the section entitled Information About Legacy Bank Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information.

***United Security and Legacy Bank Are Limited in the Amount They Can Lend to Any Individual Borrower***

United Security, through its subsidiary, United Security Bank, and Legacy Bank are limited in the amount that they can lend to a single borrower. Therefore, the size of the loans which they can offer to potential customers is less than the size of loans that their competitors with larger lending limits can offer. Legal lending limits also affect United Security Bank s and Legacy Bank s ability to seek relationships with larger and more established businesses. Through previous experience and relationships with a number of other financial institutions, participations in loans which exceed lending limits are sometimes sold. However, United Security and Legacy Bank cannot assure you of any future success that they may have in attracting or retaining customers seeking larger loans or that they can successfully engage in participation transactions for those loans on favorable terms. For additional information, please read the section entitled Information About Legacy Bank -Banking Services - Competition.

***An Increase in Classified Loans May Hurt Performance***

Some of the loans that United Security and Legacy Bank make may, with the passage of time, pose a higher risk of becoming uncollectible. These loans may be classified and require a larger than anticipated amount of loss reserves which, in turn, may reduce United Security s and Legacy Bank s liquidity, earnings and ultimately their capitalization and financial condition. Classified loans as of September 30, 2006, of United Security and Legacy Bank were 20.3% and 12.5% of capital respectively. United Security and Legacy Bank continually evaluate the credit risks associated with loans that indicate a higher than normal risk of collectability. United Security and Legacy Bank believe that they have adequately provided for the related credit risks of their respective loans. However, their respective loan portfolios are vulnerable to adverse changes in the economy and in the particular industries in which their borrowers operate. Therefore, United Security and Legacy Bank cannot assure you that the level of their classified loans will not increase in the future. For additional information, please read the section entitled Information About Legacy Bank Management s Discussion and Analysis of Financial Condition and Results of Operations.

***Declines in Real Estate Values Could Materially Impair Profitability and Financial Condition***

Approximately 70% and 47% respectively, of United Security s and Legacy Bank s loans are secured by real estate collateral. A substantial portion of the real estate securing these loans is located in Central and Northern California. Real estate values are generally affected by factors such as:

- the socioeconomic conditions of the area where real estate collateral is located;
- fluctuations in interest rates;
- property and income tax laws;
- local zoning ordinances governing the manner in which real estate may be used; and
- federal, state and local environmental regulations

Management and the Boards of Directors of United Security and Legacy Bank monitor the concentrations of loans secured by real estate, which are within pre-approved limits. However, declines in real estate values could significantly reduce the value of the real estate collateral securing United Security s and Legacy Bank s loans, increasing the likelihood of defaults. Moreover, if the value of real estate collateral declines to a level that is not enough to provide adequate security for the underlying loans, United Security and Legacy Bank will need to make additional loan loss provisions which, in turn, will reduce their profits. Also, if a borrower defaults on a real estate secured loan, United Security and Legacy Bank may be forced to foreclose on the property and carry it as a nonearning asset which, in turn, may reduce net interest income. For additional information, please read the section entitled Information About Legacy Bank Management s Discussion and Analysis of Financial Condition and Results of Operations.

***Interest Rates and Other Conditions Impact Profitability***

United Security s and Legacy Bank s profitability depends on the difference between the rates of interest they earn on their loans and investments, and the interest rates they pay on deposits and other borrowings. Like other financial institutions, United Security s and Legacy Bank s net interest income is affected by general economic conditions and other uncontrollable factors, like the monetary policies of the FRB, which influence market interest rates. Therefore, the ability to adjust the interest rates on investments, loans and deposit products in response to changes in market interest rates may be limited for a period of time. Consequently, United Security s and Legacy Bank s inability to immediately respond to changes in market interest rates can have either a positive or negative effect on net interest income, capital, liquidity and financial condition. United Security and Legacy Bank cannot assure you that any positive trends or developments that they have experienced will continue, or that they will not experience negative trends or developments in the future. Due to the mix and composition of United Security s and Legacy Bank s assets and liabilities, changing interest rates may adversely impact their net interest incomes and margins. For additional information, please read the section entitled Supervision and Regulation - United Security Bank and Legacy Bank - Impact of Monetary Policies.

***United Security Is Limited in its Ability to Pay Cash Dividends***

While United Security and United Security Bank have paid quarterly cash dividends for the last 18 years, United Security depends on dividends from United Security Bank, and if the merger is completed, from the profit contribution of Legacy Bank to United Security Bank, in order to pay cash dividends to its shareholders. Moreover, the amount and timing of any dividends is at the discretion of United Security s board of directors. Please refer to the section entitled Description of United Security - Description of Capital Stock for additional information. Also, please read the sections entitled Supervision and Regulation - United Security - Bank Holding Company Liquidity and - Limitations on Dividend Payments for additional information.

***United Security s Future Growth May Be Limited If it Is Not Able to Raise Additional Capital***

Banks and bank holding companies are required to conform to regulatory capital adequacy guidelines and maintain their capital at specified percentages of their assets. These guidelines may limit United Security s ability to grow and could result in banking regulators requiring increased capital levels or reduced loan and other earning asset levels. Therefore, in order to continue to increase its earning assets and net income, United Security may, from time to time, need to raise additional capital. United Security cannot assure you that additional sources of capital will be available or, if they are, that the additional capital will be available on economically reasonable terms. Currently, United Security is well capitalized and has no plans to raise additional capital to facilitate the merger with Legacy Bank or for any other purpose. For additional information, please read the section entitled Supervision and Regulation - United Security Bank and Legacy Bank - Risk-Based Capital Guidelines.

***United Security and Legacy Bank Compete Against Larger Banks and Other Institutions***

United Security and Legacy Bank compete for loans and deposits with other banks, savings and thrift associations and credit unions located in their service areas, as well as with other financial services organizations such as brokerage firms, insurance companies and money market mutual funds. These competitors aggressively solicit customers within their market area by advertising through direct mail, the electronic media and other means. Many of their competitors have been in business longer, have established customer bases and are substantially larger. These competing financial institutions offer services, including international banking services, that United Security and Legacy Bank can only offer through correspondents, if at all. Additionally, their larger competitors have greater capital resources and, consequently, higher lending limits. Finally, some of their competitors are not subject to the same degree of regulation. For additional information, please read the section entitled Information About Legacy Bank - Banking Services - Competition.

***Current Banking Laws and Regulations Affect Activities***

United Security and Legacy Bank are subject to extensive regulation. Supervision, regulation and examination of banks and bank holding companies by regulatory agencies are intended primarily to protect depositors rather than stockholders. These regulatory agencies examine bank holding companies and commercial banks, establish capital and other financial requirements and approve acquisitions or other changes of control of financial institutions. United Security s and Legacy Bank s ability to establish new facilities or make acquisitions requires approvals from applicable regulatory bodies. Changes in legislation and regulations will continue to have a significant impact on the banking industry. Although some of the legislative and regulatory changes may benefit United Security and Legacy Bank, others may increase their costs of doing business and assist their nonbank competitors who are not subject to similar regulation. For additional information, please read the section entitled Supervision and Regulation.

**A Warning about Forward Looking Statements**

Certain statements contained in this proxy statement-prospectus or in documents incorporated by reference, including, without limitation, statements containing the words believes, anticipates, intends, expects, and words of similar import, constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward looking statements, including among others those found in Questions and Answers About the Merger, Summary, and The Merger involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the combined companies to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

In particular, we have made statements in this document regarding expected cost savings to result from the merger, the anticipated accretive effect to earnings of the combined enterprise, an improved ability to compete with larger competitors, restructuring charges expected to be incurred in connection with the merger, and the operation of the combined companies. With respect to estimated cost savings, we have made assumptions about the anticipated overlap between the costs of the two banks for data processing and other operations, the amount of general and administrative expenses, the costs of converting Legacy Bank s data processing to United Security Bank s systems, the size of anticipated reductions in fixed labor costs, the effort involved in aligning accounting policies and the transactional costs of the merger. The realization of the anticipated cost savings is subject to the risk of possible inaccuracy of the foregoing assumptions.

In addition to the risks discussed in Risk Factors, the following factors may also affect the accuracy of forward looking statements in this proxy statement-prospectus:

- demographic changes;
- changes in business strategy or development plans;
- the availability of capital to fund the expansion of the combined business; and
- other factors referenced in this proxy statement-prospectus or the documents incorporated by reference.

Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. United Security and Legacy Bank disclaim any obligation to update any such factors or to publicly announce the results of any revisions to any of the forward-looking statements contained in this proxy statement-prospectus to reflect future events or developments.

## Markets; Market Prices and Dividends

### Legacy Bank Common Stock

The common stock of Legacy Bank is not listed on any national stock exchange, but is quoted on the Over-the-Counter (OTC) Bulletin Board under the symbol of LBKC.OB. As of November 30, 2006, there were approximately 410 shareholders. The management of Legacy Bank is aware that the following dealers make a market in Legacy Bank common stock: Hill, Thompson, Magid & Company, Inc., Knight Equity Markets, LP, Monroe Securities, Inc., and Wedbush Morgan Securities, Inc.

The following chart summarizes the approximate high and low bid prices and dividends declared per share for Legacy Bank. The information in the following table is based upon information provided by SNL Securities. Bid quotations reflect inter-dealer prices, without adjustments for mark-ups, mark-downs, or commissions and may not necessarily represent actual transactions. Legacy Bank s management does not have any bid price information for the year 2004.

| | Legacy Bank Common Stock High Bid | Low Bid |
|---|---|---|
| **2005** | | |
| First Quarter | $ 10.00 | $ 10.00 |
| Second Quarter | $ 10.00 | $ 10.00 |
| Third Quarter | $ 15.00 | $ 15.00 |
| Fourth Quarter | $ 11.00 | $ 11.00 |

| | Legacy Bank Common Stock High Bid | Low Bid |
|---|---|---|
| **2006** | | |
| First Quarter | $ 10.10 | $ 8.05 |
| Second Quarter | $ 9.50 | $ 8.40 |
| Third Quarter | $ 10.00 | $ 8.40 |
| Fourth Quarter | $ 13.00 | $ 10.00 |

There is and has been very little trading in Legacy Bank common stock. On October 6, 2006, the last trading day prior to the announcement of the merger, the bid price of Legacy Bank common stock was $10.00.

**United Security Common Stock**

The following chart summarizes the approximate high and low sales prices for United Security. United Security common stock is listed on the Nasdaq-Global Select Market and traded under the symbol UBFO. The information in the following table is based upon information provided by the National Association of Securities Dealers for prices on the Nasdaq-Global Select Market. All sales prices have been adjusted to reflect 2-for-1 stock split effected May 1, 2006

| | United Security Common Stock High Bid | Low Bid |
|---|---|---|
| **2004** | | |
| First Quarter | $ 14.25 | $ 11.81 |
| Second Quarter | $ 13.03 | $ 10.35 |
| Third Quarter | $ 11.72 | $ 10.13 |
| Fourth Quarter | $ 12.88 | $ 10.95 |
| **2005** | | |
| First Quarter | $ 12.75 | $ 11.52 |
| Second Quarter | $ 13.25 | $ 11.50 |
| Third Quarter | $ 14.49 | $ 12.80 |
| Fourth Quarter | $ 16.35 | $ 13.98 |
| **2006** | | |
| First Quarter | $ 22.65 | $ 15.26 |
| Second Quarter | $ 24.63 | $ 12.18 |
| Third Quarter | $ 24.41 | $ 20.26 |
| Fourth Quarter | $ 26.24 | $ 21.30 |

United Security has paid quarterly cash dividends since its first full year of operation. United Security has paid cash dividends of $0.0725 per share on January 21, 2004, cash dividends of $0.08 per share on April 21, 2004, July 21, 2004, October 20, 2004, January 19, 2005, cash dividends of $0.09 per share on April 20, 2005, July 20, 2005, October 19, 2005, cash dividends of $0.10 per share on January 25, 2006, and cash dividends of $0.11 per share on April 19, 2006, July 19, 2006 and October 25, 2006. In addition, on May 1, 2006, United Security completed a two-for-one stock split. All dividend amounts listed have been adjusted to reflect the split.

The following table sets forth the closing price per share of United Security common stock on the Nasdaq-Global Select Market as of October 6, 2006, the last trading day before the date on which United Security and Legacy Bank announced the execution of the merger agreement, and as of January 12, 2007, the last practicable date prior to the date of this proxy statement-prospectus.

| Market Price Per Share as of | United Security Common Stock |
|---|---|
| October 6, 2006 | $ 23.27 |
| January 12, 2007 | $ 25.00 |

You should obtain current market quotations for United Security common stock. The market price of United Security common stock will probably fluctuate between the date of this proxy statement-prospectus, the date on which the merger is completed and after the merger. Because the market price of United Security common stock is subject to fluctuation, the number of shares of United Security common stock that you may receive in the merger may increase or decrease.

**Selected Financial Data**

United Security and Legacy Bank are providing the following information to aid you in your analysis of the financial aspects of the merger. The following charts show financial results actually achieved by United Security and Legacy Bank.

**United Security**

United Security derived its annual historical financial data for 2005 and 2004 from the audited consolidated financial statements incorporated by reference in this proxy statement-prospectus. In the opinion of United Security s management, all adjustments, consisting solely of recurring adjustments, necessary to fairly present the data at September 30, 2006 and 2005, and for the nine-months then ended have been made. Operating results for the nine months ended September 30, 2006 are not necessarily indicative of full year results for the year ending December 31, 2006. All share and per share information has been retroactively restated to reflect the 2-for-1 stock split paid by United Security in May, 2006.

**Legacy Bank**

Legacy Bank derived its annual historical financial data for 2005 and 2004 from the audited financial statements included at the end of this proxy statement-prospectus. In the opinion of Legacy Bank s management, all adjustments, consisting solely of recurring adjustments, necessary to fairly present the data at September 30, 2006 and 2005, and for the nine-months then ended have been made. Operating results for the nine months ended September 30, 2006 are not necessarily indicative of full year results for the year ending December 31, 2006.

**Comparative Historical Financial**

**Data for United Security**

**(Unaudited)**

| (in thousands, except per share data and ratios) | Nine Months Ended Sept. 30, 2006 | 2005 | Year Ended December 31, 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|---|---|
| SUMMARY OF EARNINGS: | | | | | | | |
| Net interest income | $ 24,460 | $ 21,577 | $ 29,240 | $ 24,441 | $ 19,790 | $ 17,200 | $ 16,652 |
| Provision for credit losses | 639 | 890 | 1,140 | 1,145 | 1,713 | 1,963 | 1,733 |
| Noninterest income | 7,132 | 4,539 | 6,280 | 4,742 | 6,148 | 5,368 | 4,277 |
| Noninterest expense | 14,644 | 12,594 | 16,982 | 14,667 | 11,855 | 10,860 | 9,818 |
| Net Income | $ 10,387 | $ 7,979 | $ 11,008 | $ 8,405 | $ 7,706 | $ 6,833 | $ 6,193 |
| | | | | | | | |
| FINANCIAL POSITION: | | | | | | | |
| Total assets | $ 678,012 | $ 629,032 | $ 628,859 | $ 611,696 | $ 506,588 | $ 519,316 | $ 450,928 |
| Total net loans and leases | 490,328 | 379,045 | 409,409 | 390,334 | 338,716 | 343,042 | 331,163 |
| Total deposits | 590,127 | 549,383 | 546,460 | 536,672 | 440,444 | 423,987 | 368,651 |
| Total shareholders equity | 64,625 | 57,332 | 59,014 | 53,236 | 45,036 | 40,561 | 36,059 |
| | | | | | | | |
| PER SHARE DATA (restated for 2-for-1 stock split May 1, 2006): | | | | | | | |
| Net Income - Basic | $ 0.91 | $ 0.70 | $ 0.97 | $ 0.75 | $ 0.71 | $ 0.64 | $ 0.57 |
| Net Income - Diluted | $ 0.91 | $ 0.70 | $ 0.96 | $ 0.74 | $ 0.70 | $ 0.63 | $ 0.56 |
| Book value per share | $ 5.71 | $ 5.04 | $ 5.19 | $ 4.69 | $ 4.09 | $ 3.75 | $ 3.34 |
| | | | | | | | |
| SELECTED FINANCIAL RATIOS: | | | | | | | |
| Return on average assets | 2.14 % | 1.71 % | 1.76 % | 1.52 % | 1.51 % | 1.37 % | 1.55 % |
| Return on average shareholders equity | 22.12 % | 19.12 % | 19.46 % | 16.81 % | 17.80 % | 17.64 % | 17.25 % |
| Average shareholders equity to average assets | 9.67 % | 8.98 % | 9.02 % | 9.01 % | 8.48 % | 7.76 % | 9.00 % |
| Allowance for credit losses to total nonperforming loans | 61.20 % | 54.72 % | 55.62 % | 42.51 % | 32.58 % | 36.00 % | 34.23 % |
| Dividend payout ratio | 35.16 % | 37.14 % | 38.50 % | 43.16 % | 40.07 % | 40.94 % | 40.09 % |

**Comparative Historical Financial**

**Data for Legacy Bank**

**(Unaudited)**

| | Nine Months Ended Sept. 30, 2006 | 2005 | Year Ended December 31, 2005 | 2004 | 2003(1) |
|---|---|---|---|---|---|
| **Summary of Earnings:** | | | | | |
| Net Interest Income | $ 3,602 | $ 2,350 | $ 3,456 | $ 1,095 | $ 47 |
| Provision for Loan Losses | 125 | 169 | 261 | 781 | 39 |
| Noninterest Income | 635 | 73 | 229 | 38 | 1 |
| Noninterest Expense | 3,853 | 3,179 | 4,286 | 2,881 | 586 |
| Net Income | $ 259 | $ (925) | $ (862) | $ (2,529) | $ (577) |
| | | | | | |
| **Financial Position:** | | | | | |
| Total Assets | $ 83,346 | $ 70,955 | $ 82,595 | $ 59,594 | $ 13,793 |
| Total Net Loans and Leases from Loans, net of Deferred Fees | 63,657 | 56,127 | 62,314 | 35,045 | 3,056 |
| Total Deposits | 72,312 | 60,374 | 68,937 | 52,583 | 4,357 |
| Total Shareholders Equity | 10,685 | 10,283 | 10,282 | 6,758 | 9,280 |
| | | | | | |
| **Per Share Data:** | | | | | |
| Net Income (Loss)-Basic | $ 0.16 | $ (0.61) | $ (0.55) | $ (2.08) | $ (0.47) |
| Net Income (Loss)-Diluted | $ 0.16 | $ (0.61) | $ (0.55) | $ (2.08) | $ (0.47) |
| Book Value | $ 6.39 | $ 6.15 | $ 6.15 | $ 5.55 | $ 7.62 |
| | | | | | |
| **Selected Financial Ratios:** | | | | | |
| Return on Average Assets | 0.43 % | (1.98)% | (1.31)% | (7.33)% | (4.42)% |
| Return on Average Equity | 3.36 % | (13.07)% | (8.91)% | (31.28)% | (6.08)% |
| Shareholders Equity to Assets | 12.82 % | 14.49 % | 12.45 % | 11.34 % | 67.30 % |
| Allowance for credit losses to nonperforming loans | 0.00 % | 0.00 % | 2.81 % | 0.00 % | 0.00 % |

(1) Operations commenced on October 1, 2003.

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## The Legacy Bank Meeting

### General

Legacy Bank will hold a special shareholders meeting on Wednesday, February 14, 2007 at 8:00 a.m., local time, at Legacy Bank s head office located at 125 East Campbell Avenue, Campbell, California 95008. At the special shareholders meeting you will be asked to consider and vote on the approval of the merger agreement, and any other matters that may properly come before the meeting.

### Record Date; Stock Entitled to Vote; Quorum

Only holders of record of Legacy Bank common stock at the close of business on December 22, 2006, the record date for Legacy Bank s special shareholders meeting, are entitled to receive notice of and to vote at the special shareholders meeting. On the record date, Legacy Bank had 1,674,373 shares of its common stock issued, outstanding and eligible to vote at the special shareholders meeting. A majority of the shares of Legacy Bank common stock issued and outstanding and entitled to vote on the record date must be represented in person or by proxy at the special shareholders meeting in order for a quorum to be present for purposes of transacting business. In the event that a quorum is not present, it is expected that the special shareholders meeting will be adjourned or postponed to solicit additional proxies.

### Number of Votes

Each holder of Legacy Bank common stock will be entitled to one vote, in person or by proxy, for each share of Legacy Bank common stock held on the record date on approval of the merger agreement.

### Votes Required

Approval of the merger agreement and the merger requires the affirmative vote of at least two-thirds of the shares of Legacy Bank common stock outstanding on the record date. As of the record date, Legacy Bank s directors and executive officers owned 572,371 shares, representing approximately 34.2%, of Legacy Bank s issued and outstanding shares of common stock entitled to vote.

### Voting of Proxies

***Submitting Proxies***

Legacy Bank shareholders may vote their shares in person by attending the special shareholders meeting or they may vote their shares by proxy. In order to vote by proxy, Legacy Bank shareholders must complete the enclosed proxy card, sign and date it and mail it in the enclosed postage pre-paid envelope.

If a written proxy card is signed by a shareholder and returned without instructions, the shares represented by the proxy will be voted FOR approval of the merger. Legacy Bank shareholders whose shares are held in street name (i.e., in the name of a broker, bank or other record holder) must either direct the record holder of their shares as to how to vote their shares or obtain a proxy from the record holder to vote at the Legacy Bank special shareholders meeting. It is important that you follow the directions provided by your broker regarding instructions on how to vote your shares. Your failure to instruct your broker on how to vote your shares will have the same effect as voting against the proposal to approve the merger agreement and the merger.

***Revoking Proxies***

Legacy Bank shareholders of record may revoke their proxies at any time before the time their proxies are voted at the Legacy Bank special shareholders meeting. Proxies may be revoked by written notice, including by telegram or telecopy, to the Corporate Secretary of Legacy Bank, by a later-dated proxy signed and returned by mail or by attending the special shareholders meeting and voting in person. Attendance at the special shareholders meeting will not, in and of itself, constitute a revocation of a proxy. Instead, Legacy Bank shareholders who wish to revoke their proxies must inform Legacy Bank s Corporate Secretary at the special shareholders meeting, prior to the vote, that he or she wants to revoke his or her proxy and vote in person. Written notices of proxy revocations must be sent so that they will be received before the taking of the vote at Legacy Bank s special shareholders meeting as follows:

Legacy Bank, N.A.

125 E. Campbell Avenue

Campbell, California 95008

Attention: Kevin Gilday

Corporate Secretary

***Abstentions and Broker Nonvotes***

The presence, in person or by properly executed proxy, of the holders of a majority of Legacy Bank s outstanding shares entitled to vote is necessary to constitute a quorum at the special shareholders meeting. Abstentions and broker nonvotes will be counted in determining whether a quorum is present. Under the applicable rules of the National Association of Securities Dealers, Inc., brokers or members who hold shares in street name for customers who are the beneficial owners of Legacy Bank common stock are prohibited from giving a proxy to vote those shares regarding approval of the merger and the merger agreement, in the absence of specific instructions from beneficial owners. We refer to these as broker nonvotes. Abstentions and broker nonvotes will not be counted as a vote FOR or AGAINST the merger agreement and merger at the Legacy Bank special shareholders meeting. However, abstentions and broker nonvotes will have the same effect as a vote AGAINST the merger agreement and merger.

***Other Matters***

In addition to voting for approval of the merger, any other matters that are properly presented at the special shareholders meeting will be acted upon. Legacy Bank s management does not presently know of any other matters to be presented at the Legacy Bank special shareholders meeting other than those set forth in this proxy statement-prospectus. If other matters come before the special shareholders meeting, the persons named in the accompanying proxy intend to vote according to the recommendations of Legacy Bank s Board of Directors.

***Solicitation of Proxies***

Legacy Bank s Board of Directors is soliciting the proxies for the Legacy Bank special shareholders meeting. Legacy Bank will pay for the cost of solicitation of proxies. In addition to solicitation by mail, Legacy Bank s directors, officers and employees may also solicit proxies from shareholders by telephone, facsimile, telegram or in person. If Legacy Bank s management deems it advisable, the services of individuals or companies that are not regularly employed by Legacy Bank may be used in connection with the solicitation of proxies. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries to send the proxy materials to beneficial owners. Legacy Bank will, upon request, reimburse those brokerage houses and custodians for their reasonable expenses in so doing.

Legacy Bank shareholders who submit proxy cards should not send in any stock certificates with their proxy cards. Instructions for the surrender of stock certificates representing shares of Legacy Bank common stock will be mailed by Wells Fargo Shareowner Services, United Security s exchange agent, to former Legacy Bank shareholders shortly after the merger is completed. Please read the section entitled The Merger - The Merger Agreement - Exchange of Stock Certificates for additional information.

## The Merger

***This section of the proxy statement-prospectus describes certain aspects of the proposed merger. Because this is a summary, it does not contain all the information that may be important to you. You should read this entire proxy statement-prospectus, including the appendices. A copy of the merger agreement is attached as Appendix A to this proxy statement-prospectus. The following discussion, and the discussion under the subsection entitled The Merger Agreement, describes important aspects of the merger and the material terms of the merger agreement. These descriptions are qualified by reference to Appendix A.***

**Background and Reasons for the Merger; Recommendation of the Board of Directors**

Legacy Bank, based in Campbell, California, has conducted general banking operations serving individuals and small- to medium-sized businesses since October 1, 2003. In serving individuals and small businesses, Legacy Bank has focused on a community-based approach to banking. Legacy Bank for the first two years through December 31, 2005 did not achieve profitability and incurred a net loss. During 2006, through the first nine months of operations Legacy Bank has achieved net income of $258,930 but as of September 30, 2006 the shareholders equity showed a negative undivided profit of $5,728,930 and the book value per share of Legacy Bank was $6.40 per share.

In the third quarter of 2003, Legacy Bank completed its initial capitalization by selling 1,217,373 shares of common stock at $10.00 per share. From the commencement of operations in October 2003, Legacy Bank has been impacted by a significant change in interest rates, a softening of the general economy and high non-interest expense levels. During the first quarter of 2005, the board of directors commenced a private placement of Legacy Bank common stock and warrants. Under the private placement 450,000 units were sold at a price of $10.00 per unit. Each unit consisted of one share of common stock and one warrant to purchase an additional share of common stock at $10.00 per share. The purpose of the capital offering was to increase the capital accounts to enable Legacy Bank to grow faster, remain in line with regulatory capital levels and extend larger credits.

Over the past year, Legacy Bank has been contacted by individuals and financial institutions with respect to potential acquisitions and business combinations. Until the third quarter of 2006, the board of directors did not want to consider an acquisition or business combination where Legacy Bank would not be a stand alone entity. At the July 2006 regular board of directors meeting, the board of directors of Legacy Bank determined that because of the increased competition in the marketplace, the challenge of finding management personnel that would be acceptable to Legacy Bank s regulatory authorities, the concerns expressed by several of Legacy Bank s larger shareholders and the difficulty in implementing an acceptable business plan, Legacy Bank should contact several financial institutions concerning their interest in possibly acquiring Legacy Bank. The board of directors of Legacy Bank retained the services of Gary Steven Findley & Associates, Legacy Bank s corporate counsel in order to disseminate information out to prospective acquirors of Legacy Bank. Gary Steven Findley, a principal of Gary Steven Findley & Associates, has served as an investment banker for a number of merger transactions involving commercial banking institutions through his firm The Findley Group and was familiar with the financial institutions who would have interest in possibly acquiring Legacy Bank.

In July and August 2006, six financial institutions were contacted to determine whether they had interest in reviewing a confidential information package concerning Legacy Bank. The six institutions contacted were selected on the basis of Legacy Bank s board s desire to find an acquirer that was a successful entity that would continue Legacy Bank s business in the general San Jose area, be able to obtain regulatory approval quickly and provide a majority of the merger consideration in the form of stock rather than cash. Of the six financial institutions, three expressed interest. The only information about Legacy Bank provided at this time to the three financial institutions that expressed an interest was limited to information that was publicly available. One of the three was a financial institution that was eight years old, never done an acquisition, never achieved a consistent return on average equity over ten percent until 2005, had a price earnings ratio that was greater than 23 and its common stock was thinly traded. The second financial institution was seven years old, never done an acquisition, experienced a change in ownership and a realignment of management within the last two years, and had common stock that was thinly traded. The third bank was United Security. United Security had a strong price to earnings ratio because of its strong financial performance, had prior experience in completing other acquisitions, inclusive of an entity that had an informal regulatory enforcement action, and had the desire to expand into the California Bay Area. While no formal offers to merge were made by the three financial institutions that expressed an interest in acquiring Legacy Bank, all three interested financial institutions as part of their indication of interest were asked to give a range of value for an outstanding share of Legacy Bank common stock. United Security stated a value in the $12 to $13 range, and the other two indicated a preliminary value in the $10 to $11 range. After reviewing the financial condition and earnings performance of the three financial institutions, the board of directors of Legacy Bank decided to have direct discussions with United Security. Thereafter United Security executed a confidentiality agreement and was forwarded financial and related information concerning Legacy Bank.

In late August, 2006 representatives of United Security met with the board of directors of Legacy Bank and discussed a strategic alliance where Legacy Bank would be merged with and into United Security with shareholders of Legacy Bank receiving shares of common stock of United Security. United Security s initial offer was for $12.45 per share, and the board of directors of Legacy Bank rejected that offer. Over the next several weeks, Legacy Bank s CEO, acting on behalf of the board of directors negotiated the terms of a term sheet that was executed by the parties on September 8, 2006. As a condition to the term sheet, if United Security did not proceed with the acquisition of Legacy Bank after completion of due diligence, United Security would pay to Legacy Bank the amount of $100,000 to offset Legacy Bank s costs and the disruption caused by due diligence.

The parties conducted due diligence on each other from September 8, 2006 to October 5, 2006. During this time negotiations continued between the parties and Legacy Bank s board of directors retained Howe Barnes Hoefer & Arnett, a reputable investment banking firm that has experience in the valuation of California commercial banking institutions, to issue a fairness opinion concerning the consideration to be received by Legacy Bank s shareholders. On October 5, 2006, the Legacy Bank board of directors deliberated at length concerning the transaction. The final agreement demonstrated a $13.00 per share price, minus data processing termination costs. Based upon the estimates of the costs of the data processing termination costs, the price per share would be approximately $12.85.

The Legacy Bank board of directors reviewed the merger agreement and related documents, its strategic alternatives, the competitive banking environment in California, and the prospects for Legacy Bank if it remained independent. At this meeting, Howe Barnes Hoefer & Arnett discussed with the Legacy Bank board of directors its analysis of the merger and delivered to the Legacy Bank board of directors its opinion that the consideration to be received in the merger was fair to the Legacy Bank shareholders from a financial point of view. Thereafter, the Legacy Bank board of directors unanimously approved, and authorized the execution of the merger agreement. On October 6, 2006, the merger agreement was executed by Legacy Bank and United Security.

The terms of the merger agreement, including the consideration to the paid to Legacy Bank shareholders, were the result of arms length negotiations. In evaluating the proposal to merge with United Security, the Legacy Bank board of directors considered a number of factors at meetings of its board of directors in August, September and October 2006, including the following:

- information concerning the financial performance and condition, business operations, capital levels, asset quality, loan portfolio breakdown, and prospects of United Security, including the stability of United Security s management team and the upward performance trend;

- the structure of the transaction, including the fact that the options and warrants of Legacy Bank would be paid out in cash at approximately $2.85 per share, and that the shareholders would receive approximately 9.5% of the common stock of United Security;

- the terms of the merger agreement and other documents to be executed in connection with the merger, including the premium over book value and the fact that Legacy Bank had only reached profitability in 2006 but still had a large negative undivided profits;

- the presentation of Howe Barnes Hoefer & Arnett and the opinion of Howe Barnes Hoefer & Arnettt that the merger is fair to the shareholders of Legacy Bank from a financial point of view;

- the prices paid and the terms of other recent comparable combinations of banks and bank holding companies and the success of United Security s previous acquisitions;

- the Legacy Bank board of directors review with its legal and financial advisors of alternatives to the merger, the range of possible values to Legacy Bank shareholders obtainable through implementation of alternatives and the timing and likelihood of the same;

- the current and prospective economic environment and increasing regulatory and competitive burdens and constraints facing community banks;

- the advantages of being part of a larger entity, including the potential for operating efficiencies, the effect of a higher lending limit with respect to Legacy Bank s customers and prospective customers of $16 million versus Legacy s Bank current $1.7 million, and the generally higher trading multiples of larger financial institutions;

- the business strategies, the strength and depth of management of the combined entity and the extent of their interest in continuing Legacy Bank s business relationships in the Silicon Valley;

- the ability of a larger institution to compete in the banking environment and to leverage overhead costs;

- the anticipated positive effect of the merger on existing shareholders, employees, officers and customers of Legacy Bank as Legacy Bank s office will remain open, staff elimination will be kept to a minimum, and remaining staff will receive a strong benefits program;

- information concerning the ability of Legacy Bank and United Security to achieve operating efficiencies;

- the anticipated impact on the communities served by Legacy Bank and United Security in the merger, and the increased ability to serve the communities through the larger branch network;

- the unprecedented consolidation that has occurred during the past few years in the banking industry and increased competition from larger banks in California;

- the value of the consideration offered by United Security compared to the value of the consideration offered in other similar acquisitions of financial institutions in California in 2005-2006 and the prospects for enhanced value of the combined entity in the future;

- the tax-free nature of the United Security offer;

- the United Security common stock to be issued in the merger to the Legacy Bank shareholders will be listed on the Nasdaq Global Select Market, the quality of the United Security common stock, and the liquidity of the United Security common stock; and

- the prospect for Legacy Bank on a stand alone basis and on the basis of alternative stand alone strategies, such as dividends, share repurchases, restructurings and growth through acquisitions.

In addition to the advantages, discussed in the previous paragraph, of a merger with a larger financial institution, the board of directors and management of Legacy Bank also discussed the various risks of combining with United Security, including:

- the disadvantages of being part of a larger entity, including the potential for decreased customer service; and

- the integration of Legacy Bank and United Security may divert the combined entities management from other activities.

However, after weighing the advantages and disadvantages of a merger with United Security and Bank, the Legacy Bank board of directors determined that the advantages clearly outweighed the disadvantages. For example,

- the substantially larger lending limits of the combined entity will better serve customers and prospective customers of Legacy Bank;

- the prospects of the combined entity are substantially greater than the prospects of Legacy Bank on a stand alone basis;

- the liquidity of the United Security stock to be received by the Legacy Bank shareholders will be substantially greater than the current liquidity of Legacy Bank stock; and

- the likelihood that Legacy Bank s financial performance would continue to suffer due to the inability to implement the business plan and to satisfy the OCC.

The foregoing discussion of the information and factors considered by the Legacy Bank board of directors is not intended to be exhaustive, but constitutes the material factors considered by the Legacy Bank board of directors. In reaching its determination to approve and recommend the principal terms of the merger, the Legacy Bank board of directors did not assign relative or specific weights to the foregoing factors and individual directors may have weighed such factors differently.

**For reasons set forth above, the Legacy Bank board of directors has unanimously approved the merger agreement as being in the best interest of Legacy Bank and its shareholders and unanimously recommends that the Legacy Bank shareholders approve the principal terms of the merger.**

**Structure of the Merger**

The merger agreement provides that Legacy Bank will merge with United Security Bank, United Security s subsidiary. As a result of the merger, United Security Bank will be the surviving bank and will operate under the name United Security Bank. Each share of Legacy Bank common stock issued and outstanding, other than shares with respect to which dissenters rights have been perfected, will be converted into the right to receive shares of United Security common stock. Each share of United Security common stock outstanding will remain outstanding after the merger. Please read the sections entitled The Merger - Calculation of Consideration to be Paid to Legacy Bank Shareholders and - Dissenters Rights for additional information.

**Calculation of Consideration to be Paid to Legacy Bank Shareholders**

The merger agreement provides that the number of shares of United Security common stock into which a share of Legacy Bank common stock shall be converted shall be determined in accordance with a formula. The formula for the calculation of the number of shares of United Security received for each Legacy Bank share is as follows:

First, we determine the amount of the per share merger consideration to be paid to the Legacy Bank shareholders. The merger consideration for each share of Legacy Bank common stock is the amount equal to the quotient of (A) the sum of (i) the product of $13.00 multiplied by 1,672,373 plus (ii) the aggregate dollar amount of capital added to Legacy Bank s shareholders equity account upon the exercise of the Legacy Bank stock options or Legacy Bank warrants, as applicable, minus (iii) the costs associated with the cancellation of Legacy Bank s data processing/technology agreements, divided by (B) the sum of (i) 1,672,373 plus (ii) the number of additional shares of Legacy Bank common stock issued upon exercise of any Legacy Bank stock option and/or Legacy Bank warrant, as applicable.

To determine the number of shares of United Security common stock, to be paid to for each share of Legacy Bank common stock, we then divide the per share merger consideration by the average closing price of a share of United Security common stock during the 20 business days ending on the fifth business day immediately prior to the closing of the merger, provided, however, that the average closing price for purposes of the calculation shall not be more than $25.00.

In the event the average closing price is less than $20.00, the merger agreement will terminate unless the parties renegotiate the merger terms.

As of November 17, 2006, one holder of a Legacy Bank stock option has exercised his option and has acquired 2,000 shares of newly issued Legacy Bank common stock.

On a per share basis, each share of Legacy Bank common stock will be entitled to receive the merger consideration described above, in shares of United Security common stock. In addition, cash will be paid to Legacy Bank shareholders in lieu of any fractional shares of United Security common stock they would otherwise be entitled to receive.

The following table provides as illustration, at various assumed United Security average stock prices, of the number of shares of United Security common stock to be issued, the aggregate value of merger consideration to be received by Legacy Bank shareholders, and the Legacy Bank per share consideration, based upon the assumption that there are 1,674,373 shares of Legacy Bank common stock outstanding, that the costs associated with the cancellation of Legacy Bank s data processing/technology agreements are $250,000, and that the aggregate dollar of capital added to Legacy Bank s shareholders equity account upon the exercise of the Legacy Bank stock options or Legacy Bank warrants, as applicable is $20,000. Please note that the following table is only an illustration.

| Assumed Average United Security Stock Prices | Number of United Security Shares to be Received for each Legacy Bank Share | Aggregate Value of Merger Consideration | Value of Legacy Bank per Share Merger Consideration |
|---|---|---|---|
| $ 20.00 | .6424 | $ 21,510,849 | $ 12.8471 |
| $ 21.00 | .6118 | $ 21,510,849 | $ 12.8471 |
| $ 22.00 | .5840 | $ 21,510,849 | $ 12.8471 |
| $ 23.00 | .5586 | $ 21,510,849 | $ 12.8471 |
| $ 24.00 | .5353 | $ 21,510,849 | $ 12.8471 |
| $ 25.00 | .5139 | $ 21,510,849 | $ 12.8471 |
| $ 26.00 | .5139 | $ 22,371,283 | $ 13.3610 |
| $ 27.00 | .5139 | $ 23,231,717 | $ 13.8749 |
| $ 28.00 | .5139 | $ 24,092,151 | $ 14.3888 |
| $ 29.00 | .5139 | $ 24,952,585 | $ 14.9026 |
| $ 30.00 | .5139 | $ 25,813,019 | $ 15.4165 |

Assuming

- no other holders of Legacy Bank stock options or Legacy Bank warrants exercise either their options or warrants

- the costs associated with canceling Legacy Bank s data processing/technology agreements are approximately $250,000, and

- the average closing price for United Security common stock is $24.4695,

then, the shareholders of Legacy Bank will receive approximately .525 shares of United Security common stock for each share of Legacy Bank common stock held. Please read the sections entitled Risk Factors - Risks Regarding the Merger and The Merger - Calculation of Consideration to be Paid to Legacy Bank Shareholders for additional information.

***Fractional Shares***

It is very likely that most of Legacy Bank s shareholders will be entitled to receive a fractional interest of a share of United Security common stock in addition to a whole number of shares of United Security common stock. The merger agreement provides that, in lieu of receiving a fractional share, Legacy Bank s shareholders entitled to a fractional share will receive cash equal to the value of the fractional interest.

**Material United States Federal Income Tax Consequences**

**General.** The following represents a summary of an opinion of Bullivant Houser Bailey PC that discusses the material United States federal income tax consequences to Legacy Bank shareholders who exchange Legacy Bank stock for United Security common stock pursuant to the merger, subject to the limitations, qualifications and assumptions set forth in such opinion, and to the extent it reflects statements of law or legal conclusions with respect thereto. This discussion is based on the Internal Revenue Code of 1986, as amended (the Code ), United States Treasury Regulations promulgated under the Code, administrative rulings and pronouncements and judicial decisions as of the date hereof, all of which are subject to change, possibly with retroactive effect. Any such change could alter the tax consequences discussed in this proxy statement/prospectus.

As used in this section, a Legacy Bank shareholder is a citizen or resident of the United States; a corporation (or other entity treated as a corporation for United States federal income tax purposes) organized under the laws of the United States or any State or the District of Columbia; an estate the income of which is subject to United States federal income taxation regardless of its source; or a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust, and (ii) one or more United States persons have the authority to control all substantial decisions of the trust.

This discussion does not address the effects of any state, local, or non-United States tax laws. This discussion does not discuss the tax consequences of transactions effectuated prior or subsequent to, or concurrently with, the merger, whether or not in connection with the merger. Furthermore, this discussion relates only to Legacy Bank shareholders who hold Legacy Bank stock, and will hold United Security common stock, as capital assets. The tax treatment of a Legacy Bank shareholder may vary depending upon such shareholder s particular situation, and certain shareholders may be subject to special rules not discussed below. Such shareholders would include, for example, insurance companies, tax-exempt organizations, financial institutions, investment companies, broker-dealers, domestic shareholders whose functional currency is not the United States dollar, shareholders who hold Legacy Bank stock as part of a hedge, straddle, constructive sale or conversion transaction, and individuals who receive United Security stock pursuant to the exercise of employee stock options or otherwise as compensation.

**You are strongly urged to consult with your tax advisor with respect to the tax consequences to you of the merger in light of your own particular circumstances, including tax consequences under state, local, foreign and other tax laws and the possible effects of changes in United States federal or other tax laws.**

**Consequences of the Merger.** The completion of the merger is conditioned upon the delivery, at closing of the merger, by Bullivant Houser Bailey PC of its opinion that the merger will constitute a reorganization for United States federal income tax purposes within the meaning of Section 368(a) of the Code. The closing tax opinion of counsel will be subject to certain assumptions, limitations and qualifications and will be based on the truth and accuracy of certain customary factual representations of Legacy Bank and United Security. Assuming that the merger will be conducted and completed in a manner as set forth in this proxy statement/prospectus, and subject to the limitations and qualifications referred to herein, the following material United States federal income tax consequences will result from qualification of the merger as a reorganization within the meaning of Section 368(a) of the Code:

- a Legacy Bank shareholder will not recognize any gain or loss upon the receipt of United Security common stock in exchange for Legacy Bank common stock in connection with the merger, except with respect to cash received in lieu of a fractional share of United Security common stock;

- a Legacy Bank shareholder will have an aggregate tax basis in the United Security common stock received in the merger (including a fractional share deemed received and redeemed as described below) equal to the shareholder s aggregate tax basis in its shares surrendered pursuant to the merger, reduced by the portion of the shareholder s tax basis in its shares surrendered in the merger that is allocable to a fractional share of United Security common stock. If a Legacy Bank shareholder acquired any of its shares of Legacy Bank common stock at different prices or at different times, Treasury Regulations provide guidance on how such shareholder may allocate its tax basis to United Security common stock received in the merger. Legacy Bank shareholders that hold multiple blocks of Legacy Bank common stock are urged to consult their tax advisors regarding the proper allocation of their basis among shares of United Security common stock received under the Treasury Regulations;

- the holding period of the United Security common stock received by a Legacy Bank shareholder in connection with the merger (including a fractional share of United Security common stock deemed received and redeemed) will include the holding period of the Legacy Bank common stock surrendered in connection with the merger;

- cash received by a Legacy Bank shareholder in lieu of a fractional share of United Security common stock in the merger will be treated as if such fractional share had been issued in connection with the merger and then redeemed by United Security for cash in a separate transaction, and a Legacy Bank shareholder will generally recognize capital gain or loss with respect to such cash payment, measured by the difference between the amount of cash received and the tax basis in such fractional share. Any capital gain will be long-term capital gain if, as of the date of the merger, the Legacy Bank shareholder s holding period in the Legacy Bank stock is greater than one year.

If a Legacy Bank shareholder receives cash pursuant to the exercise of dissenters rights, that shareholder generally will recognize gain or loss measured by the difference between the cash received and the adjusted tax basis in the shareholder s Legacy Bank common stock. This gain will be long-term capital gain or loss if the shareholder s holding period in the Legacy Bank stock is greater than one year. In certain circumstances, you can be deemed for tax purposes to own shares that are actually owned by a nondissenter who is related to you, or to own shares of United Security common stock, with the possible result that the cash received upon the exercise of your rights could be treated as a dividend received in a corporate distribution rather than as an amount received in a sale or exchange of Legacy Bank common stock. Any Legacy Bank shareholder that plans to exercise dissenters rights in connection with the merger is urged to consult a tax advisor to determine the related tax consequences.

**Treatment of United Security, United Security Bank and Legacy Bank.** No gain or loss will be recognized by United Security, United Security Bank and Legacy Bank as a result of the merger.

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Neither United Security nor Legacy Bank will request a ruling from the Internal Revenue Service regarding the tax consequences of the merger to Legacy Bank shareholders. The closing tax opinion does not bind the Internal Revenue Service and does not prevent the Internal Revenue Service from successfully asserting a contrary opinion.

A successful Internal Revenue Service challenge to the reorganization status of the merger would result in each Legacy Bank shareholder recognizing taxable gain or loss equal to the difference between the sum of the fair market value of the Legacy Bank stock, as of the closing date of the merger, and the amount of cash received in the merger (including cash received in lieu of fractional shares of United Security common stock) and the shareholder s tax basis in Legacy Bank stock surrendered in exchange therefore. United Security common stock so received would equal its fair market value as of the closing date of the merger, and the shareholder s holding period for such stock would begin the day after the merger. Further, if the Internal Revenue Service successfully challenged the reorganization status of the merger, Legacy Bank would be subject to tax on the merger. In addition, if any of the representations or assumptions upon which the closing tax opinion is based are inconsistent with the actual facts, the tax consequences of the merger could be adversely affected.

**Backup Withholding**. Any cash payments to Legacy Bank shareholders in connection with the merger may be subject to backup withholding at a rate of 28% on a shareholder s receipt of cash, unless such shareholder furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding. Any amount withheld under the backup withholding rules will generally be allowed as a refund or credit against the shareholder s U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

**HOLDERS OF SHARES OF LEGACY BANK COMMON STOCK ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER, AS WELL AS THE EFFECTS OF STATE, LOCAL, AND FOREIGN TAX LAWS.**

**Regulatory Approvals**

***Federal Reserve Board***

Because the survivor of the merger will be a state-chartered member bank, the merger is subject to approval of an application by United Security Bank to the FRB. In reviewing the application, the FRB takes into consideration, among other things, competition, the financial and managerial resources and future prospects of the companies, and the convenience and needs of the communities to be served. Federal law prohibits the FRB from approving the merger if the merger would result in undue concentration of resources or decreased or unfair competition, unless the anti-competitive effects of the merger are clearly outweighed by the benefits to the public.

The FRB has the authority to deny United Security Bank s application if the FRB concludes that the combined organization would have an inadequate capital structure, taking into account, among other factors, the nature of the business and operations and plans for expansion. Furthermore, the FRB must also evaluate the records of United Security Bank in meeting the credit needs of its community, including low- and moderate-income neighborhoods, consistent with safe and sound operation. United Security Bank has an Outstanding Community Reinvestment Act evaluations.

United Security Bank submitted its application for FRB approval of the merger on November 13, 2006. United Security Bank received approval from the FRB on December 22, 2006.

***California Department of Financial Institutions***

Because the survivor of the merger will be a California-chartered bank, the approval of the DFI is also required. In determining whether to approve the merger, the DFI evaluates the application to determine, among other things, that:

- the merger will not result in a monopoly;
- the merger will not have the effect of substantially lessening competition;
- the shareholders equity of United Security will be adequate and will not jeopardize United Security Bank s financial condition;
- the directors and executive officers of United Security Bank after the merger will be competent;
- the merger will afford a reasonable promise of successful operation and that United Security Bank will be operated in a safe and sound manner, in compliance with all applicable laws; and
- the merger will be fair, just and equitable.

The application for DFI approval of the merger was submitted on November 30, 2006. United Security Bank has no reason to believe that its application will not be approved.

***Statutory Waiting Period***

Under federal banking laws, a 30-day waiting period must expire following the FRB s approval of the merger. Within that 30-day waiting period the Department of Justice may file objections to the merger under federal antitrust laws. The FRB may reduce the waiting period to 15 days with the concurrence of the Department of Justice. The Department of Justice could take such action under antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the merger unless divestiture of an acceptable number of branches to a competitively suitable purchaser can be made. If the Department of Justice commences an action challenging the merger on antitrust grounds during either the 30-day or 15-day waiting periods, commencement of that action would stay the effectiveness of the regulatory approvals, unless a court of competent jurisdiction specifically orders otherwise.

The merger cannot proceed in the absence of the regulatory approvals and the expiration of the statutory waiting period. United Security and Legacy Bank are not aware of any reasons why regulatory approvals will not be received. United Security and Legacy Bank have agreed to use their reasonable best efforts to obtain all necessary regulatory approvals. ***However, there can be no assurance that approvals will be obtained, nor can there be assurance as to the date of any approval. There also can be no assurance that any approvals will not contain unacceptable conditions or requirements.***

**Resale of United Security Common Stock**

The shares of United Security common stock that you receive as a result of the merger will be registered under the Securities Act of 1933, or the Securities Act. You may freely trade these shares of United Security common stock if you are not considered an affiliate of Legacy Bank, as that term is defined in the federal securities laws. Generally, an affiliate of Legacy Bank is any person or entity directly or indirectly controlling or who is controlled by Legacy Bank. Legacy Bank s affiliates generally include directors, certain executive officers and holders of 10% or more of Legacy Bank s common stock.

Legacy Bank s affiliates may not sell their shares of United Security common stock acquired in the merger, unless those shares are registered under an effective registration statement under the Securities Act, or by complying with Securities Act Rule 145 or another applicable exemption from the registration requirements of the Securities Act. United Security may also place restrictive legends on certificates representing shares of United Security common stock issued to all persons considered affiliates of Legacy Bank.

Before United Security and Legacy Bank complete the merger, the merger agreement requires each affiliate of Legacy Bank to execute and deliver to United Security a letter acknowledging that such person or entity will not dispose of any United Security common stock in violation of the Securities Act or Securities Act Rule 145.

**Certain Effects of the Merger**

The merger agreement requires Legacy Bank to merge into United Security Bank, with United Security Bank as the surviving entity. After the merger, United Security Bank will continue to be United Security s subsidiary, and will continue to have its headquarters at 2151 West Shaw Avenue, Fresno, California 93710. United Security and United Security Bank will continue to operate with its present directors and executive officers.

After the merger, there will be no more trading in Legacy Bank s common stock. Each Legacy Bank shareholder will receive instructions from United Security s exchange agent regarding exchanging Legacy Bank stock certificates.

**Financial Interests in the Merger of Directors and Executive Officers of Legacy**

Legacy Bank s executive officers have interests in the merger in addition to their interests as Legacy Bank shareholders. Legacy Bank s board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement. As a condition to the merger, one of the Legacy Bank directors will be appointed as a director of United Security and United Security Bank. In addition, United Security has agreed to offer each director of Legacy Bank who is not selected to serve as a member of United Security s and United Security Bank s boards of directors, the title of Director Emeritus which includes a monthly stipend of $400 as long as the director continues to hold at least 50% of the shares of United Security common stock issued to the director at the completion of the merger, and takes no actions construed as detrimental to United Security Bank. Under the merger agreement, the Legacy director will be selected by the Board of Directors of United Security from a list of three candidates determined by Legacy Bank. Legacy Bank has not made a determination of the three candidates.

Legacy Bank s bylaws provide Legacy Bank s directors and officers with contractual rights to indemnification binding upon a successor. Please read the section entitled Comparison of Shareholder Rights - Indemnification of Directors and Officers for additional information.

The discovery period for Legacy Bank s policy of directors and officers liability insurance will be extended for up to 48 months with respect to all matters arising from facts or events which occurred before the effective time of the merger for which Legacy Bank would have an obligation to indemnify its directors and officers. The cost of this extension shall not exceed $50,000 under the terms of the merger agreement.

**Dissenters Rights of Legacy Bank s Shareholders**

Dissenters rights will be available to the Legacy Bank shareholders in accordance with Section 214a(b) of Title 12 of the United States Code. ***The required procedure set forth in Section 214a(b) of the United States Code must be followed exactly or any dissenters rights may be lost.***

The information set forth below is a general summary of dissenters rights as they apply to Legacy Bank shareholders and is qualified in its entirety by reference to Section 214a(b) of Title 12 of the United States Code which is attached to this proxy statement-prospectus as Appendix B.

***Fair Market Value of Shares***

If the merger is approved, Legacy Bank shareholders who dissent from the merger by complying with the procedures set forth in Section 214a(b) of Title 12 of the United States Code will be entitled to receive an amount equal to the fair market value of their shares as of February 14, 2007, the date of the shareholders meeting.

***Voting Procedure***

In order to be entitled to exercise dissenters rights, the shares of Legacy Bank common stock which are outstanding and are entitled to be voted at the special shareholders meeting must be voted AGAINST the merger by the holder of such shares, or the holder of such shares must give written notice to Legacy Bank at or prior to the special meeting of shareholders that such shareholder dissents from the merger agreement. Thus, any Legacy Bank shareholder who wishes to dissent and executes and returns a proxy in the accompanying form or votes at the special shareholders meeting must vote AGAINST the merger. If the shareholder does not return a proxy or provide written notice of dissent, or returns a proxy without voting instructions or with instructions to vote FOR or ABSTAIN with respect to the merger, or votes in person or by proxy at the special shareholders meeting FOR the merger, his or her shares will be counted as votes in favor of the merger and the shareholder will lose any dissenters rights.

***Written Demand***

Furthermore, in order to preserve his or her dissenters rights, a Legacy Bank shareholder must make a written demand upon Legacy Bank for the purchase of dissenting shares and payment to the shareholder of their fair market value, specifying the number of shares held of record by the shareholder and a statement of what the shareholder claims to be the fair market value of those shares as of February 14, 2007, the date of the special meeting of shareholders. The demand must be addressed to United Security Bank, 2126 Inyo Street, Fresno, California 93721; Attention: Ken Donahue, Assistant Corporate Secretary, and the demand must be received by United Security Bank not later than 30 days after the date of completion of the merger. A vote AGAINST the merger does not constitute the written demand.

***Surrender of Certificates***

Within 30 days after the date of completion of the merger, the dissenting shareholder must surrender to United Security Bank, both the written demand and the certificates representing the dissenting shares to be stamped or endorsed with a statement that they are dissenting shares or to be exchanged for certificates of appropriate denomination so stamped or endorsed. Any shares of Legacy Bank common stock that are transferred prior to their submission for endorsement lose their status as dissenting shares.

***Valuation of Shares and Payment***

The value of the shares of Legacy Bank common stock will be determined by a committee of three persons, one to be selected by the majority vote of the dissenting shareholders entitled to received the value of their shares, one by the directors of United Security Bank and the third by the two so chosen. The valuation agreed upon by any two of the three appraisers shall be the value used for payment to the dissenters.

***Disagreement on Price and Comptroller Determination***

If the value decided by the appraisers is not satisfactory to a dissenting shareholder who has requested payment, such shareholder may within five days after being notified of the appraised value of his or her shares appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding as to the value of the shares. If within ninety days from the date of completion of the merger, for any reason one or more of the appraisers is not selected as provided above, or the appraisers fail to determine the value of the shares, the Comptroller shall upon written request of any interested party, cause an appraisal to be made, which shall be final and binding on all parties.

***Withdrawal of Demand***

A dissenting shareholder may not withdraw his or her dissent or demand for payment unless Legacy Bank consents to the withdrawal.

**Opinion of Financial Advisor**

Legacy Bank s board of directors retained Howe Barnes to render financial advisory and investment banking services. Howe Barnes is a nationally recognized investment banking firm with substantial expertise in transactions similar to the proposed transaction and is familiar with Legacy Bank and its business. The firm is a member of the National Association of Securities Dealers (NASD) with direct access to inter-dealer markets in NASD Automated Quotation (NASDAQ) and Over-the-Counter (OTC) securities, and makes markets in securities. As part of its investment banking activities, Howe Barnes is regularly engaged in the independent valuation of financial institutions and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

On October 6, 2006, the Legacy Bank board of directors held a meeting to evaluate the proposed merger with United Security. At this meeting, Howe Barnes rendered an opinion that the terms of the proposed merger of Legacy Bank with and into United Security was fair, from a financial point of view, to Legacy Bank shareholders. Howe Barnes has confirmed its October 6, 2006 opinion by delivering to the Legacy Bank board a written opinion dated the date of this proxy statement-prospectus. In rendering it updated opinion, Howe Barnes confirmed the appropriateness of its reliance on the analyses used to render its earlier opinion by reviewing the assumptions upon which its analyses were based, performing procedures to update certain of its analyses and reviewing certain other factors considered in rendering its opinion. The full text of Howe Barnes opinion is attached as Appendix C to this proxy statement-prospectus and should be read in its entirety.

In rendering its opinion, Howe Barnes reviewed and analyzed, among other things, the following:

- the merger agreement;

- certain publicly available financial statements, both audited (where available) and un-audited, and related financial information of Legacy Bank and United Security, including those included in their respective annual reports for the past three years and their respective quarterly reports for the past two years;

- held discussions with members of senior management of Legacy Bank regarding financial forecasts and projections of Legacy Bank, as well as the amount and timing of the cost savings and related expenses and synergies expected to result from the merger;

- held discussions with members of senior management of Legacy Bank and United Security regarding past and current business operations, regulatory matters, financial condition and future prospects of the respective companies;

- reviewed reported market prices and historical trading activity of Legacy Bank and United Security common stock;

- reviewed certain aspects of the financial performance of Legacy Bank and United Security and compared such financial performance of Legacy Bank and United Security, together with stock market data relating to Legacy Bank and United Security common stock, with similar data available for certain other financial institutions and certain of their publicly traded securities;

- compared the proposed financial terms of the merger with the financial terms of certain other transactions deemed to be relevant;

- reviewed the potential pro forma impact of the merger; and

- certain other information, financial studies, analyses and investigations and financial, economic and market criteria as Howe Barnes deemed relevant.

Howe Barnes has assumed and relied, without independent verification, upon the accuracy and completeness of all of the financial and other information that has been provided to it by Legacy Bank, United Security, and their respective representatives, and of the publicly available information that was reviewed by it. Howe Barnes is not an expert in the evaluation of allowances for loan losses and has not independently verified such allowances, and has relied on and assumed that the aggregate allowances for loan losses set forth in the balance sheets of each of Legacy Bank and United Security are adequate to cover such losses and complied fully with applicable law, regulatory policy and sound banking practice as of the date of such financial statements. Howe Barnes was not retained to and it did not conduct a physical inspection of any of the properties or facilities of Legacy Bank or United Security, did not make any independent evaluation or appraisal of the assets, liabilities or prospects of Legacy Bank or United Security, was not furnished with any such evaluation or appraisal, and did not review any individual credit files.

Howe Barnes opinion is necessarily based on economic, market, and other conditions as in effect on, and the information made available to it as of, the date hereof. Events occurring after the date of issuance of the opinion, including but not limited to, changes affecting the securities markets, the results of operations or material changes in the assets or liabilities of Legacy Bank or United Security could materially affect the assumptions used in preparing the opinion. Howe Barnes assumed that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent in the merger agreement are not waived.

No limitations were imposed by Legacy Bank s board of directors upon Howe Barnes with respect to the investigations made or procedures followed in rendering its opinion. Howe Barnes opinion as expressed herein is limited to the fairness, from a financial point of view, of the merger Consideration to be paid by United Security to holders of Legacy Bank common stock in the merger and does not address Legacy Bank s underlying business decision to proceed with the merger. Howe Barnes has been retained on behalf of the Board of Directors of Legacy Bank, and its opinion does not constitute a recommendation to any director of Legacy Bank as to how such director should vote with respect to the merger agreement.

Howe Barnes relied upon the management of Legacy Bank as to the reasonableness of the financial and operating forecasts, and projections (and the assumptions and bases therefor) provided to it, and Howe Barnes assumed that such forecasts and projections reflect the best currently available estimates and judgments of Legacy Bank management. Legacy Bank does not publicly disclose internal management forecasts, projections or estimates of the type furnished to Howe Barnes in connection with its analysis of the financial terms of the proposed transaction, and such forecasts and estimates were not prepared with a view towards public disclosure. These forecasts and estimates were based on numerous variables and assumptions which are inherently uncertain and which may not be within the control of the management of Legacy Bank, including without limitation to, the general economic, regulatory and competitive conditions.

Accordingly, actual results could vary materially from those set forth in such forecasts and estimates. The following is a summary of the material financial analyses performed by Howe Barnes in connection with the preparation of its opinion and does not purport to be a complete description of all the analyses performed by Howe Barnes. The summary includes information presented in tabular format, which should be read together with the text that accompanies those tables. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, an opinion is not necessarily susceptible to partial analysis or summary description. Howe Barnes believes that its analyses must be considered as a whole and that selecting portions of such analyses and the factors considered therein, without considering all factors and analyses, could create an incomplete view of the analyses and the processes underlying its opinion. In its analyses, Howe Barnes made numerous assumptions with respect to industry performance, business and economic conditions, and other matters, many of which are beyond the control of Legacy Bank, United Security and Howe Barnes. Any estimates contained in Howe Barnes analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than such estimates. Estimates of values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold.

*Summary of Proposal*. Howe Barnes reviewed the financial terms of the proposed transaction. Based on a market price of $22.05 for United Security, assuming data processing/technology cancellation costs of $300,000 and assuming all Legacy Bank Stock Options accept cash consideration, the merger consideration would equal $12.82 per share and each share of Legacy Bank common stock would have the right to receive 0.5814 shares of United Security common stock.

Transaction Ratios:

| | |
|---|---|
| Transaction Value to June 30, 2006 Stated Book Value | 2.06x |
| Transaction Value to June 30, 2006 Tangible Book Value | 2.09x |
| Transaction Value to Estimated 2006 Earnings Per Share | 50.45x |
| Transaction Value to June 30, 2006 Assets | 27.56% |
| Tangible Premium on June 30, 2006 Core Deposits | 20.41% |

For purposes of Howe Barnes analyses, earnings per share were based on fully diluted earnings per share. The aggregate transaction value was approximately $22.4 million, based upon 1,672,373 shares of Legacy Bank common stock outstanding and including the intrinsic value of options to purchase 322,836 shares with an exercise price of $10.00 and warrants to purchase 15,000 shares with an exercise price of $10.10.

*Analysis of Selected Public Companies.* Howe Barnes used publicly available information to compare selected financial and market trading information for United Security with those of a group of comparable publicly traded California banking organizations with total assets between $550 and $750 million. The companies in United Security s peer group were:

American River Bankshares

Bank of Commerce Holdings

Bridge Capital Holdings

First Northern Community Bancorp

FNB Bancorp

North Bay Bancorp

San Joaquin Bancorp

To perform this analysis, Howe Barnes used financial data as of and for the six months ended June 30, 2006 and pricing data as of September 27, 2006.  The following table sets forth the comparative financial and market data:

| | United Security | | Peer Group Median | |
|---|---|---|---|---|
| Total Assets (in millions) | $ 664.3 | | $ 635.8 | |
| Equity/Assets | 9.55 | % | 8.25 | % |
| Loans/Deposits | 85.88 | % | 82.93 | % |
| Loan Loss Reserve/Loans | 1.67 | % | 1.39 | % |
| Return on Average Assets | 2.18 | % | 1.41 | % |
| Return on Average Equity | 22.15 | % | 15.86 | % |
| Nonperforming Assets/Assets | 2.54 | % | 0.04 | % |
| Efficiency Ratio | 50.41 | % | 64.10 | % |
| Price/Book Value Per Share | 3.95 | x | 2.30 | x |
| Price/Tangible Book Value Per Share | 4.17 | x | 3.09 | x |
| Price/Last 12 Months   Earnings Per Share | 19.7 | x | 16.6 | x |

Howe Barnes used publicly available information to compare selected financial and market trading information for Legacy Bank with those of a group of comparable publicly traded California banking organizations with total assets between $60 and $100 million.  The companies in Legacy Bank   s peer group were:

Bank of Santa Clarita

Chino Commercial Bancorp

Community Bank of the Bay

County Commerce Bank

Mojave Desert Bank, N.A.

Mother Lode Bank

Pacific Commerce Bank, N.A.

Pacific Valley Bank

Private Bank of California

Private Bank of the Peninsula

Redwood Capital Bank

San Diego Trust Bank

Santa Clara Valley Bank, N.A.

Security Bank of California

Ventura County Business Bank

To perform this analysis, Howe Barnes used financial data as of and for the six months ended June 30, 2006 and pricing data as of September 27, 2006. The table on the following page sets forth the comparative financial and market data:

| | Legacy Bank | | Peer Group Median | |
|---|---|---|---|---|
| Total Assets (in millions) | $ 81.2 | | $ 90.3 | |
| Equity/Assets | 12.80 | % | 13.66 | % |
| Loans/Deposits | 90.12 | % | 77.47 | % |
| Loan Loss Reserve/Loans | 1.62 | % | 1.22 | % |
| Return on Average Assets | 0.23 | % | 0.03 | % |
| Return on Average Equity | 1.74 | % | 0.21 | % |
| Nonperforming Assets/Assets | 0.25 | % | 0.00 | % |
| Efficiency Ratio | 92.30 | % | 89.07 | % |
| Price/Book Value Per Share | 1.61 | x | 1.88 | x |
| Price/Tangible Book Value Per Share | 1.63 | x | 1.88 | x |
| Price/Last 12 Months Earnings Per Share | NM | | 16.0 | x |

*Stock Trading History*. Howe Barnes reviewed the closing per share market prices and volumes for United Security common stock, which is listed for trading on NASDAQ and Legacy Bank common stock, which is quoted on the over-the-counter market on the OTC Bulletin Board, on a daily basis from June 27, 2006 to September 27, 2006.

For the period between June 27, 2006 and September 27, 2006 the market value of Legacy Bank common stock ranged from a low of $8.40 to a high of $10.00. The average closing price for the period was $9.07, the closing price on September 27, 2006 was $10.00 per share and the average daily trading volume for Legacy Bank was 1,430 shares.

For the period between June 27, 2006 and September 27, 2006 the market value of United Security common stock ranged from a low of $20.01 to a high of $24.79. The average closing price for the period was $22.19, the closing price on September 27, 2006 was $22.05 per share and the average daily trading volume for United Security was 31,003 shares.

Howe Barnes compared the stock price performance for Legacy Bank and United Security to movements in certain stock indices, including the Standard & Poor s 500 Index, the Nasdaq Bank Index and the median performance of publicly traded banking organizations located in the West. During the period between September 27, 2005 and September 27, 2006 United Security s common stock outperformed each of the indices to which it was compared.

| | Beginning Index Value September 27, 2005 | | Ending Index Value September 27, 2006 | |
|---|---|---|---|---|
| Legacy Bank | 100.00 | % | 102.04 | % |
| United Security | 100.00 | % | 157.73 | % |
| SNL Western Banks | 100.00 | % | 117.12 | % |
| Nasdaq Bank Index | 100.00 | % | 109.14 | % |
| S&P 500 Index | 100.00 | % | 109.95 | % |

*Analysis of Selected Bank Merger Transactions.* Howe Barnes reviewed certain publicly available information regarding eight selected merger and acquisition transactions (the Comparable Transactions ) announced from January 1, 2005 to September 27, 2006 involving California banking organizations with total assets between $50 and $200 million.

Howe Barnes reviewed the multiples of transaction value to stated book value, transaction value to tangible book, transaction value to last twelve months earnings, transaction value to assets and tangible book premium to core deposits and calculated high, low, mean and median multiples for the Comparable Transactions. The median multiples were then applied to Legacy s balance sheet information as of June 30, 2006 and estimated 2006 earnings (last twelve months earnings were negative) to derive an imputed range of values per share of Legacy s common stock. The following table sets forth the median multiples as well as the imputed values based upon those median multiples.

| | **Comparable Transaction Median Multiple** | | **Implied Value** | |
|---|---|---|---|---|
| Transaction Value/Book Value | 2.05 | x | $ | 12.74 |
| Transaction Value/Tangible Book Value | 2.05 | x | $ | 12.60 |
| Transaction Value/Earnings | 20.00 | x | $ | 5.08 |
| Transaction Value/Assets | 26.01 | % | $ | 12.64 |
| Tangible Premium/Core Deposits | 21.66 | % | $ | 13.83 |

The transaction value of $12.82 per share falls within the range of values computed in using the Comparable Transactions, which supports the fairness of the transaction.

*Present Value Analysis*. Howe Barnes calculated the present value of theoretical future earnings of Legacy Bank and compared the transaction value to the calculated present value of Legacy Bank s stock on a stand-alone basis. Based on projected earnings for Legacy Bank for 2006 through 2010, discount rates ranging from 10% to 18%, and including a residual value, the stand-alone present value of Legacy Bank s stock ranged from $3.81 to $8.95.

*Discounted Cash Flow Analysis.* Using a discounted cash flow analysis, Howe Barnes estimated the net present value of the future streams of after-tax cash flow that Legacy Bank could produce to benefit a potential acquiror, referred to as dividendable net income, and added a terminal value. Based on projected earnings for Legacy Bank for 2006 through 2010, Howe Barnes calculated assumed after-tax distributions to a potential acquiror such that its tier 1 leverage ratio would be maintained at 7.00%. The terminal values for Legacy Bank were calculated based on Legacy Bank s projected 2010 equity and earnings, the median price to book and price to earnings multiples paid in the Comparable Transactions and utilized a discount rate of 12%. This discounted cash flow analysis indicated implied values of $8.54 and $8.47.

*Pro Forma Merger Analysis*. Howe Barnes performed pro forma merger analyses to calculate the financial implications of the merger to the Legacy Bank stockholders. This analysis assumes, among other things, the terms of the transaction as indicated above, that the merger closes at year-end 2006 and cost savings and revenue enhancement opportunities equaling approximately 20% of Legacy Bank s estimated 2006 overhead expenses. This analysis utilized the First Call consensus earnings per share estimates for 2006 and 2007 for United Security. This analysis indicated that the merger would be approximately 62% accretive to Legacy Bank s projected earnings per share in 2007.

Howe Barnes has not previously provided investment banking and financial advisory services to Legacy Bank or United Security and received compensation for such services. Howe Barnes provides a full range of financial advisory and securities services and, in the course of its normal trading activities, may effect transactions and hold securities of Legacy Bank and United Security for its own account and for the accounts of customers.

In its engagement letter, dated September 20, 2006, Legacy Bank agreed to pay Howe Barnes a fee of $22,500. In addition, Legacy Bank has agreed to indemnify Howe Barnes against certain liabilities and expenses arising out of or incurred in connection with its engagement, including liabilities and expenses which may arise under the federal securities laws.

**Accounting Treatment**

United Security must account for the merger under the purchase method of accounting prescribed by accounting principles generally accepted in the United States. Under this method, United Security s purchase price will be allocated to Legacy Bank s assets acquired and liabilities assumed based upon their estimated fair values as of the completion of the merger. Deferred tax assets and liabilities will be adjusted for the difference between the tax basis of the assets and liabilities and their estimated values. The excess, if any, of the total acquisition cost over the sum of the assigned fair values of the tangible and identifiable intangible assets acquired, less liabilities assumed will be recorded as goodwill and periodically evaluated for impairment. United Security s financial statements issued after completion of the merger will reflect these values, but historical data are not restated retroactively to reflect the combined historical financial position or results of operations of United Security and Legacy Bank. For additional information, please read the section entitled Description of United Security Management s Discussion and Analysis of Financial Condition and Results of Operations.

**The Merger Agreement**

***The Merger***

United Security and Legacy Bank entered into the merger agreement on October 6, 2006. Under the merger agreement s terms, Legacy Bank will merge with United Security Bank. The separate corporate existence of Legacy Bank will cease, and United Security Bank will be the survivor. Each share of Legacy Bank common stock issued and outstanding, other than shares with respect to which dissenters rights have been perfected, will be converted into shares of United Security common stock.

Each share of United Security common stock outstanding immediately before the merger closes will remain outstanding after the merger closes. Please read the sections entitled The Merger - Calculation of Consideration to be Paid to Legacy Bank Shareholders and - Dissenters Rights for additional information.

United Security and Legacy Bank have structured the merger to qualify as a tax-free reorganization from their perspectives. For more information, you are urged to read the section entitled The Merger - Certain Federal Income Tax Consequences for additional information.

***The Closing***

The merger will be effective at the date and time a short-form merger agreement is filed with the DFI, after having been filed with the California Secretary of State and previously approved by the DFI. At the closing the parties will exchange various documents, including officers certificates, as required by the merger agreement. The merger agreement provides that the timing for the closing and the completion of the merger shall be mutually agreed upon by the parties and shall be held within 30 days after the last to occur of:

- all conditions to the completion of the merger being satisfied or waived;
- the receipt of all regulatory approvals; and
- the expiration of all applicable waiting periods in connection with the regulatory approvals.

Based upon the timing for Legacy Bank s special shareholders meeting and the present and anticipated timing of the regulatory approvals, it is presently anticipated that the merger will be closed on or about February 16, 2007. Neither United Security nor Legacy Bank can assure you that the merger will close on that date.

***Exchange Procedures***

United Security s current transfer agent, Wells Fargo Shareowner Services, will be United Security s exchange agent to effect the exchange of shares of United Security common stock for shares of Legacy Bank common stock. A letter of transmittal will be sent to you shortly after the merger is completed. If you do not exercise dissenters rights, you must use the letter of transmittal to receive shares of United Security common stock in exchange for your shares of Legacy Bank common stock.

In order to promptly receive shares of United Security common stock, you must deliver to the exchange agent:

- a properly completed letter of transmittal form;
- your certificates representing former shares of Legacy Bank common stock; and
- any other required documents described in the letter of transmittal.

***Do not return your certificates representing shares of Legacy Bank common stock with the enclosed proxy. The certificates should only be forwarded to the exchange agent with the letter of transmittal.***

Following the completion of the merger and upon surrender of all of the certificates representing former shares of Legacy Bank common stock registered in your name, or a satisfactory indemnity if any of such certificates are lost, stolen or destroyed, together with a properly completed letter of election and transmittal, the exchange agent will mail to you the United Security common stock to which you are entitled, less the amount of any required withholding taxes.

***Representations and Warranties***

The merger agreement contains various customary representations and warranties that United Security and Legacy Bank make for each other s benefit. The representations and warranties relate to:

- corporate organization and similar corporate matters;
- authorization, execution, delivery, performance and enforceability of the merger agreement and related matters;
- conflicts under charter documents, required consents or approvals, and violations of any agreements or law;
- capital structure;
- the accuracy of documents filed with the Securities and Exchange Commission and bank regulatory agencies;
- absence of certain material adverse events, changes, effects or undisclosed liabilities;
- retirement and other employee plans and matters relating to the Employee Retirement Income Security Act of 1974, as amended;
- litigation;
- compliance with laws, including environmental laws;
- tax returns and audits;
- ownership of real property;
- regulatory actions; and
- labor matters.

***The foregoing is an outline of the representations and warranties made by United Security and Legacy Bank contained in the merger agreement attached as Appendix A. You should carefully review the entire merger agreement, and in particular Articles 3 and 4, containing the detailed representations and warranties of the parties.***

***Conduct of Business Before the Merger***

The merger agreement places restrictions on and requires commitments by United Security and Legacy Bank regarding the conduct of their respective businesses between the date of the merger agreement and the closing. Legacy Bank has agreed to make its books and records available to United Security for ongoing review. Additionally, Legacy Bank has agreed to allow a representative from United Security to attend the meetings of its Board of Directors and loan committees. Both

United Security and Legacy Bank have agreed to use their best efforts to prepare and file the necessary regulatory applications and to obtain the approvals from the various regulatory agencies as well as to work together for the purpose of preparing this proxy statement-prospectus. Also, both United Security and Legacy Bank have agreed to use their best efforts to prevent any material changes to their respective representations and warranties contained in the merger agreement.

In addition, Legacy Bank has agreed that until the closing it will not without United Security s prior written consent (which consent shall not be unreasonably withheld and which consent shall be deemed granted if within five (5) business days of United Security s receipt of written notice of a request for prior written consent written notice of objection is not received by Legacy Bank):

- declare or pay any dividend;
- issue any stock options to acquire shares of Legacy Bank common stock;
- amend its Articles of Association or Bylaws;
- authorize another acquisition proposal to acquire Legacy Bank unless the Board of Directors of Legacy Bank has determined that the proposal is more favorable to Legacy Bank s shareholders and that the action is necessary for Legacy Bank to comply with its fiduciary duties to shareholders under applicable law;
- make the credit underwriting policies less stringent than those in effect on December 31, 2005 or reduce the amount of the loan loss reserves;
- take into other real estate owned any commercial property without an environmental report reporting no adverse environmental condition on the property; or
- materially change its pricing practices on loans or deposit products.

In addition, Legacy Bank has agreed that until the closing it will not without United Security s prior written consent (which consent shall not be unreasonably withheld and which consent shall be deemed granted if within two (2) business days of United Security s receipt of written notice of a request for prior written consent written notice of objection is not received by Legacy Bank) make, renew, or extend any loan if the aggregate indebtedness of the borrower exceeds or will exceed $50,000 if unsecured and $100,000 if secured.

Until the closing, Legacy Bank has agreed to use its best efforts to take certain actions and to:

- maintain a reserve for loan losses at an adequate level and charge off all loans deemed uncollectible;
- provide Legacy Bank s monthly board reports, copies of all material reports filed with or received from any governmental entity, and monthly unaudited balance sheets, statements of income and changes in shareholders equity to United Security; and

- provide copies of each credit authorization package for credit of $250,000 or more for secured loans, $100,000 for unsecured loans, and renewals of any classified or criticized loans, concurrently with submission to Legacy Bank s loan committee.

Until the closing, subject to certain exceptions including Legacy Bank s prior approval, United Security has agreed that it will not, other than in the ordinary and usual course of business, declare or pay any extraordinary dividend.

***The foregoing is a summary of the material negative and affirmative covenants of the merger agreement. You are encouraged to carefully read the terms of the merger agreement attached as Appendix A, including the specific covenants contained in Articles 5 and 6.***

***Discussions with Third Parties***

The merger agreement provides that Legacy Bank shall not solicit or encourage third party proposals which would result in a merger, exchange offer, or other form of combination and requires that if such a proposal is received, notification must be given to United Security. Notwithstanding the prohibition on soliciting or encouraging such proposals, the merger agreement recognizes that an unsolicited third party proposal might be received. Moreover, the merger agreement permits Legacy Bank engaging in discussions or negotiations with the third party if the proposal is determined, after consultation with counsel and a financial advisor, to be superior, from the shareholders perspective, to the merger.

In the event the merger agreement is terminated because Legacy Bank elects to proceed with a third party transaction, Legacy Bank will be obligated to pay a termination fee to United Security in the amount of $500,000.

***The foregoing is a summary of the material provisions of the merger agreement regarding discussions with third parties. You are encouraged to read the terms of the merger agreement attached as Appendix A, including the specific provisions contained in Sections 6.2.5 and 8.5. of the merger agreement.***

***Employee Benefits***

Immediately prior to the closing, Legacy Bank shall terminate any employee benefit arrangement requested by United Security. After completion of the merger, all employees of Legacy Bank at the date of the completion of the merger, shall be entitled to participate in all of United Security s and United Security Bank s employee benefit arrangements on the same basis as other similarly situated employees of United Security and United Security Bank. Each of these employees will be credited for eligibility, participation and vesting purposes with such employee s respective years of past service with Legacy Bank as though they had been employees of United Security and United Security Bank, except with respect to United Security s Employee Stock Option Plan and 401(k) Plan.

***Conditions to the Parties Obligations***

The obligations of United Security and Legacy Bank to complete the merger are subject to certain mutual conditions, including, but not limited to the following:

- approval of the principal terms of the merger by holders of two-thirds of the outstanding shares of Legacy Bank common stock entitled to vote;

- receipt of the regulatory approvals, without the imposition of burdensome conditions, required in connection with the merger;

- absence of any statute, rule, regulation or order, being in effect and prohibiting completion of the merger;

- the registration statement having become effective regarding the shares of United Security common stock to be issued upon completion of the merger;

- the receipt and continued effectiveness of all qualifications or registrations under state securities laws necessary for the issuance of the shares of United Security common stock to be issued upon completion of the merger;

- receipt of a tax opinion stating, among other things, that the merger will qualify as a tax-free reorganization for federal income tax purposes; and

- the average closing price for a share of United Security common stock shall not be less than $20.00.

United Security s obligation to complete the merger is also subject to the fulfillment or waiver by United Security of certain conditions, including but not limited to the following:

- Legacy Bank s representations and warranties being and remaining true, accurate and correct in all material respects;

- Legacy Bank s performing, in all material respects, all of its required obligations contained in the merger agreement before the closing;

- delivery of affiliate letters executed by each of Legacy Bank s affiliates;

- delivery of voting agreements executed by each of Legacy Bank s directors, as well as other various and customary closing documents; and

- the number of shares of Legacy Bank common stock which are eligible to be dissenting shares under Section 214a of the National Bank Act shall not exceed an amount which, when combined with other cash amounts payable in connection with the merger, would result in the merger being disqualified from a tax free reorganization.

In addition, Legacy Bank s obligation to complete the merger is also subject to the fulfillment or waiver by Legacy Bank of certain conditions, including but not limited to the following:

- United Security s representations and warranties being and remaining true, accurate and correct in all material aspects;

- United Security performing, in all material respects, all of its required obligations contained in the merger agreement before the closing;

- receipt of a fairness opinion to the effect that the terms of the merger are fair, from a financial standpoint, to Legacy Bank and its shareholders;

- the fairness opinion shall not have been withdrawn prior to the Legacy Bank meeting; and

- United Security shall have offered each director of Legacy Bank who is not selected to serve as a member of United Security s and United Security Bank s boards of directors, the title of Director Emeritus which includes a monthly stipend of $400 provided the director meets certain conditions.

***The foregoing is a summary of the material conditions of the merger agreement. You are encouraged to read the terms of the merger agreement attached as Appendix A, including the specific provisions contained in Article 7 of the merger agreement.***

***Termination***

United Security and Legacy Bank can mutually agree to terminate the merger agreement and abandon the merger at any time.

Under certain circumstances, either United Security or Legacy Bank can terminate the merger agreement:

- if the other party materially breaches any representation, warranty, covenant, or agreement contained in the merger agreement that is not cured prior to completion of the merger; or

- if the conditions to the merger have not been met by March 31, 2007; or

- if there is a breach or default that would be reasonably likely to have, a material adverse effect upon the consummation of the merger.

United Security can terminate the merger agreement if Legacy Bank s board of directors approves a merger agreement with a party other than United Security or fails to publicly oppose an offer to acquire 25% of the outstanding shares of Legacy Bank common stock.

If the merger agreement is terminated by United Security or Legacy Bank due to a material breach of any representation, warranty, covenant or agreement, the breaching party will owe the other party liquidated damages of $200,000. If United Security terminates the merger agreement due to lack of shareholder approval by Legacy Bank s shareholders, Legacy Bank will owe United Security liquidated damages of $200,000. In addition, if Legacy Bank s board of directors approves an alternative merger or similar proposal within one year of United Security s termination of the merger agreement, Legacy Bank will owe United Security an additional $300,000. The payment of these fees shall be made as reasonable liquidated damages and not as a penalty or forfeiture.

***The foregoing is a summary of the material termination provisions of the merger agreement. You are encouraged to read the terms of the merger agreement attached as Appendix A, including the specific provisions contained in Article 8 of the merger agreement.***

***Expenses***

The merger agreement provides that United Security and Legacy Bank shall bear their own costs and expenses incurred in connection with the merger agreement and the merge. The total estimated cost of the merger is approximately $400,000. United Security will bear approximately $200,000 and Legacy Bank will bear approximately $200,000. For example, United Security shall bear, among others, the expenses of:

- preparation of the merger agreement;
- preparation and delivery of the tax opinion from Bullivant, Houser, Bailey, PC;
- preparation of the registration statement, including filing fees;
- filing fees and related costs of regulatory applications; and
- any notifications and press releases to United Security shareholders, including printing expenses.

Legacy Bank shall bear, among others, the expenses of:

- preparation of the merger agreement;
- preparation of its proxy materials;
- the fairness opinion; and
- any notifications and press releases to Legacy Bank shareholders, including printing expenses.

***Director Voting Agreements***

United Security has entered into voting agreements with each of Legacy Bank s directors who hold, in the aggregate, shares representing approximately 33.4% of Legacy Bank common stock entitled to vote. The director s agreements, in the form attached as Exhibit 7.2.7 to the merger agreement, require each of Legacy Bank s directors to vote in favor of the merger at Legacy Bank s shareholders meeting.

Each director s agreement also provides that the directors will not take any action that will alter or affect in any way the director s right to vote his or her shares of Legacy Bank common stock.

The director s agreements bind the actions of the directors only in their capacity as Legacy Bank shareholders. The directors are not and could not be contractually bound to abrogate their fiduciary duties as directors of Legacy Bank. Accordingly, while the directors are contractually bound to vote as a Legacy Bank shareholder in favor of the merger, their fiduciary duties as directors nevertheless require them to act in their capacities as directors in the best interests of Legacy Bank when they consider the merger.  In addition, the directors will continue to be bound by their fiduciary duties as Legacy Bank s directors with respect to any further decisions they make in connection with the merger.

The director s agreements also provide that for a period of two years after the completion of the merger, the director agrees not to compete with United Security through the ownership of more than 1% of, or be connected as an officer, director, employee, principal, agent or consultant to any financial institution whose deposits are insured by the Federal Deposit Insurance Corporation, or FDIC, that has its head offices or a branch office within 50 miles of the head office of Legacy Bank.

The director s agreements terminate at the earlier of two years following the completion of the merger or when the merger agreement terminates according to its terms.

## Description of United Security

### Business

United Security is a California corporation incorporated during March of 2001 and is registered with the Board of Governors of the Federal Reserve System as a bank holding company under the Bank Holding Company Act of 1956, as amended.  United Security s stock is listed on NASDAQ under the symbol  UBFO .  United Security Bank is a wholly-owned bank subsidiary of United Security and was formed in 1987. United Security Bancshares Capital Trust I (the  Trust ) is also a wholly-owned subsidiary of United Security and was formed during June of 2001 as a Delaware business trust for the sole purpose of issuing Trust Preferred securities.

United Security Bank is a California state-chartered bank headquartered in Fresno, California. It is also a member of the Federal Reserve System.  United Security Bank originally commenced business on December 21, 1987 as a national bank and, in February, 1999, converted to a state-chartered bank.  United Security Bank s operations are currently subject to federal and state laws applicable to state-chartered, member banks and its deposits are insured up to the applicable limits by the FDIC.  United Security Bank is also subject to the Federal Deposit Insurance Act and regulatory reporting requirements of the FDIC.  As a state-chartered bank and a member of the Federal Reserve System, United Security Bank is subject to supervision and regular examinations by the FRB and the DFI.  In addition, United Security Bank is required to file reports with the FRB and provide such additional information as the FRB may require.

Effective August 25, 1995, United Security Bank consummated a merger with Golden Oak Bank, a two branch California state chartered bank located in Oakhurst, California, with assets of approximately $45 million at the date of merger.  The merger was accounted for as a pooling of interests.

During February of 1997, United Security Bank completed the purchase of the deposits and certain assets of two branches of Wells Fargo Bank located in Caruthers and San Joaquin, both located in Fresno County.  This brought the total branches operated at that time by United Security Bank to six and the total assets to approximately $190 million.  United Security Bank paid a premium of approximately $1.2 million to purchase deposit accounts totaling approximately $33.4

million. United Security Bank also purchased cash balances as well as certain fixed assets of the branch operations.

During October of 1997, United Security Bank completed the purchase from Bank of America of two of its branches located in Firebaugh and Coalinga, both located in Fresno County. The acquisition brought the total branches operated by United Security Bank to eight at that time and the total assets to approximately $238 million. The premium paid by United Security Bank totaled approximately $3.0 million and the amount of deposits totaled approximately $44.4 million. The transaction included the receipt of cash balances of approximately $1.0 million and the purchase of premises and equipment totaling approximately $600,000.

USB Investment Trust Inc. was incorporated effective December 31, 2001 as a special purpose real estate investment trust, or REIT, under Maryland law. The REIT is a subsidiary of United Security Bank and was funded with $133.0 million in real estate-secured loans contributed by United Security Bank. USB Investment Trust was originally formed to give United Security Bank flexibility in raising capital, and reduce the expenses associated with holding the assets contributed to USB Investment Trust.

On April 23, 2004, United Security completed its acquisition of Taft National Bank headquartered in Taft, California. Taft was merged into United Security Bank and Taft s two branches are operated as branches of United Security Bank. The total consideration paid to Taft shareholders was 482,894 shares of United Security s common stock valued at just over $6 million. In the merger, United Security acquired $15.4 million in cash and short-term investments, $23.3 million in loans, and $48.2 million in deposits. The transaction was accounted for using the purchase accounting method, and resulted in the purchase price being allocated to the assets acquired and liabilities assumed from Taft based on the fair value of those assets and liabilities. The consolidated statement of income includes the operations of Taft from the date of the acquisition through December 31, 2004.

During August 2005, United Security Bank formed a new subsidiary named United Security Emerging Capital Fund, or the Fund, for the purpose of providing investment capital for Low-Income Communities (LIC s). The Fund was formed as a Community Development Entity (CDE) and was certified by the Community Development Financial Institutions Fund of the United States Department of the Treasury. The Fund submitted an application to apply for an allocation of New Market Tax Credits (NMTC) in September 2005, which was denied. The Fund will reapply for the allocation of NMTC s. If the Fund is successful in the application process, the Fund can attract investments and make loans and investments in LIC s and thereby qualify its investors to receive Federal Income Tax Credits. The maximum that can be applied for under the NMTC program by any one CDE is $150 million, and United Security Bank is subject to an investment limitation of 10% of its risk-based capital. Federal new market tax credits would be applied over a seven-year period, 5% for the first three years, and 6% for the next four years for a total of 39%.

At September 30, 2006, United Security operated ten full-service bank branches and one construction lending office; with seven branches in Fresno County, two branches in Kern County, and one branch in Madera County. United Security Bank operates three branches (including its main office) and one construction lending office in Fresno and one branch each, in Oakhurst, Caruthers, San Joaquin, Firebaugh, Coalinga, Bakersfield, and Taft. In addition, United Security and United Security Bank have administrative headquarters at 2126 Inyo Street, Fresno, California, 93721. As a community-oriented bank, United Security continues to seek ways to better meet its customers needs for financial services, and to expand its business opportunities in today s ever-changing financial services environment. United Security s strategy is to be a better low-cost provider of services to its customer base while enlarging its market area and corresponding customer base to further its ability to provide those services.

**Management and Additional Information**

Certain information relating to executive compensation, benefit plans, voting securities and the principal holders thereof, certain relationships and related transactions and other related matters as to United Security is set forth in United Security s annual report on Form 10-K for the year ended December 31, 2005, which is incorporated by reference in this proxy statement-prospectus, and quarterly reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006, also incorporated by reference in this proxy statement-prospectus. See also Where You Can Find More Information beginning on page 85.

## Information About Legacy Bank

**General**

Legacy Bank received its first organizational funds on October 18, 2001 and was organized as a national association under the laws of the United States on November 12, 2002. On September 30, 2002, Legacy Bank received conditional approval of its application to obtain a national bank charter and federal deposit insurance from the Office of the Comptroller of the Currency (OCC). Legacy Bank s initial public offering of common stock began on January 16, 2003, and was completed on September 11, 2003 having received $12.2 million in capital through the sale of 1,217,373 shares of common stock. The FDIC issued its insurance certificate and Legacy Bank opened October 1, 2003.

Legacy Bank was formed as a locally owned and managed financial institution, with an active community role. Legacy Bank s business plan focuses primarily upon local banking services and community needs. Legacy Bank s marketing strategy stresses its local ownership and commitment to serve the banking needs of small-to-medium size businesses, professionals, entrepreneurs, hospitality industry clients, as well as their employees and families.

Legacy Bank offers a full range of banking and related financial services to businesses and individuals in its market area with an emphasis upon efficiency and personalized attention. The specific services offered include personal and business checking, money market and savings accounts, time certificates of deposit, and IRA s.

A full complement of lending activities is offered and includes the following types of loans: consumer; commercial; real estate construction; Small Business Administration ( SBA ) guaranteed; and letters of credit. In the event loan demands exceed Legacy Bank s legal lending limit, Legacy Bank seeks to utilize the services of correspondent banks.

Other services Legacy Bank offers include safe deposit boxes, night depository facilities, travelers checks, money orders, wire transfer services, cashiers checks, and 24 hour ATM banking services. Legacy Bank offers a secure Internet website where customers can view account balances and recent transactions, perform account transfers, pay bills, request wire transfers and ACH origination. Legacy Bank is a member of regional ATM networks and offers nationwide access services. Through third parties, Legacy Bank provides business courier services for non-cash deposits and credit card services.

**Employees**

On September 30, 2006 Legacy Bank employed 24 full-time equivalent persons. None of Legacy Bank s employees are represented by any collective bargaining agreements, and relations with employees are considered satisfactory.

**Properties**

Legacy Bank s main office, located at 125 E. Campbell Avenue, Campbell, California 95008, currently houses Legacy Bank s main office and certain administrative functions. Legacy Bank leases these premises pursuant to a lease which provides for an initial four and one half year term with three options to renew of five years each at the then current market rate. The initial lease expires on December 31, 2006.

On October 17, 2005, Legacy Bank entered into a lease for 4,011 square feet of office space located at 51 E. Campbell Avenue, Suite 141, Campbell, California 95008. This office space is used for administrative services personnel including finance and credit administration. The initial lease expires on December 31, 2006, and thereafter is month-to-month.

Current rental payments under the aforementioned leases total approximately $26 thousand per month. Legacy Bank is also responsible for common area maintenance, taxes and insurance.

**Legal Proceedings**

From time to time, Legacy Bank is a party to claims and legal proceedings arising in the ordinary course of business. Legacy Bank s management is not aware of any material pending litigation proceedings to which it is a party or has recently been a party, which will have a material adverse effect on the financial condition or results of operations of Legacy Bank.

On December 21, 2006, Legacy Bank entered into a formal written agreement within the meaning of 12 U.S.C. 1818(b)(1) with the OCC which requires Legacy Bank to take actions to ensure Legacy Bank has competent management in place on a permanent full time basis; review and revise Legacy Bank s written loan policy to strengthen underwriting and reduce credit risk; develop a written program to improve loan portfolio management; develop a three year capital program and maintain Tier 1 capital, at least equal to 10% of the risk-weighted assets and Tier 1 capital, at least equal to 8% of adjusted total assets; and maintain a level of liquidity to sustain Legacy Bank s operations and revise the liquidity plans.

**Market Area and Competition**

The area from which Legacy Bank expects to attract most of its business and which is coextensive with its Community Reinvestment Act designated community (assessment area), will include the communities of Santa Clara County, California and the contiguous surrounding counties.

The banking business in California, generally, and specifically in the greater San Jose and adjacent areas, is highly competitive with respect to both loans and deposits. The business is dominated by a relatively small number of major banks, most of which have many offices operating over wide geographic areas. Many of the major commercial banks and their affiliates, including those headquartered outside California, offer certain services (such as trust and securities brokerage services) that are not offered directly by Legacy Bank. By virtue of their greater total capitalization, such banks have substantially higher lending limits than Legacy Bank and substantially larger advertising and promotional budgets. In addition, Legacy Bank faces competition from other community banks headquartered in the greater San Jose area that are also serving individuals and businesses.

In recent years, a large number of mergers and consolidations of both banks and savings entities have occurred in California and throughout the nation. A substantial number of the larger banks have been involved in major mergers. The result is that these institutions generally have centralized and standardized their services. Similarly, most lending functions and decisions are sent outside the area. Acquisitions by major interstate bank holding companies and other large acquirers in the greater San Jose vicinity have resulted in numerous branch consolidations in the area. Many long-standing relationships have been disrupted or severed, while many other customers are now subjected to less personalized and more standardized services.

Legacy Bank believes that this recent merger and consolidation activity presents Legacy Bank with the opportunity to attract customers who are dissatisfied with the level of service provided by larger banks. Legacy Bank solicits customers displaced by the recent and current merger activity.

In order to compete with the major financial institutions in Legacy Bank s primary service areas, Legacy Bank uses to the fullest extent possible the contacts of its organizers, founders, advisors, directors and officers with residents and businesses in Legacy Bank s primary service areas. Legacy Bank emphasizes specialized services, local promotional activity and personal contacts by Legacy Bank s officers, directors and other employees. Programs have been developed to specifically address the needs of small to medium-sized businesses, professional businesses, and individuals in the community. As necessary, Legacy Bank can arrange for loans that are too large for Legacy Bank to make by itself to be made on a participation basis with other financial institutions and intermediaries.

Legacy Bank also helps its customers who require other services not offered by Legacy Bank to obtain such services from its correspondent banks or other sources. In addition, Legacy Bank has joined the STAR® and PLUS® ATM networks and also offers, among other services, a night depository, courier services, bank-by-mail services, direct deposit, and on-line Internet banking.

**Effect of Government Policies and Recent Legislation**

Banking is a business that depends on rate differentials. In general, the difference between the interest rate paid by Legacy Bank on its deposits and its other borrowings and the interest rate received by Legacy Bank on loans extended to its customers and securities held in Legacy Bank s portfolio comprise the major portion of Legacy Bank s earnings. These rates are highly sensitive to many factors that are beyond the control of Legacy Bank. Accordingly, the earnings and growth of Legacy Bank are subject to the influence of domestic and foreign economic conditions, including inflation, recession and unemployment.

The commercial banking business is not only affected by general economic conditions but is also influenced by the monetary and fiscal policies of the federal government and the policies of regulatory agencies, particularly the Federal Reserve Board. The Federal Reserve Board implements national monetary policies, with objectives such as curbing inflation and combating recession, by its open-market operations in United States Government securities, by adjusting the required level of reserves for financial institutions subject to its reserve requirements and by varying the discount rates applicable to borrowings by depository institutions. The actions of the Federal Reserve Board in these areas influence the growth of bank loans, investments and deposits and also affect interest rates charged on loans and paid on deposits. The nature and impact on Legacy Bank of any future changes in monetary policies cannot be predicted.

From time to time, legislation is enacted which has the effect of increasing the cost of doing business, limiting or expanding permissible activities or affecting the competitive balance between banks and other financial institutions. Proposals to change the laws and regulations governing the operations and taxation of banks, bank holding companies and other financial institutions are frequently made in Congress, in the California legislature and before various bank regulatory and other professional agencies. See Supervision and Regulation.

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**Legacy Bank**

**Summary Selected Financial Data**

| (dollars in thousands, except per share data) | Nine Months Ended September 30, 2006 | Nine Months Ended September 30, 2005 | Year Ended December 31, 2005 | Year Ended December 31, 2004 |
|---|---|---|---|---|
| **Condensed Income Statement** | | | | |
| Interest Income | $ 4,853 | $ 2,938 | $ 4,377 | $ 1,498 |
| Interest Expense | 1,251 | 588 | 921 | 403 |
| Net Interest Income | 3,602 | 2,350 | 3,456 | 1,095 |
| Provision for loan losses | 125 | 169 | 261 | 781 |
| Noninterest income | 635 | 73 | 229 | 38 |
| Noninterest expense | 3,853 | 3,178 | 4,283 | 2,880 |
| Provision for income taxes | 1 | 1 | 3 | 1 |
| Net income (loss) | $ 259 | $ (925) | $ (862) | $ (2,529) |
| | | | | |
| **Period End Data** | | | | |
| Assets | $ 83,346 | $ 70,955 | $ 82,595 | $ 59,594 |
| Loans, gross | 65,090 | 57,075 | 63,495 | 36,027 |
| Securities | 7,635 | 8,303 | 8,019 | 8,721 |
| Deposits | 72,312 | 60,374 | 68,937 | 52,583 |
| Other Borrowings | | | 3,000 | |
| Shareholders equity | 10,685 | 10,283 | 10,282 | 6,758 |
| | | | | |
| **Ratios** | | | | |
| Return Average Assets | .43 % | (1.98 )% | (1.31 )% | (7.33 )% |
| Return on Average Equity | 3.36 % | (13.07 )% | (8.91 )% | (31.28 )% |
| Equity to Assets | 12.82 % | 14.49 % | 12.45 % | 11.34 % |
| | | | | |
| **Asset Quality** | | | | |
| Nonperforming assets | $ | $ | $ 300 | $ |
| Allowance for loan losses | $ 1,044 | $ 716 | 842 | 820 |
| Allowance for loan losses to loans | 1.60 % | 1.25 % | 1.33 % | 2.28 % |
| Net Charge-offs (recoveries) to average loans | (0.10 )% | 0.01 % | 0.01 % | |
| | | | | |
| **Per Common Share** | | | | |
| Basic income (loss) per share | $ 0.16 | $ (0.61 ) | $ 0.55 | $ 2.08 |
| Book Value per share at period end | $ 6.39 | $ 6.15 | $ 6.15 | $ 5.55 |
| Period end common shares outstanding | 1,672,373 | 1,672,373 | 1,672,373 | 1,217,373 |
| Weighted average shares outstanding | 1,666,247 | 1,562,373 | 1,562,373 | 1,217,373 |

**Overview**

Legacy Bank received preliminary approval from the Comptroller of the Currency to organize as a national bank and was incorporated on September 30, 2002. Prior to that date, and up to the inception of business of October 1, 2003, organizers of Legacy Bank incurred costs in connection with the organizational process and raising of the initial capitalization of Legacy Bank. These costs were reimbursed at the inception of business from the proceeds of the initial capitalization, which totaled $12.2 million.

As of September 30, 2006 and December 31, 2005, Legacy Bank had assets of $83.3million and $82.6 million, respectively. Gross loans were $65.1 million at September 30, 2006 and $63.5 million at December 31, 2005. Total deposits were $72.3 million at September 30, 2005 and $68.9 million at December 31, 2005. Total stockholders equity at September 30, 2006 was $10.7 million compared to $10.3 million at December 31, 2005. For the nine months ended September 30, 2006, Legacy Bank recorded net income of $259 thousand compared to a net loss of $925 thousand for the same period in 2005.

**As of December 31, 2005 and 2004, Legacy Bank had assets of $82.6 million and $59.6 million, respectively. Gross loans were $63.5 million and $36.0 million at December 31 2005 and 2004, respectively. Total deposits were $68.9 million at December 31, 2005 and $52.6 million at December 31, 2004. Total stockholders equity at December 31, 2005 was $10.3 million compared to $6.8 million at December 31, 2004. For the year ended December 31, 2005, Legacy recorded a net loss of approximately $862 thousand compared to a net loss of approximately $2.5 million for the year ended December 31, 2004.**

**Results of Operations**

***Net Interest Income and Net Interest Margin***

*Net Interest Income.* Legacy Bank s primary source of revenue is net interest income, which is the difference between interest income on interest earning assets and interest expense on interest bearing liabilities. For the nine month periods ended September 30, 2006 and 2005, average interest earning assets were $76.9 million and $60.1 million, respectively, generating net interest income of $3.6 million and $2.3 million, respectively. The significant increase in net interest income in 2006 reflects the substantial increase in interest earning assets, primarily loans, which reflects the use of the additional funds provided by stock proceeds and the continued transition of cash and short-term investments to higher yielding adjustable rate loans per Legacy Bank s strategic plan. The net interest margins are calculated on an annualized basis

The net interest margin (net interest income annualized divided by average interest-earning assets) for the nine month periods ended September 30, 2006 and 2005, were 6.26% and 5.22%, respectively.

The increase in the net interest margin, when comparing the nine month periods ended September 30, 2006 and 2005, was primarily due to: (1) the increases in the average balances of loans as a percentage of the earning assets; (2) increases in the prime rate, which is the primary index for the majority of Legacy Bank s loan portfolio; (3) increases in the short-term interest rates, which benefit Legacy Bank s short-term investments and (4) transitioning interest bearing liabilities to certificates of deposits to reduce the interest rate risk in the current increasing rate environment.

The following table sets forth, for the nine months ended September 30, 2006 and 2005, information related to Legacy Bank s average balance sheet and average yields on assets and average costs of liabilities. These yields were derived by dividing income or expense by the average balance of the corresponding assets or liabilities. Average balances were derived from the daily balances throughout the periods indicated.

| | Nine Months Ended, September 30, 2006 Average Balance | Yield / Cost | | Income / Expense | Nine Months Ended, September 30, 2005 Average Balance | Yield / Cost | | Income / Expense |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| **Interest Earning Assets:** | | | | | | | | |
| Loans, gross | $ 62,053,048 | 9.42 | % | $ 4,370,329 | $ 43,740,685 | 7.66 | % | $ 2,504,527 |
| Due From Banks | 940,596 | 4.90 | % | 34,451 | 2,650,538 | 3.07 | % | 60,779 |
| Federal Funds Sold | 5,314,542 | 4.79 | % | 190,245 | 4,679,524 | 2.96 | % | 103,578 |
| Debt Securities | 7,531,806 | 3.90 | % | 219,558 | 8,564,930 | 3.85 | % | 246,464 |
| Other Securities | 1,127,299 | 4.56 | % | 38,430 | 511,869 | 5.95 | % | 22,770 |
| **Total Interest Earning Assets** | 76,967,291 | 8.43 | % | 4,853,013 | 60,147,546 | 6.53 | % | 2,938,118 |
| **Non-Interest Earning Assets:** | | | | | | | | |
| Cash and Due From Banks | 3,533,244 | | | | 2,163,860 | | | |
| All Other Assets | 16,452 | | | | 214,082 | | | |
| **Total Assets** | $ 80,516,987 | | | | $ 62,525,488 | | | |
| **Liabilities and Equity** | | | | | | | | |
| **Interest Bearing Liabilities:** | | | | | | | | |
| NOW | 3,496,789 | 1.30 | % | 34,091 | 2,221,779 | 0.78 | % | 12,968 |
| Money Market | 7,937,920 | 1.71 | % | 101,702 | 8,301,069 | 1.09 | % | 67,779 |
| Savings | 13,284,123 | 3.07 | % | 305,357 | 14,005,221 | 2.02 | % | 212,033 |
| CDs < $100K | 3,595,917 | 3.77 | % | 101,433 | 2,630,565 | 2.64 | % | 51,885 |
| CDs > $100K | 11,279,664 | 3.74 | % | 315,206 | 6,902,419 | 2.78 | % | 143,611 |
| CDARS | 11,247,648 | 4.43 | % | 372,431 | 5,035,464 | 2.65 | % | 99,901 |
| **Total Interest Bearing Deposits** | 50,842,061 | 3.24 | % | 1,230,220 | 39,096,517 | 2.01 | % | 588,177 |
| Other Borrowings | 576,154 | 4.76 | % | 20,529 | 10,037 | | | |
| **Total Interest Bearing Liabilities** | 51,418,215 | 3.25 | % | 1,250,749 | 39,106,554 | 2.01 | % | 588,177 |
| **Non-Interest Bearing Liabilities:** | | | | | | | | |
| Non-Interest Bearing Demand | 17,919,466 | | | | 13,721,216 | | | |
| Other Liabilities | 879,338 | | | | 242,092 | | | |
| Stockholders Equity | 10,299,968 | | | | 9,455,626 | | | |
| **Total Liabilities and Equity** | $ 80,516,987 | | | | $ 62,525,488 | | | |
| **Net Interest Margin / Net Interest Income** | | 6.26 | % | 3,602,264 | | 5.22 | % | 2,349,941 |

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Net interest income was $3.5 million in 2005 compared to $1.1 million in 2004, an increase of 215.7%. Legacy Bank s net interest margin was 5.46% for the year ended December 31, 2005 as compared to 3.38% for the year ended December 31, 2004. The increase in net interest income and net interest margin was primarily the result of higher interest earning assets and higher general market rates. The level of net interest income is also determined by the level of earning assets and the successful management of the net interest margin. Changes in interest rates paid on assets and liabilities, the rate of growth of the asset and liability base, the ratio of interest-earning assets to interest-bearing liabilities, and management of the balance sheet s interest rate sensitivity all factor into changes in net interest income.

The following table sets forth, for the years ended December 31, 2005 and 2004, information related to Legacy Bank s average balance sheet and average yields on assets and average costs of liabilities. These yields were derived by dividing income or expense by the average balance of the corresponding assets or liabilities. Average balances were derived from the daily balances throughout the periods indicated.

| **(dollars in thousands)** | **December 31, 2005 Average Balance** | **Yield / Cost** | | **Income / Expense** |
|---|---|---|---|---|
| **Assets** | | | | |
| **Interest Earning Assets:** | | | | |
| Loans, gross | $ 47,625 | 8.00 | % | $ 3,810 |
| Federal Funds Sold | 4,690 | 3.20 | % | 150 |
| Investment Securities | 8,449 | 3.92 | % | 331 |
| Other Interest-Earning Assets | 2,530 | 3.40 | % | 86 |
| **Total Interest Earning Assets** | **63,294** | **6.92** | **%** | **4,378** |
| | | | | |
| **Noninterest Earning Assets:** | | | | |
| All Other Assets | 2,611 | | | |
| **Total Assets** | **$ 65,905** | | | |
| | | | | |
| **Liabilities and Equity** | | | | |
| **Interest-Bearing Liabilities:** | | | | |
| Demand Accounts | 2,202 | 0.81 | % | 18 |
| Savings & Money Market | 21,653 | 1.69 | % | 367 |
| Time Deposits Under $100,000 | 9,757 | 3.13 | % | 305 |
| Time Deposits, $100,000 or More | 7,580 | 2.97 | % | 225 |
| **Total Interest-Bearing Deposits** | **41,191** | **2.22** | **%** | **915** |
| Other Borrowings | 129 | 4.69 | % | 6 |
| **Total Interest-Bearing Liabilities** | **41,320** | **2.23** | **%** | **921** |
| | | | | |
| **Noninterest-Bearing Liabilities:** | | | | |
| Noninteresting-Bearing Demand | 14,623 | | | |
| Other Liabilities | 281 | | | |
| Stockholders Equity | 9,682 | | | |
| **Total Liabilities and Equity** | **$ 65,905** | | | |
| | | | | |
| **Net Interest Margin / Net Interest Income** | | **5.46** | **%** | **$ 3,456** |

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| (dollars in thousands) | December 31, 2004 Average Balance | Yield / Cost | | Income / Expense |
|---|---|---|---|---|
| **Assets** | | | | |
| **Interest Earning Assets:** | | | | |
| Loans, gross | $ 17,500 | 6.69 | % | $ 1,171 |
| Federal Funds Sold | 9,357 | 1.38 | % | 129 |
| Investment Securities | 3,677 | 3.92 | % | 144 |
| Other Interest-Earning Assets | 1,814 | 2.98 | % | 54 |
| **Total Interest Earning Assets** | **32,348** | **4.63** | **%** | **1,498** |
| | | | | |
| **Noninterest Earning Assets:** | | | | |
| All Other Assets | 2,150 | | | |
| **Total Assets** | **$ 34,498** | | | |
| | | | | |
| **Liabilities and Equity Interest-Bearing Liabilities:** | | | | |
| Demand Accounts | 1,032 | 0.68 | % | 7 |
| Savings & Money Market | 14,258 | 2.01 | % | 287 |
| Time Deposits Under $100,000 | 1,403 | 1.85 | % | 26 |
| Time Deposits, $100,000 or More | 4,262 | 1.97 | % | 84 |
| **Total Interest-Bearing Deposits** | **20,955** | **1.93** | **%** | **404** |
| Other Borrowings | | NA | | |
| **Total Interest-Bearing Liabilities** | **20,955** | **1.93** | **%** | **404** |
| | | | | |
| **Noninterest-Bearing Liabilities:** | | | | |
| Noninteresting-Bearing Demand | 5,319 | | | |
| Other Liabilities | 138 | | | |
| Stockholders' Equity | 8,086 | | | |
| **Total Liabilities and Equity** | **$ 34,498** | | | |
| | | | | |
| **Net Interest Margin / Net Interest Income** | | **3.38** | **%** | **1,094** |

***Volume, Mix and Rate Analysis of Net Interest Income***

The following table presents the extent to which changes in volume, changes in interest rates, and changes in the interest rates times the changes in volume of interest earning assets and interest bearing liabilities affected Legacy Bank s interest income and interest expense during the periods indicated. Information is provided on changes in each category due to (1) changes attributable to changes in volume (change in volume times the prior period interest rate), (2) changes attributable to changes in interest rate (changes in rate times the prior period volume), and (3) changes attributable to changes in rate/volume (changes in interest rate times changes in volume). Changes attributable to the combined impact of volume and rate have been allocated proportionally to the changes due to volume and the changes due to rate:

| | Nine months ended September 30, 2006 vs. 2005 Increase (decrease) due to change in | | |
|---|---|---|---|
| **Interest income** | **Average Volume** | **Average Rate** | **Total Change** |
| Loans | $ (1,680) | $ 3,545 | $ 1,865 |
| Federal funds sold | (100) | 186 | 86 |
| Investment securities | (281) | 255 | (26) |
| Other interest earning assets | (713) | 703 | (10) |
| Total interest income | (2,774) | 4,689 | 1,915 |
| | | | |
| Interest expense | | | |
| Demand | $ (7) | $ 28 | $ 21 |
| Savings and money market | (278) | 405 | 127 |
| Time deposits $100,000 or more | (64) | 235 | 171 |
| Time under $100,000 | (13) | 336 | 323 |
| Total interest expense | (363) | 1,005 | 642 |
| | | | |
| Change in net interest income | $ (2,411) | $ 3,684 | $ 1,273 |

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**December 31, 2005 Compared to December 31, 2004**

| | Change Due to Volume | Change Due to Rate | Total Change |
|---|---|---|---|
| **Interest Earning Assets:** | | | |
| Loans, gross | $ 2,370 | $ 269 | $ 2,639 |
| Federal Funds Sold | (13) | 34 | 21 |
| Investment Securities | 187 | 0 | 187 |
| Other Interest-Earning Assets | 24 | 8 | 32 |
| Increase in interest income | 2,568 | 312 | 2,880 |
| **Interest-Bearing Liabilities:** | | | |
| Demand Accounts | 9 | 2 | 11 |
| Savings & Money Market | 115 | (35) | 80 |
| Time Deposits Under $100,000 | 250 | 29 | 279 |
| Time Deposits, $100,000 or More | 85 | 56 | 141 |
| Other Borrowings | 6 | | 6 |
| Increase in interest expense | 466 | 51 | 517 |
| Increase in net interest income | $ 2,102 | $ 261 | $ 2,362 |

***Provision for Loan Losses***

Legacy Bank s management performs quarterly detailed reviews to identify the risks inherent in Legacy Bank s loan portfolio, to assess the overall quality of the loan portfolio, and to determine the adequacy of the allowance for loan losses and the related provision for loan losses to be charged to expense. The systematic reviews follow the methodology set forth in the Comptroller s policy statement on the allowance for loan losses. The allowance for loan losses is reduced by charge-offs and increased by provisions for loan losses charged to operating expense and recoveries of previously charged-off loans.

Legacy Bank provided $125 thousand for loan losses for the nine months ended September 30, 2006. There were no charge-offs for the nine months ended September 30, 2006. Recoveries for the nine months ended September 30, 2006 totaled $77 thousand. There were net charge-offs for the nine months ended September 30, 2005 of $273 thousand.

As of September 30, 2006, Legacy Bank had established an allowance for loan losses of $1.04 million compared to $842 thousand at December 31, 2005. The allowance for loan losses was approximately 1.60% of total loans at September 30, 2006 and 1.33% of total loans at December 31, 2005. There were no nonperforming loans at September 30, 2006. As of December 31, 2005, the Bank had one nonperforming loan for $300 thousand

Legacy Bank provided $261 thousand for loan losses for the year ended December 31, 2005. Net charge-offs for the year ended December 31, 2005 totaled $238 thousand. There were no charge-offs during the year 2004.

As of December 31, 2005, Legacy Bank had established an allowance for loan losses of $842 thousand compared to $820 thousand at December 31, 2004. The allowance for loan losses was approximately 1.33% of total loans at December 31, 2005 and 2.28% of total loans at December 31, 2004. As of December 31, 2005, Legacy Bank had one nonperforming loan totaling $300 thousand. There were no nonperforming loans at December 31, 2004.

Legacy Bank s management is of the opinion that the allowance for loan losses is maintained at a level adequate for known and unidentified losses inherent in the loan portfolio. However, Legacy Bank s loan portfolio could be adversely affected if economic conditions in California and Santa Clara County and surrounding areas were to weaken. The effect of such events, although uncertain at this time, could result in an increase in the level of non-performing loans and the level of the allowance for loan losses, which could adversely affect Legacy Bank s future growth and profitability.

***Noninterest Income and Noninterest Expense***

*Noninterest Income* Total non-interest income was $635.3 thousand and $73.1 thousand for the nine month period ended September 30, 2006 and 2005, respectively. The increase in the non-interest income was primarily due to: (1) $401.7 thousand in gain on sale of SBA loans; (2) increase of $139.3 thousand in service charges on deposit accounts and (3) $21.2 thousand in other SBA-related fee income.

Noninterest income in 2005 was $228 thousand, an increase of $190 thousand compared to noninterest income of $38 thousand in 2004. The increase was primarily the result of additional volume of service charges and fees on deposits and gain on sale of SBA loans.

*Noninterest Expense* Non-interest expenses increased by $675.2 thousand or 21.2% for the nine months ended September 30, 2006, compared to the nine months ended September 30, 2005. The largest increases were in salaries and employee benefits, which increased $481.4 thousand, which was attributable to increased lending staff and one-time severance costs related to the Bank s former chief executive officer; occupancy expenses increased $131.9 thousand, which was related to short-term lease of additional space to relocate certain administrative personnel. Data processing expenses also increased by $102.3 thousand due to the normal operational growth of Legacy Bank.

Noninterest expense in 2005 totaled $4.3 million of which salaries and employee benefits totaled $2.4 million. Professional services fees were $484 thousand while occupancy expenses was the next largest expense at $446 thousand followed by data services $376 thousand and marketing $179 thousand.

***Income Taxes***

No tax benefit was recognized in 2006, 2005 and 2004 for the net operating losses incurred, as the ultimate realization was not reasonably assured.

**Financial Condition**

***Investment Portfolio***

Legacy Bank s investment security portfolio consists of obligations of the U.S. Treasury, U.S. Government agencies, mortgage-backed securities, and money market mutual funds.

The following table summarizes the amounts and distribution of Legacy Bank s fixed income investment securities held as of September 30, 2006 and the weighted average yields:

| | September 30, 2006 | | | | | |
|---|---|---|---|---|---|---|
| **Available-for-Sale Securities** | **Amortized Cost** | | **Market Value** | | **Weighted Average Yield** | |
| U.S. Government Agencies | | | | | | |
| Less than one year | $ | 2,558,929 | $ | 2,526,849 | 3.74 | % |
| | | | | | | |
| Mortgage-backed Securities | | | | | | |
| One to five years | 2,102,464 | | 3,066,647 | | 4.25 | % |
| Five years and over | 3,090,580 | | 2,041,111 | | 3.99 | % |
| | 5,193,044 | | 5,108,758 | | 4.09 | % |
| | $ | 7,751,973 | $ | 7,634,607 | 3.98 | % |

Securities may be pledged to meet collateral requirements imposed as a condition of receipt of deposits of public funds and other purposes. At September 30, 2006, the total market value of securities pledged was $2.5 million.

The following table summarizes the amounts and distribution of Legacy Bank s fixed income investment securities held as of December 31, 2005 and the weighted average yields:

| | December 31, 2005 | | | | | |
|---|---|---|---|---|---|---|
| **Available-for-Sale Securities** | **Amortized Cost** | | **Market Value** | | **Weighted Average Yield** | |
| U.S. Government Agencies | | | | | | |
| One to five years | $ | 2,000,000 | $ | 1,958,400 | 3.40 | % |
| | | | | | | |
| Mortgage-backed Securities | | | | | | |
| Five to ten years | 1,624,647 | | 1,565,106 | | 3.89 | % |
| After ten years | 4,113,200 | | 4,067,269 | | 4.07 | % |
| | 5,737,847 | | 5,632,375 | | 4.09 | % |
| | $ | 7,737,847 | $ | 7,590,775 | 3.86 | % |

At December 31, 2005, the total market value of securities pledged was $3.5 million. At December 31, 2004, Legacy Bank had not pledged any securities.

***Loan Portfolio***

The following table sets forth the components of total net loans outstanding in each category as of September 30, 2006 and December 31, 2005:

| | September 30, 2006 Amount | Percent of Total | December 31, 2005 Amount | Percent of Total |
|---|---|---|---|---|
| Loan category | | | | |
| Commercial | $ 26,201,624 | 40 % | $ 29,528,917 | 47 % |
| Real estate construction | 11,598,749 | 18 % | 9,495,433 | 15 % |
| Real estate other | 25,006,343 | 38 % | 21,772,802 | 34 % |
| Installment and other | 2,283,357 | 4 % | 2,697,705 | 4 % |
| Gross Loans | 65,090,073 | 100 % | 63,494,857 | 100 % |
| Deferred loan fees and costs, net | (388,816 ) | | (339,007 ) | |
| Allowance for loan losses | (1,044,439 ) | | (842,346 ) | |
| Net Loans | $ 63,656,818 | | $ 62,313,504 | |

The following table sets forth the components of total net loans outstanding in each category as of December 31, 2005 and 2004:

| | 2005 | 2004 |
|---|---|---|
| Commercial | $ 29,528,917 | $ 18,318,860 |
| Real estate construction | 9,495,433 | 1,791,718 |
| Real estate other | 21,772,802 | 11,581,490 |
| Installment and other | 2,697,705 | 4,334,762 |
| Gross Loans | 63,494,858 | 36,026,830 |
| Deferred loan fees and costs, net | (339,007 ) | (161,338 ) |
| Allowance for loan losses | (842,346 ) | (820,000 ) |
| Net Loans | $ 62,313,504 | $ 35,045,492 |

The following table shows the contractual maturities of Legacy Bank s loan portfolio at September 30, 2006 as well as the distribution of fixed rate and variable rate loans.

| (dollars in thousands) | Within One Year | After One Year But Within Five Years | After Five Years | Total |
|---|---|---|---|---|
| Commercial | $ 28,546 | $ 739 | $ 2,311 | $ 31,596 |
| Real Estate: | | | | |
| Construction | 18,579 | 1,016 | | 19,595 |
| Other | 6,581 | 3,539 | 2,799 | 12,919 |
| Installment and Other | 977 | 3 | | 980 |
| Total | $ 54,683 | $ 5,297 | $ 5,110 | $ 65,090 |

| | |
|---|---|
| Loans with variable (floating) interest rates | $ 52,723 |
| Loans with predetermined (fixed) interest rates | 12,367 |

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The following table shows the contractual maturities of Legacy Bank s loan portfolio at December 31, 2005 as well as the distribution of fixed rate and variable rate loans.

| (dollars in thousands) | Within One Year | After One Year But Within Five Years | After Five Years | Total |
|---|---|---|---|---|
| Commercial | $ 20,693 | $ 7,730 | $ 1,106 | $ 29,529 |
| Real Estate: | | | | |
| Construction | 8,924 | 571 | | 9,495 |
| Other | 7,623 | 5,997 | 8,152 | 21,772 |
| Installment and Other | 2,691 | 8 | | 2,699 |
| Total | $ 39,931 | $ 14,306 | $ 9,258 | $ 63,495 |

| | |
|---|---|
| Loans with variable (floating) interest rates | $ 51,299 |
| Loans with predetermined (fixed) interest rates | 12,196 |

***Nonperforming Assets***

There were no nonperforming loans at September 30, 2006. As of December 31, 2005, Legacy Bank had one nonperforming loans totaling $300 thousand. Legacy Bank had no other real estate owned at September 30, 2006 and December 31, 2005.

**As of December 31, 2005, Legacy Bank had one nonperforming loans totaling $300 thousand. There were no nonperforming loans at December 31, 2004. Legacy Bank had no other real estate owned at December 31, 2005 and 2004.**

***Allowance for Loan Losses***

Management performs quarterly detailed reviews to identify the risks inherent in Legacy Bank s loan portfolio, to assess the overall quality of the loan portfolio, and to determine the adequacy of the allowance for loan losses and the related provision for loan losses to be charged to expense. The systematic reviews follow the methodology set forth by the Comptroller in its 1993 policy statement on the allowance for loan losses.

As of September 30, 2006, Legacy Bank had established an allowance for loan losses of $1.04 million or approximately 1.60% of total loans.

The following table sets forth information concerning the allocation of Legacy Bank s allowance for loan losses by loan categories. The allowance for loan losses is available for offsetting credit losses in connection with any loan, but is internally allocated to various loan categories as part of Legacy Bank s process for evaluating the adequacy of the allowance for loan losses.

**September 30, 2006**

| | Amount | % of Total (1) | |
|---|---|---|---|
| Commercial | $ 669,560 | 40.3 | % |
| Real estate construction | 110,837 | 17.8 | % |
| Real estate other | 141,925 | 38.4 | % |
| Installment and other | 65,048 | 3.5 | % |
| Unallocated | 57,069 | | % |
| | $ 1,044,439 | 100.0 | % |

(1) Represents percentage of loans in category to total loans

There were no charge offs for the nine months ending September 30, 2006. For the year ended December 31, 2005, Legacy Bank had net-charge offs of $238 thousand representing 0.01% of average loans.

As of December 31, 2005, Legacy Bank had established an allowance for loan losses of $842 thousand or approximately 1.33% of total loans.

The following table sets forth information concerning the allocation of Legacy Bank s allowance for loan losses by loan categories. The allowance for loan losses is available for offsetting credit losses in connection with any loan, but is internally allocated to various loan categories as part of Legacy Bank s process for evaluating the adequacy of the allowance for loan losses.

**December 31, 2005**

| | Amount | % of Total (1) | |
|---|---|---|---|
| Commercial | $ 560,791 | 46.5 | % |
| Real estate construction | 100,669 | 15.0 | % |
| Real estate other | 138,888 | 34.3 | % |
| Installment and other | 41,999 | 4.2 | % |
| Unallocated | | | |
| | $ 842,346 | 100.0 | % |

(1) Represents percentage of loans in category to total loans

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**December 31, 2004**

| | Amount | % of Total (1) |
|---|---|---|
| Commercial | $ 652,530 | 50.8 % |
| Real estate construction | 29,894 | 5.0 % |
| Real estate other | 76,654 | 32.2 % |
| Installment and other | 60,922 | 12.0 % |
| Unallocated | | |
| | $ 820,000 | 100.0 % |

(1) Represents percentage of loans in category to total loans.

For the year ended December 31, 2005, Legacy Bank had net-charge offs of $238 thousand representing 0.01% of average loans. There were no charge offs during 2004.

***Deposits***

Deposits are Legacy Bank s primary source of funds. At September 30, 2006, Legacy Bank had a deposit mix of 20% in time deposits, 55% in savings, money market and NOW deposits, and 25% in noninterest-bearing demand deposits.

The scheduled maturity distribution of Legacy Bank s time deposits of $100,000 or greater, as of September 30, 2006, were as follows (dollars in thousands):

| | 9/30/2006 |
|---|---|
| **Remaining Maturity** | |
| Three Months or Less | $ 5,367 |
| Over Three Months to Six Months | 1,474 |
| Over Six Months to Twelve Months | 2,670 |
| Over Twelve Months | 229 |
| Balance at the End of the Period | $ 9,740 |

Deposits are Legacy Bank s primary source of funds. At December 31, 2005, Legacy Bank had a deposit mix of 40% in time deposits, 30% in savings, money market and NOW deposits, and 30% in noninterest-bearing demand deposits.

The scheduled maturity distribution of Legacy Bank s time deposits of $100,000 or greater, as of December 31, 2005, were as follows (dollars in thousands):

| | |
|---|---|
| Three Months or Less | $ 2,887 |
| Over Three Months to Six Months | 542 |
| Over Six Months to One Year | 4,898 |
| Over One Year | |
| | $ 8,327 |

***Borrowings***

The Bank had no outstanding other borrowings at September 30, 2006. Average outstanding borrowings during the quarter ended September 30, 2006 was $44.3 thousand. The Bank maintains a $4.0 million line of credit with a correspondent bank for the purchase of overnight federal funds.

At December 31, 2005, Legacy Bank had sold $3.0 million of a security under agreements to repurchase with a broker at a rate of 4.5% that matures in less than 90 days. This agreement was secured by a security with a market value of approximately $3.3 million. There were no other repurchase agreement transactions during 2005.

At December 31, 2005, Legacy Bank had one unused Federal funds purchased lines of credit totaling $2.3 million.

***Liquidity and Liability Management***

Liquidity management for banks requires that funds always be available to pay deposit withdrawals and maturing financial obligations in accordance with their terms and to meet customer requests for loans. The acquisition of deposits has been Legacy Bank s primary source of funds used to invest in earning assets. Legacy Bank expects that deposits will continue to be the primary source of funds in future periods. Legacy Bank emphasizes seeking demand deposits from business customers in Legacy Bank s market area. When necessary, Legacy Bank also pursues the higher cost time deposits, including brokered deposits , typically attracting large certificates of deposit at high interest rates. Other sources of funds have been the cash provided from operations, the proceeds of common stock sales and from borrowings.

At September 30, 2006 and December 31, 2005, the Bank had brokered deposits of $1.9 million and $15.8 million, respectively.

To meet liquidity needs, the Bank maintains a portion of its funds in cash deposits in other banks, federal funds sold, and investment securities. As of September 30, 2006 and December 31, 2005, Legacy Bank s liquidity ratio was 21.0% and 20.9%, respectively (defined as liquid assets as a percentage of client deposits). Liquid assets were composed of federal funds sold, available-for-sale investment securities less securities that are pledged to secure treasury, tax and loan deposits and other purposes as required by law, interest bearing deposits in other financial institutions and cash and due from banks. Client deposits exclude broker deposits and all CDARS deposits. The Bank monitors Legacy Bank s liquidity ratios daily to ensure the ratio is above Legacy Bank s policy target of 20.0%. The Bank attempts to maximize its loan to deposit ratios and minimize its liquidity ratio, consistent with its liquidity needs and policy, to maximize net interest margin.

The table below sets forth the interest rate sensitivity of Legacy Bank s interest-earning assets and interest-bearing liabilities as of September 30, 2006 using the interest rate sensitivity gap ratio. For purposes of the following table, an asset or liability is considered rate-sensitive within a specified period when it can be repriced or matures within its contractual terms:

| (dollars in thousands) | Within Three Months | Three Months But Within One Year | Year But Within Five Years | After Five Years | Total |
|---|---|---|---|---|---|
| **Interest-Earning Assets:** | | | | | |
| Federal Funds Sold | $ 5,360 | $ | $ | $ | $ 5,360 |
| Time Deposits | | 500 | | | 500 |
| Investment Securities | 14 | 544 | 5,036 | 2,041 | 7,635 |
| Loans | 50,736 | 3,947 | 5,297 | 5,110 | 65,090 |
| Total | 56,110 | 4,991 | 10,333 | 7,151 | 78,585 |
| | | | | | |
| **Interest-Bearing Liabilities:** | | | | | |
| Money Market, Savings And NOW Deposits | $ 34,899 | $ | $ | $ | $ 34,899 |
| Time Deposits | 8,812 | 5,154 | 529 | | 14,495 |
| Other Borrowings | | | | | |
| Total | 43,711 | 5,154 | 529 | - | 49,394 |
| Interest Rate Sensitivity Gap | $ 12,399 | $ (163) | $ 9,804 | $ 7,151 | $ 29,191 |
| | | | | | |
| Cumulative Interest Rate Sensitivity Gap | $ 12,399 | $ 12,236 | $ 22,040 | $ 29,191 | $ 29,191 |
| | | | | | |
| Ratio Based on Total Assets | 15 % | 15 % | 26 % | 35 % | 35 % |

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The objective of Legacy Bank s asset/liability strategy is to manage liquidity and interest rate risks to ensure the safety and soundness of Legacy Bank and its capital base, while maintaining adequate net interest margins and spreads to provide an appropriate return to Legacy Bank s shareholders.

Legacy Bank manages its interest rate risk exposure by limiting the amount of long-term fixed rate loans it holds for investment, increasing emphasis on shorter-term, higher yield loans for portfolio, increasing or decreasing the relative amounts of long-term and short-term borrowings and deposits, originating SBA loans for sale to the secondary market, and/or purchasing commitments to sell loans.

The table below sets forth the interest rate sensitivity of Legacy Bank s interest-earning assets and interest-bearing liabilities as of December 31, 2005, using the interest rate sensitivity gap ratio. For purposes of the following table, an asset or liability is considered rate-sensitive within a specified period when it can be repriced or matures within its contractual terms:

| **(dollars in thousands)** | **Within Three Months** | **Three Months But Within One Year** | **Year But Within Five Years** | **After Five Years** | **Total** |
|---|---|---|---|---|---|
| **Interest-Earning Assets:** | | | | | |
| Federal Funds Sold | $ 6,550 | $ | $ | $ | $ 6,550 |
| Time Deposits | | 531 | | | 531 |
| Investment Securities | | | 5,271 | 2,320 | 7,591 |
| Loans | 50,341 | 3,781 | 3,862 | 5,511 | 63,495 |
| Total | 56,891 | 4,312 | 9,133 | 7,831 | 78,167 |
| | | | | | |
| **Interest-Bearing Liabilities:** | | | | | |
| Money Market, Savings And NOW Deposits | $ 20,897 | $ | $ | $ | $ 20,897 |
| Time Deposits | 16,276 | 10,512 | 732 | | 27,520 |
| Other Borrowings | | 3,000 | | | 3,000 |
| Total | 37,173 | 13,512 | 732 | | 51,417 |
| Interest Rate Sensitivity Gap | $ 19,718 | $ (9,200) | $ 8,401 | $ 7,831 | $ 26,750 |
| | | | | | |
| Cumulative Interest Rate Sensitivity Gap | $ 19,718 | $ 10,518 | $ 18,919 | $ 26,750 | $ 26,750 |
| | | | | | |
| Ratio Based on Total Assets | 24 % | 13 % | 23 % | 32 % | 32 % |

Liquidity refers to Legacy Bank s ability to maintain a cash flow adequate to fund both on-balance sheet and off-balance sheet requirements on a timely and cost-effective basis. Potentially significant liquidity requirements include funding of commitments to loan customers and withdrawals from deposit accounts.

Legacy Bank s liquidity ratio is defined as: the sum of cash and due from banks, federal funds sold, interest-bearing deposits with other financial institutions and investment securities, divided by the sum of total deposits. Using this definition at December 31, 2005, Legacy Bank s liquidity ratio was 26.7%.

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***Capital Resources***

The banking industry is subject to regulatory capital adequacy requirements based on risk-adjusted assets. These requirements take into consideration the risk inherent in investments, loans, and other assets for both on-balance sheet and off-balance sheet items. Under these requirements, the regulatory agencies have set minimum thresholds for Tier 1 capital, total capital and leverage ratios. At September 30, 2006 and December 31, 2005 Legacy Bank s capital exceeded all minimum regulatory requirements and Legacy Bank was considered to be well capitalized as defined in the regulations issued by the FDIC. However, on December 21, 2006, Legacy Bank, entered into a formal written agreement within the meaning of 12 U.S.C. 1818(b)(1) with the OCC pursuant to findings contained in the Report of Examination for the examination that commenced on July 31, 2006. (See Information Regarding Legacy Legal Proceedings. )

As part of the formal written agreement, Legacy Bank is required to achieve and maintain Tier 1 capital at least equal to ten (10%) of risk-weighted assets, and Tier 1 capital at least equal to eight (8%) of adjusted total assets. The requirement of the formal written agreement to meet and maintain a specific capital level means that Legacy Bank may not be deemed to be well-capitalized for purposes of 12 U.S.C. 1831 and 12 C.F.R. Part 6 pursuant to 12 C.F.R. 6.4(b)(1)(iv).

Legacy Bank s risk-based capital ratios, shown below as of September 30, 2006 and December 31, 2005, have been computed in accordance with regulatory accounting policies.

| **September 30, 2006** | **Minimum Requirements** | | **Legacy Bank** | |
|---|---|---|---|---|
| Tier 1 Capital | 4 | % | 14.6 | % |
| Total Capital | 8 | % | 15.9 | % |
| Leverage Ratio | 4 | % | 13.3 | % |

For the first nine months ended September 30, 2006, the return on average assets was .43%, the return on average equity was 3.27%, and the average equity to average assets was 14.7%.

| **December 31, 2005** | **Minimum** | **Legacy** |
|---|---|---|