

FOR IMMEDIATE RELEASE

UNITED SECURITY BANCSHARES, INC.
ANNOUNCES SETTLEMENT OF FIDELITY INSURANCE CLAIM

THOMASVILLE, AL (February 24, 2010) – United Security Bancshares, Inc. (Nasdaq: USBI) today announced that, along with its banking subsidiary First United Security Bank and Acceptance Loan Company, Inc., a finance company operated by the bank (collectively referred to as the “USB Companies”), it has entered into a settlement agreement to resolve all claims alleged against the defendants named in the lawsuit styled *Acceptance Loan Company Inc., First United Security Bank and United Security Bancshares, Inc. v. The Cincinnati Insurance Company, et al.*, filed in the Circuit Court of Clarke County, Alabama on December 18, 2009, Case No. 16-CV-2009-900168.00.

The USB Companies filed the lawsuit to seek recovery under a fidelity insurance policy and bond issued by The Cincinnati Insurance Company, which policy provides coverage for losses due to the dishonest or fraudulent conduct of employees of the USB Companies. Acceptance Loan Company, Inc. originally submitted a claim under the policy in connection with the loan irregularities discovered during the second quarter of 2007 resulting from the fraudulent conduct of certain ALC employees.

Pursuant to the settlement agreement, The Cincinnati Insurance Company agreed to pay to the USB Companies the sum of \$4,150,000. In exchange, the USB Companies agreed to dismiss, with prejudice, each of the defendants from the lawsuit and to release the defendants from all claims asserted or that may have been asserted against the defendants in the lawsuit. The parties will be responsible for their own attorneys’ fees and costs arising from the lawsuit, with the costs of mediation in the proceeding to be shared equally by the USB Companies and The Cincinnati Insurance Company.

“We are very pleased with the settlement agreement that was reached with the insurance company,” said Terry Phillips, President and Chief Executive Officer of United Security Bancshares, Inc. “USBI has been very aggressive in pursuing all available recovery in connection with the ALC losses and thus far has been successful in doing so.”

The settlement agreement concludes the lawsuit. The USB Companies entered into the settlement agreement to avoid the expense and uncertainty of future litigation of the claims alleged in the lawsuit.

About United Security Bancshares, Inc.

United Security Bancshares, Inc. is bank holding company that operates nineteen banking offices in Alabama through First United Security Bank. In addition, the Company's operations include Acceptance Loan Company, Inc., a consumer loan company, and FUSB Reinsurance, Inc., an underwriter of credit life and credit accident and health insurance policies sold to the bank's and ALC's consumer loan customers. The Company's stock is traded on the Nasdaq Capital Market under the symbol "USBI."

Forward-Looking Statements

This press release contains forward-looking statements, as defined by federal securities laws. Statements contained in this press release that are not historical facts are forward-looking statements. These statements may address issues that involve significant risks, uncertainties, estimates and assumptions made by management. USBI undertakes no obligation to update these statements following the date of this press release, except as required by law. In addition, USBI, through its senior management, may make from time to time forward-looking public statements concerning the matters described herein. Such forward-looking statements are necessarily estimates reflecting the best judgment of USBI's senior management based upon current information and involve a number of risks and uncertainties. Certain factors that could affect the accuracy of such forward-looking statements are identified in the public filings made by USBI with the Securities and Exchange Commission, and forward-looking statements contained in this press release or in other public statements of USBI or its senior management should be considered in light of those factors. With respect to the adequacy of the allowance for loan losses for USBI, these factors include, but are not limited to, the rate of growth (or lack thereof) in the economy, the relative strength and weakness in the consumer and commercial credit sectors and in the real estate markets and collateral values. There can be no assurance that such factors or other factors will not affect the accuracy of such forward-looking statements.

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